



TOWN OF OXFORD, MASSACHUSETTS

**Basic Financial Statements and
Required Supplementary Information**

June 30, 2016

(With Independent Auditors' Report Thereon)

TOWN OF OXFORD, MASSACHUSETTS

Table of Contents

	Page(s)
Independent Auditors' Report	1–2
Management's Discussion and Analysis	3–10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Net Position – Fiduciary Funds	20
Statement of Changes in Net Position – Fiduciary Funds	21
Notes to Basic Financial Statements	22–51
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	52
Notes to Budgetary Comparison Schedule – General Fund	53–54
Schedule of Proportionate Share and Contributions – Net Pension Liability	55
Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits	56



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Selectmen
Town of Oxford, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oxford, Massachusetts (the Town), as of and for the year ended June 30, 2016, 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 U.S. generally accepted accounting principles; