

TOWN OF LEICESTER, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2015

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Leicester, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Leicester, Massachusetts, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Leicester, Massachusetts, as of June 30, 2015, and the respective changes in financial position, 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, pension and other postemployment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Leicester, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the Town of Leicester, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Leicester, Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

December 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Leicester, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities by \$15,729,055 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$16,348,140 or a decrease of \$619,085 (4%).
- As required by GASB Statement #68, in fiscal year 2015 the Town recognized their total net pension liability of \$14,749,413 along with a deferred outflow related to pension of \$8,871 on the statement of net position for the first time.
- At the close of the current fiscal year, the Town's total governmental funds reported total ending fund balance of \$7,305,808 this year, an increase of \$903,335 (14%).
- The General Fund's total fund balance increased \$466,256 (14%) to \$3,756,554. The ending General fund balance is 13% of revenues, transfers in and a capital lease and 13% of expenditures.
- Total liabilities of the Town increased by \$502,586 (2%) to \$31,057,328 during the fiscal year. This was mainly attributed to net increases in the Other Post Employment Benefits (OPEB) of \$1,002,037 and the Net Pension Liability of \$348,915; and a net decrease in bonds and leases payable of \$644,696.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$1,333,522. The key factors that attributed to the free cash amount for fiscal year 2015 were unexpended/unencumbered appropriations of \$509,500 and excess over budget state and local receipt of \$614,600.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee and pension benefits, interest, and state assessments. The Town does not have any functions classified as business-type activities.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows 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 financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental 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 decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

Financial Highlights

Statement of Net Position Highlights

	Governmental		
	Activities 2015	2014	Change
Assets:			
Current assets	\$ 11,195,990	\$ 10,063,390	\$ 1,132,600
Capital assets	35,581,522	36,839,492	(1,257,970)
Total assets	46,777,512	46,902,882	(125,370)
Deferred Outflows of Resources:			
Deferred outflows related to pensions	8,871	-	8,871
Liabilities:			
Current liabilities (excluding debt and lease)	2,330,753	2,443,941	(113,188)
Current debt and lease	735,867	763,355	(27,488)
Noncurrent liabilities (excluding debt and lease)	23,860,481	22,600,011	1,260,470
Noncurrent debt and lease	4,130,227	4,747,435	(617,208)
Total liabilities	31,057,328	30,554,742	502,586
Net Position:			
Net Investment in Capital Assets	30,871,720	31,505,119	(633,399)
Restricted	3,457,539	2,938,921	518,618
Unrestricted	(18,600,204)	(18,095,900)	(504,304)
Total net position	\$ 15,729,055	\$ 16,348,140	\$ (619,085)

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2015	2014	Change
Program Revenues:			
Charges for services	\$ 2,078,658	\$ 1,921,688	\$ 156,970
Operating grants and contributions	14,444,657	16,458,963	(2,014,306)
Capital grants and contributions	719,609	484,989	234,620
General Revenues:			
Property taxes	12,826,966	12,846,149	(19,183)
Motor vehicle and other excise taxes	1,461,333	1,312,353	148,980
Penalties and interest on taxes	164,934	187,040	(22,106)
Nonrestricted grants	1,783,322	1,578,516	204,806
Unrestricted investment income	40,490	27,848	12,642
Miscellaneous	22,966	5,666	17,300
Total revenues	33,542,935	34,823,212	(1,280,277)
Expenses:			
General government	1,250,616	1,390,653	(140,037)
Public safety	3,255,487	3,086,982	168,505
Public works	2,491,063	2,392,055	99,008
Education	19,661,627	19,746,407	(84,780)
Health and human services	341,337	341,950	(613)
Culture and recreation	216,908	229,884	(12,976)
Employee and pension benefits	6,493,390	7,993,547	(1,500,157)
State assessments	438,861	446,625	(7,764)
Interest	12,731	237,520	(224,789)
Total expenses	34,162,020	35,865,623	(1,703,603)
Change in net position	(619,085)	(1,042,411)	423,326
Net position - beginning of year	16,348,140	17,390,551	(17,390,551)
Net position - end of year	\$ 15,729,055	\$ 16,348,140	\$ (16,967,225)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities by \$15,729,055 at the close of fiscal year 2015.

Net position of \$30,871,720 reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$3,457,539 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$18,600,204) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities. The unrestricted

in the governmental activities is a negative mainly as a result of recognizing the increase in the OPEB and pension liabilities. As presented on the statement of net position, the liability for OPEB is \$8,797,253 and for pension is \$14,749,413.

The governmental activities net position decreased by \$619,085 (4%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2015 are attributed to a net increase in the repayment of debt and leases for \$644,696 and a decreases as the depreciation expense (normally spread out over the useful life of the asset) for the year of \$2,380,952 exceeding the acquisition of \$1,122,982 in new capital assets and as a result of recognizing this year's OPEB obligation of \$1,002,037 and net pension liability of \$348,915.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$7,305,808 an increase of \$903,335 (14%) in comparison with the prior year.

The breakdown of the governmental fund balances is as follows:

- Nonspendable fund balance - \$35,847 (1%).
- Restricted fund balance - \$3,171,031 (43%).
- Committed fund balance - \$455,408 (6%).
- Assigned fund balance - \$1,599,954 (22%).
- Unassigned fund balance – \$2,043,568 (28%).

At the end of the fiscal year, the *General Fund* reported a fund balance of \$3,756,554 increasing \$466,256 (14%) from the prior year. Of the \$3,756,554, the unassigned amount is \$2,154,847 (56%), the restricted amount is \$1,753 (1%) and the assigned amount is \$1,599,954 (43%). General fund revenues were \$2,672,314 (9%) less than the prior fiscal year while expenditures also decreased by \$2,428,852 (8%). Other activities in the General Fund were net transfers from other funds of \$465,135 and a capital lease financing of \$165,000.

The main components of the decreases in general fund revenues as compared to the prior year are related decreases in intergovernmental receipts of \$628,542 (5%) and intergovernmental – “on-behalf” payments of \$2,071,581 (59%) due to the implementation of GASB Statement No. 68.

The major changes with the general fund expenditures from the prior fiscal year were as follows:

- Decrease in General government expenditures of \$220,152 (17%).
- Increase in Education expenditures of \$565,758 (4%).
- Decrease in Employee and pension benefits expenditures of \$1,831,293 (26%).
- Decrease in net Debt service (principal and interest) of \$975,350 (56%).

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2015 was \$27,781,062. This was an increase of \$468,849 (2%) over the previous year's budget.

There was an increase between the total original budget and the total final amended budget. The change is attributed to adjustments voted at the special town meetings in November 2014 and May 2015 for various budget operating line items.

General fund expenditures were less than budgeted by \$1,315,105. Of the \$1,315,105 in under budget expenditures, \$805,637 has been carried over to fiscal year 2016.

A negative variance exists in State assessments of \$15,912 as the Town had higher assessments in the special education and charter school than budgeted and a lower assessment in school choice sending tuition than budgeted.

The variance with the final budget was a positive \$1,149,687 consisting of a revenue surplus of \$640,219 and an appropriation surplus of \$509,468.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$35,581,522.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Hillcrest heating system for \$63,887.
- Police vehicles purchased for \$67,650.
- Ambulance leased for \$165,000.
- Ambulance (used) purchased for \$17,900.
- Radio communications upgrade for \$137,112.
- Highway dump truck purchase for \$61,450.
- Road infrastructure improvements for \$572,473.
- School tractor purchase for \$37,510.

Debt Administration. The Town's outstanding governmental debt, as of June 30, 2015, totaled \$4,390,822, of which \$614,530 is for school construction and remodeling projects, \$1,468,215 is for the police station construction and land, \$1,485,552 is for the acquisition of the Hillcrest Country Club, \$666,233 for water mains and \$156,292 for Title V septic loans.

The Town also has capital leases for financing of two fire department vehicles (a truck and an ambulance) and a school mower. The last leases are due in 2019. The Town currently owes \$356,164 on the leases consisting of \$336,872 in principal and \$19,292 in interest.

In addition, the Town has a bond anticipation note outstanding in the amount of \$138,400 for the radio communications upgrade in the police, fire and highway departments.

Please refer to notes 3D, 3F, 3G and 3H for further discussion of the major capital and debt activity.

Next Year's Annual Town Meeting

The Town of Leicester operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2015 do not reflect the fiscal year 2016 Town Meeting action with the exception of the free cash and overlay surplus amounts.

The Annual Town Meeting on May 5, 2015 authorized a fiscal year 2016 operating and capital budget as follows:

From the tax levy		\$ 26,205,929
From Other Available Funds:		
General Fund:		
Unassigned fund balance:		
Free cash	\$ 786,317	
Overlay surplus	8,000	794,317
		<hr/>
Non-major Governmental Funds:		
Ambulance Reserve	257,000	
Conservation Commission Fees	2,750	
Septic Repair Programs	19,944	
Town Dog Fund	20,000	299,694
		<hr/>
		\$ 27,299,940
		<hr/>

Requests for Information

This financial report is designed to provide a general overview of the Town of Leicester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 3 Washburn Square, Leicester, Massachusetts.

BASIC FINANCIAL STATEMENTS

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

	Primary Government
	Governmental
	Activities
<hr/>	
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 7,973,683
Investments	1,480,012
Receivables, net of allowance for uncollectibles:	
Property Taxes	345,827
Tax Liens	240,256
Excise Taxes	179,251
Due from Other Governments	549,814
Tax Foreclosures	148,082
Total current assets	<hr/> 11,195,990
NONCURRENT:	
Capital Assets, net of accumulated Depreciation	
Nondepreciable	4,870,740
Depreciable	30,710,782
Total noncurrent assets	<hr/> 35,581,522
Total Assets	<hr/> 46,777,512 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	8,871
	<hr/>
LIABILITIES	
CURRENT:	
Warrants Payable	944,898
Accrued Payroll	1,124,332
Payroll Withholdings	117,411
Tax Refund Payable	10,000
Accrued Interest	17,076
Other	21,781
Compensated Absences	95,255
Notes Payable	138,400
Bonds and Leases Payable	597,467
Total current liabilities	<hr/> 3,066,620
NONCURRENT:	
Compensated Absences	313,815
OPEB Obligation Payable	8,797,253
Net Pension Liability	14,749,413
Bonds and Leases Payable	4,130,227
Total noncurrent liabilities	<hr/> 27,990,708
Total Liabilities	<hr/> 31,057,328 <hr/>
NET POSITION	
Net Investment in Capital Assets	30,871,720
Restricted for:	
Capital Projects	49,843
Federal & State Grants	1,172,040
Permanent Funds	
Expendable	745,782
Nonexpendable	35,847
Other Purposes	1,454,027
Unrestricted	(18,600,204)
Total Net Position	<hr/> \$ 15,729,055 <hr/>

The Notes to the Financial Statements are an integral part of this Statement.

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

	Program Revenues				Net (Expenses) Revenues and and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 1,250,616	\$ 180,055	\$ 229,986	\$ -	\$ (840,575)
Public Safety	3,255,487	1,059,310	77,596	-	(2,118,581)
Public Works	2,491,063	46,167	74,907	719,609	(1,650,380)
Education	19,661,627	726,029	12,205,859	-	(6,729,739)
Health and Human Services	341,337	53,776	167,482	-	(120,079)
Culture and Recreation	216,908	13,321	66,451	-	(137,136)
Employee and Pension Benefits	6,493,390	-	1,622,376	-	(4,871,014)
State Assessments	438,861	-	-	-	(438,861)
Interest	12,731	-	-	-	(12,731)
Total Governmental Activities	34,162,020	2,078,658	14,444,657	719,609	(16,919,096)
Total Primary Government	\$ 34,162,020	\$ 2,078,658	\$ 14,444,657	\$ 719,609	(16,919,096)
General Revenues:					
Property Taxes					12,826,966
Motor vehicle excise and other taxes					1,461,333
Penalties & Interest on Taxes					164,934
Grants & Contributions not restricted to specific programs					1,783,322
Unrestricted Investment Income					40,490
Miscellaneous					22,966
Total General Revenues					16,300,011
Change in Net Position					(619,085)
Net Position:					
Beginning of year (as restated)					16,348,140
End of year					\$ 15,729,055

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF LEICESTER, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 4,178,494	\$ 3,795,189	\$ 7,973,683
Investments	1,421,750	58,262	1,480,012
Receivables, net of allowance for uncollectibles:			
Property Taxes	345,827	-	345,827
Tax Liens	240,256	-	240,256
Excise Taxes	179,251	-	179,251
Departmental	-	279,065	279,065
Due from Other Governments	92,460	457,354	549,814
Tax Foreclosures	148,082	-	148,082
Total Assets	\$ 6,606,120	\$ 4,589,870	\$ 11,195,990
Liabilities:			
Warrants Payable	\$ 629,608	\$ 315,290	\$ 944,898
Accrued Payroll	1,099,890	24,442	1,124,332
Payroll Withholdings	117,411	-	117,411
Tax Refund Payable	10,000	-	10,000
Other	21,781	-	21,781
Notes Payable	-	138,400	138,400
Total Liabilities	1,878,690	478,132	2,356,822
Deferred Inflows of Resources:			
Unavailable Revenue	970,876	562,484	1,533,360
Fund Balance:			
Nonspendable	-	35,847	35,847
Restricted	1,753	3,169,278	3,171,031
Committed	-	455,408	455,408
Assigned	1,599,954	-	1,599,954
Unassigned	2,154,847	(111,279)	2,043,568
Total Fund Balance	3,756,554	3,549,254	7,305,808
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,606,120	\$ 4,589,870	\$ 11,195,990

The Notes to the Financial Statements are an integral part of this Statement.

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 12,741,321	\$ -	\$ 12,741,321
Intergovernmental	11,433,801	3,383,494	14,817,295
Excise and Other Taxes	1,403,019	-	1,403,019
Licenses, Permits and Fees	683,513	-	683,513
Charges for Services	-	1,723,391	1,723,391
Interest and Penalties on Taxes	164,934	-	164,934
Investment Income	40,490	5,678	46,168
Gifts and Donations	-	101,573	101,573
Other	-	96,045	96,045
Intergovernmental - "On-behalf" Payments	1,460,333	-	1,460,333
Total Revenues	27,927,411	5,310,181	33,237,592
Expenditures:			
Current:			
General Government	1,075,715	222,725	1,298,440
Public Safety	2,834,212	656,298	3,490,510
Public Works	1,088,399	681,550	1,769,949
Education	16,312,192	2,778,260	19,090,452
Health and Human Services	265,032	33,600	298,632
Culture and Recreation	172,859	34,506	207,365
Employee and Pension Benefits	5,150,281	1,028	5,151,309
State Assessments	438,861	-	438,861
Debt Service:			
Principal	553,898	-	553,898
Interest	199,841	-	199,841
Total Expenditures	28,091,290	4,407,967	32,499,257
Excess of Revenues Over (Under) Expenditures	(163,879)	902,214	738,335
Other Financing Sources (Uses):			
Operating Transfers In	465,135	-	465,135
Operating Transfers Out	-	(465,135)	(465,135)
Capital Lease	165,000	-	165,000
Total Other Financing Sources (Uses)	630,135	(465,135)	165,000
Net Change in Fund Balances	466,256	437,079	903,335
Fund Balances, Beginning of Year	3,290,298	3,112,175	6,402,473
Fund Balances, End of Year	\$ 3,756,554	\$ 3,549,254	\$ 7,305,808

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF LEICESTER, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2015

Total Governmental Fund Balances		\$ 7,305,808
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		35,581,522
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,533,360
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions		8,871
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds and Leases Payable	\$ (4,727,694)	
Other Post Employment Benefits Payable	(8,797,253)	
Net Pension Liability	(14,749,413)	
Compensated Absences	(409,070)	(28,683,430)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in the governmental funds, interest is not reported until due.		(17,076)
Net Position of Governmental Activities		<u><u>\$ 15,729,055</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF LEICESTER, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 903,335

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 are reported as depreciation expense:

Capital Outlay Purchases	\$ 1,122,982	
Depreciation	<u>(2,380,952)</u>	(1,257,970)

Revenue 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 unavailable revenue. 305,343

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds.

Neither transaction, however, has any effect on net position:

Repayment of Debt and Lease Principal	659,696	
Net Gain/Loss on Refinancing of Debt	150,000	
Capital Lease Financing	<u>(165,000)</u>	644,696

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:

Net Change in Compensated Absences	90,482	
Net Change in Other Post Employment Benefits	(1,002,037)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	8,871	
Net Change in Net Pension Liability	(348,915)	
Net Change in Accrued Interest on Long-Term Debt	<u>37,110</u>	(1,214,489)

Change in Net Position of Governmental Activities \$ (619,085)

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF LEICESTER, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts					
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
Revenues:						
Property Taxes	\$ -	\$ 12,807,165	\$ 12,760,729	\$ 12,786,321	\$ -	\$ 25,592
Intergovernmental	-	11,321,888	11,321,888	11,433,801	-	111,913
Excise and Other Taxes	-	1,227,484	1,227,484	1,403,019	-	175,535
Licenses, Permits, Fees	-	390,726	390,726	683,513	-	292,787
Interest and Penalties on Taxes	-	144,000	144,000	164,934	-	20,934
Investment income	-	21,500	21,500	34,958	-	13,458
Total Revenues	-	25,912,763	25,866,327	26,506,546	-	640,219
Expenditures:						
Current:						
General Government	143,275	1,111,648	1,435,867	1,075,715	245,912	114,240
Public Safety	31,017	2,673,585	3,209,622	2,669,212	434,334	106,076
Public Works	48,198	996,865	1,216,427	1,088,399	68,443	59,585
Education	56,378	16,288,400	16,356,778	16,312,192	41,888	2,698
Health and Human Services	20,765	258,245	279,010	265,032	-	13,978
Culture and Recreation	5,333	175,839	181,172	172,859	6,121	2,192
Employee and Pension Benefits	-	3,923,334	3,923,334	3,689,948	8,939	224,447
State Assessments	-	422,949	422,949	438,861	-	(15,912)
Debt Service:						
Principal	-	553,898	553,898	553,898	-	-
Interest	-	202,005	202,005	199,841	-	2,164
Total Expenditures	304,966	26,606,768	27,781,062	26,465,957	805,637	509,468
Excess of Revenues Over (Under) Expenditures	(304,966)	(694,005)	(1,914,735)	40,589	(805,637)	1,149,687
Other Financing Sources (Uses):						
Operating Transfers In	-	276,125	454,813	465,135	-	10,322
Operating Transfers Out	-	(205,000)	(205,000)	(205,000)	-	-
Total Other Financing Sources (Uses)	-	71,125	249,813	260,135	-	10,322
Net Change in Budgetary Fund Balance	(304,966)	(622,880)	(1,664,922)	\$ 300,724	\$ (805,637)	\$ 1,160,009
Other Budgetary Items:						
Free Cash and Other Reserves	-	622,880	1,359,956			
Prior Year Encumbrances	304,966	-	304,966			
Total Other Budgetary Items	304,966	622,880	1,664,922			
NET BUDGET	\$ -	\$ -	\$ -			

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF LEICESTER, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2015

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 26,506,546	\$ 26,465,957
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	5,532	-
Net Decrease in Revenue from recording Refund Taxes Payable	(4,000)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	1,460,333	-
Recognition of Expenditures - "on behalf payments"	-	1,460,333
Capital Lease	-	165,000
Net Decrease in Revenue from Recording 60-Day Receipts	(41,000)	-
Reported on a GAAP Basis	\$ 27,927,411	\$ 28,091,290

The Notes to the Financial Statements are an integral part of this Statement.

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

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 4,472	\$ 4,301,800
District Tax Receivables	-	205,107
Total Assets	4,472	4,506,907
LIABILITIES		
Warrants Payable	-	68,480
Due to Others	-	8,331
Due to Districts	-	269,239
Due to Student Groups	-	120,216
Refunding Debt Escrow	-	3,819,970
Escrows and Deposits	-	220,671
Total Liabilities	-	4,506,907
NET POSITION		
Held in Trust for Other Purposes	\$ 4,472	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

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

	Private Purpose Trust Funds
Additions:	
Investment Income	\$ 16
Total Additions	16
Deductions:	
Educational Scholarships	500
Total Deductions	500
Change in Net Position	(484)
Net Position at Beginning of Year	4,956
Net Position at End of Year	\$ 4,472

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Leicester, 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 significant Town accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1713 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five member Board of Selectmen.

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 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. In Fiscal Year 2015, it was determined that no entities met the required GASB-39 and GASB-61 criteria of component units.

The Town is responsible for electing the governing board of the Leicester Housing Authority. The Town is also responsible for the collection of taxes of the Oxford/Rochdale Sewer District, Cherry Valley/Rochdale Water District, Cherry Valley Sewer District, Leicester Water Supply District, Hillcrest Water District, Hillcrest Sewer District, Burncoat Pond Watershed District, Stiles Water District, and Cedar Meadow Lake Watershed District which are autonomous entities in the Town. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board or handling the tax collections of the districts. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

Leicester Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

Oxford/Rochdale Sewer District, Cherry Valley/Rochdale Water District, Cherry Valley Sewer District, Hillcrest Water District, Hillcrest Sewer District, Leicester Water Supply District, Burncoat Pond Watershed District, Stiles Water District and Cedar Meadow Lake Watershed District - Water and sewer districts that provide utility services to the residents of the Town. The districts are autonomous and self-sufficient units under the General Laws of Massachusetts. The Town has no significant influence over management, budget or policies of the districts.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (e.g., 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

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

and
- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental 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, as are the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

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 concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major 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 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.

Additionally, the Town reports the following fund types:

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 in a trustee capacity for others that cannot be used to support the government programs. The Town reports the following fiduciary funds:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

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

E. Investments

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

All investments are carried at fair value.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2014 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for fiscal year 2015 on June 30, 2014 that were due on August 1, 2014 and November 3, 2014 and the actual tax bills were mailed on December 31, 2014 were due on February 2, 2015 and May 1, 2015, respectively.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2015 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2015	\$ 12,449,284
Add: Debt Exclusion	472,904
	<u>\$ 12,922,188</u>

The total amount raised by taxation was \$12,914,134.

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

Excise Taxes

Excise taxes consist of motor vehicle excise and vessel excise. Excise taxes are assessed annually for each vehicle and vessel registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

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

Departmental

Departmental receivables consist primarily of ambulance, police off-duty details and Title V septic repair loans. Upon issuance of Title V septic repair loans that were given by the Town to individuals and businesses, a receivable is recorded for the principal amount of the loan.

The allowance for uncollectibles relates to ambulance and police off-duty details are based upon historical trends. The other departmental receivable is considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

Due from Other Governments

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

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

G. Capital Assets

Capital assets of the primary government include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years
Buildings and improvements	5-50
Machinery, equipment and other	3-10
Infrastructure	20-50

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.

H. 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.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities.

In the 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.

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only item in this category is *deferred outflows related to pensions*.

Fund financial statements

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property, excise and other taxes, departmental revenue and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Net Position and Fund Balances

In the Governmental-Wide financial statements, the difference between the Town's total assets and deferred outflows of resources and total liabilities represents net position. Net position displays three components –

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of 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.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Other purposes" represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

Assigned fund balance. This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

K. Long-term Debt

Long-term debt of the primary government is reported as liabilities in the government-wide statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Individuals that have been employed by the Town for twenty years and retire from the Town are provided for 20 days of sick time based upon their current salaries. The school department grants employees sick leave in varying amounts based upon various individual union and employee contracts.

M. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid.

N. Pension Benefits

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

O. Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Estimates are submitted by departments in accordance with Massachusetts general Laws.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2015, the Town incurred a final budget deficit of \$1,664,922 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 1,359,956
Prior year's encumbrances	<u>304,966</u>
	<u><u>\$ 1,664,922</u></u>

B. Deficit Fund Balances

The following fund had a deficit at June 30, 2015 as measured by the balance of unreserved fund balance.

- The *Radio communications upgrade fund*, a capital project fund for radios in the police, fire and highway departments, has a deficit of 111,279. The Town has an outstanding bond anticipation note for \$138,400. The deficit will be eliminated upon the issuance of permanent debt.

3. DETAILED NOTES

A. Deposits, Investments and Cash and Investments in Custody of Trustees

Custodial Credit Risks – Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town has a deposit policy for custodial credit risk summarized by the following key guidelines.

- Diversity by institution: no more than 50% of the total cash balance will be invested in a single bank at any one time.
- Participation in any bank not to exceed 10% of the bank's capital and surplus position.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
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- Investments will routinely be considered in all legal investments: certificates of deposit, money market accounts, purchase agreements, treasury bills, savings and MMDT.
 - To maintain all collected cash balances in interest bearing accounts.
- Participation in MMDT may be 100% of available cash.
- Utilize U.S. Treasuries when rate favorable to MMDT.
- Trust funds may be co-mingled and invested in investments allowed by the legal list issued by the Banking Commissioner each July. Each trust fund must be accounted for separately.
- The stabilization fund shall not exceed ten per cent of the equalization valuation of the Town and any interest shall be added to and become part of the fund.

Deposits at June 30, 2015 were \$11,899,939. Of these, \$932,870 are exposed to custodial credit risk as uninsured and uncollateralized.

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2015, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 50,269	-	50,269
U. S. government agencies	89,950	-	89,950
Corporate bonds	84,722	-	84,722
Money market mutual fund	35,264	35,264	-
	260,205	\$ 35,264	\$ 224,941
Other Investments:			
Equity mutual funds	41,754		
Equity securities - domestic (stocks)	43,272		
Certificate of deposits	1,076,519		
MMDT	-		
	<u>\$ 1,421,750</u>		

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$1,421,750 in investments, none are uninsured and unregistered investments

TOWN OF LEICESTER, MASSACHUSETTS
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for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

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.

Credit Risk

The Town's exposure to credit risk as of June 30, 2015 is as follows:

Related Debt Instruments	Fair Value
<u>Moody's Quality Ratings</u>	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 50,269
<i>U. S. Government Agencies:</i>	
Aaa	89,950
<i>Corporate Bonds:</i>	
A2	59,886
Baa1	24,836
<i>Money Market Mutual Funds:</i>	
Not rated	35,264
	<u>\$ 260,205</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's total investments are in the Federal Home Loan Mortgage Corp. amounting to 6.33% of the Town's total investments.

Cash and Investments in Custody of Trustees

Cash and investments in custody of trustees are library funds that are in the custody and under the control of the library trustees.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

B. Receivables

At June 30, 2015, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 348,448	\$ (2,621)	\$ 345,827
Tax liens	240,256	-	240,256
Excise taxes	252,174	(72,923)	179,251
Departmental	1,168,359	(889,294)	279,065
Due from other governments	549,814	-	549,814
Tax foreclosures	148,082	-	148,082
	<u>\$ 2,707,133</u>	<u>\$ (964,838)</u>	<u>\$ 1,742,295</u>

The composition of amounts due from other governments as of June 30, 2015 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veterans benefits \$ 92,460

Nonmajor Governmental Funds:

U. S. Department of Education:

School title grants \$ 6,724

Commonwealth of Massachusetts:

Department of Elementary and Secondary Education:

School title grants 1,001

Executive Office of Public Safety and Homeland Security 2,500

Massachusetts Department of Transportation:

Highway Department 445,182

Others 1,947 457,354

\$ 549,814

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

C. Deferred Inflows of Resources – Unavailable Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

General Fund:			
Property taxes	\$	310,827	
Tax liens		240,256	
Excise taxes		179,251	
Due from other governments		92,460	
Tax foreclosures		148,082	\$ 970,876
Nonmajor Governmental Funds:			
Departmental	\$	218,851	
Due from other governments		343,633	562,484
			<u>\$ 1,533,360</u>

D. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,870,740	\$ -	\$ -	\$ 4,870,740
Construction in progress	46,163	137,112	(183,275)	-
Total capital assets not being depreciated	4,916,903	137,112	(183,275)	4,870,740
Capital assets being depreciated:				
Buildings and Renovations	26,508,032	247,162	-	26,755,194
Machinery, equipment and other	4,805,591	349,510	(238,193)	4,916,908
Infrastructure	64,940,854	572,473	-	65,513,327
Total capital assets being depreciated	96,254,477	1,169,145	(238,193)	97,185,429
Less accumulated depreciation for:				
Buildings and Renovations	16,738,147	787,058	-	17,525,205
Machinery, equipment and other	3,559,617	273,128	(238,193)	3,594,552
Infrastructure	44,034,124	1,320,766	-	45,354,890
Total accumulated depreciation	64,331,888	2,380,952	(238,193)	66,474,647
Total capital assets being depreciated, net	31,922,589	(1,211,807)	-	30,710,782
Total governmental activities capital assets, net	\$ 36,839,492	\$ (1,074,695)	\$ (183,275)	\$ 35,581,522

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
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Depreciation expense was charged to functions/programs of the governmental type activities as follows:

Governmental Activities:

General government	\$ 14,917
Public safety	279,623
Public works	1,371,311
Education	661,985
Health and human services	41,298
Culture and recreation	11,818
Total depreciation expense - governmental activities	<u>\$ 2,380,952</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2015, are summarized below:

	<u>Transfers In:</u>
	General fund
<u>Transfers Out:</u>	
Nonmajor governmental funds	<u>\$ 465,135</u>

F. Leases

The Town has entered into lease agreements as lessee for financing of two fire department vehicles (a truck and an ambulance) and a school mower. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets, including any expiring in 2015, acquired through the capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery, Equipment and Other	\$ 576,399
Less: Accumulated Depreciation	<u>(93,296)</u>
Total	<u>\$ 483,103</u>

TOWN OF LEICESTER, MASSACHUSETTS
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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 are as follows:

Year Ending June 30,	Governmental Activities
2016	\$ 107,141
2017	107,141
2018	107,141
2019	34,741
Total minimum lease payments	356,164
Less: amount representing interest	(19,292)
Present value of minimum lease payments	<u>\$ 336,872</u>

G. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2014	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2015
Governmental Activities						
Bond Anticipation Note:						
Radio communications upgrade	0.60%	5/13/2015	\$ 138,400	\$ -	\$ 138,400	\$ -
Radio communications upgrade	0.53%	5/12/2016	-	138,400	-	138,400
Total Governmental Activities			<u>\$ 138,400</u>	<u>\$ 138,400</u>	<u>\$ 138,400</u>	<u>\$ 138,400</u>

H. Long Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental activities.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
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General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2015
Inside Debt:					
Municipal Purpose Loan of 2010:					
Remodel Roofs	4.20%	08/13/10	08/01/20	\$ 388,679	\$ 225,000
U.S. Department of Agriculture:					
School project	3.38%	06/27/12	06/27/42	160,500	150,649
School project	3.38%	06/27/12	06/27/42	254,500	238,881
Refunding Loan of 2015:					
Land Acquisition (Hillcrest Country Club)	1.57%	06/15/15	11/15/23	1,351,271	1,351,271
Land Acquisition (Police)	1.57%	06/15/15	11/15/20	116,944	116,944
Police Station	1.57%	06/15/15	11/15/23	1,485,552	1,485,552
Total Inside Debt					<u>3,568,297</u>
Outside Debt:					
Refunding Loan of 2015:					
Water mains	1.57%	06/15/15	11/15/20	580,000	580,000
Water mains	1.57%	06/15/15	11/15/23	86,233	86,233
Massachusetts Clean Water Trust:					
Title V Septic Repair Program	Various	08/01/01	08/01/19	191,022	49,765
Title V Septic Repair Program	Various	08/01/04	08/01/22	64,592	27,198
Title V Septic Repair Program	0.00%	12/14/06	07/15/26	132,217	79,329
Total Outside Debt					<u>822,525</u>
Total governmental type debt					<u>\$ 4,390,822</u>

Future Debt Service

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2015 are as follows:

Year	Principal	Interest	Total
2016	\$ 499,013	\$ 169,888	\$ 668,901
2017	539,319	111,505	650,824
2018	534,636	94,742	629,378
2019	514,963	78,374	593,337
2020	505,301	62,487	567,788
2021-2025	1,500,623	131,294	1,631,917
2026-2030	80,830	43,470	124,300
2031-2035	79,816	31,264	111,080
2036-2040	94,225	16,855	111,080
2041-2042	42,096	2,140	44,236
	<u>\$ 4,390,822</u>	<u>\$ 742,019</u>	<u>\$ 5,132,841</u>

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

A summary of the changes in governmental activities liabilities during the year is as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 4,918,303	\$ 3,620,000	\$ 4,303,773	\$ 4,234,530	\$ 479,069
Massachusetts Clean Water Trust bonds	176,417	-	20,125	156,292	19,944
Capital lease	277,670	165,000	105,798	336,872	98,454
Compensated absences	499,552	2,553	93,035	409,070	95,255
OPEB liability obligation	7,795,216	1,002,037	-	8,797,253	-
Net pension liability	14,400,498	348,915	-	14,749,413	-
Governmental activity Long-term liabilities	<u>\$ 28,067,656</u>	<u>\$ 5,138,505</u>	<u>\$ 4,522,731</u>	<u>\$ 28,683,430</u>	<u>\$ 692,722</u>

Massachusetts Clean Water Trust (MCWT)

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$387,831 and interest costs of \$122,572 for three loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2015 for principal and interest combined for the loan is \$168,769. The Town is scheduled to be subsidized for interest in the amount of \$12,477. The net repayments, including interest, are scheduled to be \$156,292. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2015 interest subsidies totaled \$4,515.

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2015 totaled \$3,568,297.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

Equalized Valuation-Real Estate and Personal Property (2014)	<u>\$ 900,217,100</u>
Debt Limit: 5 % of Equalized value	45,010,855
Total Debt Outstanding	\$ 4,390,822
Less: Debt Outside Debt Limit	<u>(822,525)</u>
	3,568,297
Inside Debt Excess Borrowing Capacity at June 30, 2015	<u>\$ 41,442,558</u>

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. Loan authorizations that have not been issued as of June 30, 2015 and are not reflected in the Town's financial statements are as follows:

Date	Town Meeting Authorized	Purpose	Amount
8/3/1999		Repairs, Replacement and/or Upgrade Septic Systems	\$ 303,191
1/27/2004		Land acquisition, Pleasant Street (Hillcrest Country Club)	100,000
5/1/2012		Town Hall renovations	100,000
5/4/2015		Energy updates to municipal and school facilities	3,145,000
			<u>\$ 3,648,191</u>

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

I. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2015:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent funds	\$ -	\$ 35,847	\$ 35,847
Restricted:			
Federal, state and local grants	-	828,407	828,407
School revolving funds	-	936,610	936,610
Town revolving funds	-	150,104	150,104
Donations and gifts	-	175,759	175,759
Capital projects	-	22,722	22,722
Permanent funds	-	745,782	745,782
Reserve for debt	1,753	-	1,753
Other	-	309,894	309,894
	<u>1,753</u>	<u>3,169,278</u>	<u>3,171,031</u>
Committed:			
Ambulance reserve	-	365,739	365,739
Health insurance fund	-	8,531	8,531
Open space fund	-	1,255	1,255
Town dog fund	-	79,883	79,883
	<u>-</u>	<u>455,408</u>	<u>455,408</u>
Assigned:			
General government	245,912	-	245,912
Public safety	434,334	-	434,334
Public works	68,443	-	68,443
Education	41,888	-	41,888
Culture and recreation	6,121	-	6,121
Employee and pension benefits	8,939	-	8,939
Subsequent year's budget	794,317	-	794,317
	<u>1,599,954</u>	<u>-</u>	<u>1,599,954</u>
Unassigned:			
General Fund	2,154,847	-	2,154,847
Capital project deficit:			
Radio Communications Upgrade	-	(111,279)	(111,279)
	<u>2,154,847</u>	<u>(111,279)</u>	<u>2,043,568</u>
Total Governmental fund balances	<u>\$ 3,756,554</u>	<u>\$ 3,549,254</u>	<u>\$ 7,305,808</u>

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

J. Special Trust Funds

Stabilization Fund

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

At June 30, 2015 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$	416,123
Capital stabilization fund		7,266
Hillcrest capital stabilization fund		25,059
	\$	<u>448,448</u>

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town participates in a premium-based health care plan for its active employees. In addition, the Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

C. Pension Plan

Plan Description

The Town is a member of the Worcester Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Worcester Regional Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's

TOWN OF LEICESTER, MASSACHUSETTS
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PERAC. That report may be obtained by contacting the System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01510.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2014. The Town's portion of the collective pension expense contributed by the Commonwealth of \$1,460,333 on-behalf payments for the fiscal year ending June 30, 2015 is reported as intergovernmental revenues and education expenditures in the General Fund as of the measurement date.

Benefits Provided

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2014 was \$979,523, representing 19.45% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Pension Liability

As of June 30, 2015, a reported liability of \$14,749,413 is the Town's proportionate share of the net pension liability as measured as of December 31, 2014. The net pension liability was determined using the total pension liability and the actuarial assumptions as of the January 1, 2014 and updated to the measurement date of December 31, 2014. This net pension liability is based on the Town's proportional percentage of 2.47861% as of December 31, 2014.

Pension Expense

For the year ended June 30, 2015, the Town recognized a pension expense of \$1,319,567 and reported deferred outflows of resources related to pensions of \$8,871, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or a change of assumptions as of December 31, 2014. Additionally, the changes in proportion and differences between employer contributions and the proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statement No. 67 and Statement No. 68.

The Town's deferred outflows of resources related to pensions will be recognized in the pension expense as follows;

For years ended June 30,		
	2016	\$ 2,218
	2017	2,218
	2018	2,218
	2019	2,217
		\$ 8,871

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2014;

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	<i>Unfunded Actuarial Accrued Liability (UAAL):</i> Increasing dollar amount at 4.0% to reduce the UAAL to zero on or before June 30, 2035. <i>2002 & 2003 Early Retirement Incentive (ERI):</i> Increasing dollar amount at 4.5% to reduce the 2002 & 2003 ERI to zero on or before June 30, 2028. <i>2010 Early Retirement Incentive (ERI):</i> Increasing dollar amount to reduce the 2010 ERI to zero on or before June 30, 2022.
Remaining amortization period	21 years, except for ERI for 2002 and 2003 (14 years) and 2010 (8 years)

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of: 80% of the gains and losses of the prior year, 60% of the gains and losses of the second prior year, 40% of the gains and losses of the third prior year, and 20% of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.
Investment rate of return	8.0%, net of pension plan investment expense, including inflation
Projected salary increase	3.0% per year, including longevity
Inflation	Not explicitly assumed
Mortality rates	RP-2000 Mortality Table Projected to 2014 with Scale AA RP-2000 Mortality Table set forward two years for disabled members

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	43%	8.23%
Fixed income	23%	5.05%
Private Equity	10%	9.75%
Real Estate	10%	6.50%
Timber/Natural Resources	4%	6.88%
Hedge Funds	10%	7.00%
Other	0%	N/A
Total	100%	

Rate of Return

For the year ended December 31, 2014, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 7.79%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability	\$ 17,958,026	\$ 14,749,413	\$ 12,024,790

D. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

In addition to providing pension benefits, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 544 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Funding Policy

The contribution requirements of plan members and the Town are established pursuant to applicable collective bargaining and employment contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2015 fiscal year, the Town provided required contributions of \$759,787 towards the annual OPEB cost, comprised of benefit payments made on behalf of retirees (net of reinsurance), administrative expenses and reinsurance payments, and net of retiree contributions.

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

TOWN OF LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

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 (30) 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	\$ 1,802,564
Interest on net OPEB obligation	311,809
Adjustment to annual required contribution	<u>(352,549)</u>
Annual OPEB cost (expense)	1,761,824
Contributions made during the fiscal year	<u>(759,787)</u>
Increase in net OPEB obligation	1,002,037
Net OPEB Obligation - beginning of year	<u>7,795,216</u>
Net OPEB Obligation - end of year	<u><u>\$ 8,797,253</u></u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 1,761,824	43.1%	\$ 8,797,253
6/30/2014	\$ 1,704,073	40.7%	\$ 7,795,216
6/30/2013	\$ 2,202,683	35.7%	\$ 6,784,407

Funded Status and Funding Process

As of January 1, 2013, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$21,462,181, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,462,181. The covered payroll (annual payroll of active employees covered by the plan) was \$14,866,000, and the ratio of the UAAL to the covered payroll was 144.4%.

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 contribution 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 multi-year 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 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 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 LEICESTER, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2015

The Town OPEB actuarial valuation as of January 1, 2013, used a projected unit credit actuarial cost method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.0% rate of return on invested assets, a 4.0% discount rate and average salary increase of 3.25%. The Commercial managed care trends begin at 9% and scale down to 5.0% per year, for Medicare, the managed care trends begin at 8% and scale down to 5.0% per year, while Indemnity trends begin at 9% and scale down to 6% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a level percentage of payrolls. The remaining amortization period at June 30, 2015 is 24 years.

E. Implementation Of New GASB Pronouncements

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions* for implementation in fiscal year 2015. The Town's basic financial statements recognize a net pension asset/(liability) and pension revenue/(expense) for the Town's portion of the Worcester Regional Retirement System actuarial accrued liability.

F. Future GASB Pronouncements

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, for implementation in 2016.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2016.

5. RESTATEMENT

As required by GASB Statement No. 67 and Statement No. 68, the net position of governmental activities as of June 30, 2014 has been restated. The beginning net position decreased \$14,400,498 to \$16,348,140 to reflect the pension liability.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEICESTER, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Worcester Regional Contributory Retirement System
For the Year Ended June 30, 2015

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

Schedule of the Town's Proportionate Share of the Net pension Liability:

	<u>12/31/14</u>
Town's proportion of the net pension liability (asset)	2.47861%
Town's proportionate share of the net pension liability (asset)	\$ 14,749,413
Town's covered employee payroll **	\$ 5,035,565
Net pension liability percentage of covered-employee payroll	292.90%
Plan fiduciary net position as a percentage of the total pension liability	47.94%

Note: these schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years of which the information is available.

** Indicates covered employee payroll as reported in the retirement system January 1, 2014 funding valuation report.

TOWN OF LEICESTER, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Worcester Regional Retirement System
For the Year Ended June 30, 2015

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

Schedule of the Town's Contributions:

	<u>12/31/14</u>
Actuarially determined contribution @	\$ 979,523
Less: Contributions in relation to the actuarially determined contribution	<u>(979,523)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered employee payroll **	\$ 5,035,565
Contributions percentage of covered-employee payroll pension liability	19.45%

Note: these schedules are intended to present information for 10 years.
Until a 10-year trend is compiled, the information is presented for those
years of which the information is available.

** Indicates covered employee payroll as reported in the retirement
system January 1, 2014 funding valuation report.

TOWN OF LEICESTER, MASSACHUSETTS
Required Supplementary Information
Other Post-Employment Benefit Plan Schedule
Year Ended June 30, 2015

Schedule of Funding Progress

Other Post Employment Benefits							
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)	
7/1/2013	\$ -	\$ 21,462,181	\$ 21,462,181	0.0%	\$ 14,866,000	144.4%	
7/1/2011	\$ -	\$ 23,145,297	\$ 23,145,297	0.0%	\$ 15,247,000	151.8%	
7/1/2009	\$ -	\$ 21,840,178	\$ 21,840,178	0.0%	\$ 14,354,000	152.2%	

Schedule of Contribution Funding

Other Post Employment Benefits			
Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions Made	Percentage Contributed
2015	\$ 1,761,824	\$ 759,787	43.1%
2014	\$ 1,704,073	\$ 693,264	40.7%
2013	\$ 2,206,831	\$ 786,852	35.7%

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

Actuarial Methods:

Valuation date	January 1, 2013
Actuarial cost method	Projected Unit Credit Actuarial Cost method
Amortization method	26-year level assuming a 3.25% annual increase, closed

Actuarial Assumptions:

Discount rate	4.0% annually
Interest rate	4.0% per year
Projected salary increases	3.25% applied for amortization purposes.
Medical/drug cost trend rate	The Commercial managed care trends begin at 9% and scale down to 5.0% per year, for Medicare, the managed care trends begin at 8% and scale down to 5.0% per year, while Indemnity trends begin at 9% and scale down to 6% per year.

Plan Membership:

Current active members	292
Current retirees, beneficiaries and dependents	252
Total	544

SUPPLEMENTARY SCHEDULES

TOWN OF LEICESTER, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
Special Revenue:					
<i>Federal and State Grants:</i>					
School Grants	\$ 8,186	\$ 768,294	\$ 746,927	\$ (8)	\$ 29,545
Board of Health Grants	12,660	-	-	-	12,660
Community Development Block Grants	-	59,000	59,000	-	-
Council on Aging Grants	5,002	20,888	21,888	-	4,002
Highway Grants	-	572,473	572,473	-	-
Library Grants	26,837	15,229	6,935	-	35,131
Other Grants and Programs	-	73,432	68,929	-	4,503
Public Safety Grants	3,570	67,212	66,264	-	4,518
Schools:					
School Lunch Program	9,462	593,486	597,453	-	5,495
School Lunch Commodities	-	43,949	43,949	-	-
Revolving Accounts	240,450	412,016	369,991	-	282,475
School Choice	496,416	624,753	472,529	-	648,640
State Special Education Reimbursement Fund	347,142	764,334	530,880	-	580,596
Other:					
Ambulance Reserve	313,856	408,883	-	(357,000)	365,739
Becker College Grant	500	-	500	-	-
Conservation Commission Fees	29,122	2,532	-	(6,479)	25,175
Revolving Funds	189,586	127,368	156,067	(10,783)	150,104
Gifts and Donations	100,014	101,573	25,828	-	175,759
Insurance Reimbursements	-	56,242	3,502	(52,740)	-
Leicester Cable Funds	164,591	92,688	99,828	-	157,451
Outside Detail Revolving	(10,080)	418,951	408,322	-	549
RDTF Seizures Released	60,561	-	1,194	-	59,367
Sale of Cemetery Lots	9,260	-	-	-	9,260
Septic Repair Programs	195,338	14,683	-	(20,125)	189,896
Town Dog Fund	71,169	26,714	-	(18,000)	79,883
Waterway Improvement Fund	7,830	-	-	-	7,830
Arts Council Fund	12,578	10,106	10,036	-	12,648
Capital Expenditures Fund	3,429	12	-	-	3,441
Health Insurance Fund	9,549	10	1,028	-	8,531
Open Space Fund	1,251	4	-	-	1,255
Post War Rehabilitation Fund	1,723	6	-	-	1,729
Total Special Revenue	\$ 2,310,002	\$ 5,274,838	\$ 4,263,523	\$ (465,135)	\$ 2,856,182

TOWN OF LIECESTER, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
Capital Projects:					
Fire/EMS Needs Study	1,700	-	-	-	1,700
Middle Windows/Doors	2,339	-	-	-	2,339
New Fire/EMS Facility Study	5,200	-	-	-	5,200
Police Station Construction	104,837	-	100,000	-	4,837
Radio Communications Upgrade	(74,166)	-	37,113	-	(111,279)
Town Hall Windows	8,646	-	-	-	8,646
Total Capital Projects	48,556	-	137,113	-	(88,557)
Perpetual Permanent Funds:					
Cherry Valley Cemetery Perpetual Care	18,819	-	-	-	18,819
Dorothy Warren Fund	17,028	-	-	-	17,028
Total Perpetual Permanent Funds	35,847	-	-	-	35,847
Permanent Funds:					
Cherry Valley Cemetery Perpetual Care	4,337	82	266	-	4,153
Dorothy Warren Fund	93	60	-	-	153
Newhall Fund	19,015	67	-	-	19,082
I. H. Thomas Fund	1,503	5	-	-	1,508
Southgate Fund	30,348	107	-	-	30,455
In Custody of Library Trustees:					
Library Funds	662,474	35,022	7,065	-	690,431
Total Permanent Funds	717,770	35,343	7,331	-	745,782
Total Non-Major Governmental Funds	\$ 3,112,175	\$ 5,310,181	\$ 4,407,967	\$ (465,135)	\$ 3,549,254

TOWN OF LEICESTER, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
JULY 1, 2014 TO JUNE 30, 2015

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
Real Estate Taxes:						
Levy of 2015	\$ -	\$ 12,592,374	\$ 111,760	\$ 12,182,087	\$ 298,527	\$ 299,273
Levy of 2014	160,227	-	51,664	99,997	8,566	9,407
Levy of 2013	8,000	-	-	1,643	6,357	6,357
Levy of 2012	5,407	-	-	(14)	5,421	5,421
Levy of 2011	4,344	-	-	(4)	4,348	4,325
Prior Years	13,007	-	-	-	13,007	3,265
	<u>190,985</u>	<u>12,592,374</u>	<u>163,424</u>	<u>12,283,709</u>	<u>336,226</u>	<u>328,048</u>
Personal Property Taxes:						
Levy of 2015	-	339,370	-	334,278	5,092	5,092
Levy of 2014	1,831	-	-	(210)	2,041	2,041
Levy of 2013	1,285	-	-	-	1,285	1,285
Levy of 2012	1,249	-	-	-	1,249	1,249
Levy of 2011	934	-	-	-	934	934
Prior Years	1,621	-	-	-	1,621	1,626
	<u>6,920</u>	<u>339,370</u>	<u>-</u>	<u>334,068</u>	<u>12,222</u>	<u>12,227</u>
Total Real Estate and Personal Property Taxes	<u>\$ 197,905</u>	<u>\$ 12,931,744</u>	<u>\$ 163,424</u>	<u>\$ 12,617,777</u>	<u>\$ 348,448</u>	<u>\$ 340,275</u>

**TOWN OF LEICESTER, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE AND BOAT EXCISE TAXES
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
Motor Vehicle Excise Taxes:						
Levy of 2015	\$ -	\$ 1,217,989	\$ 23,239	\$ 1,049,377	\$ 145,373	\$ 145,328
Levy of 2014	88,695	140,668	11,356	193,217	24,790	24,804
Levy of 2013	29,092	-	482	15,439	13,171	13,171
Levy of 2012	8,751	-	17	3,238	5,496	5,496
Levy of 2011	5,728	-	-	822	4,906	4,906
Prior Years	57,033	-	-	1,410	55,623	55,977
	<u>189,299</u>	<u>1,358,657</u>	<u>35,094</u>	<u>1,263,503</u>	<u>249,359</u>	<u>249,682</u>
Boat Excise Taxes:						
Levy of 2015	-	3,163	105	1,917	1,141	1,141
Levy of 2014	-	3,548	396	2,728	424	424
Levy of 2013	238	-	-	(28)	266	266
Levy of 2012	240	-	-	-	240	240
Levy of 2011	333	-	-	-	333	333
Prior Years	411	-	-	-	411	411
	<u>1,222</u>	<u>6,711</u>	<u>501</u>	<u>4,617</u>	<u>2,815</u>	<u>2,815</u>
Total Motor Vehicle and Boat Excise Taxes	<u>\$ 190,521</u>	<u>\$ 1,365,368</u>	<u>\$ 35,595</u>	<u>\$ 1,268,120</u>	<u>\$ 252,174</u>	<u>\$ 252,497</u>

**TOWN OF LEICESTER, MASSACHUSETTS
SCHEDULE OF TAX LIENS AND TAX FORECLOSURES
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Accounts July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2015	Uncollected Accounts Per Detail June 30, 2015
Tax Liens	<u>\$ 369,773</u>	<u>\$ 63,826</u>	<u>\$ 24,195</u>	<u>\$ 169,148</u>	<u>\$ 240,256</u>	<u>\$ 240,812</u>
Tax Foreclosures	<u>\$ 123,886</u>	<u>\$ 24,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,082</u>	<u>\$ 148,052</u>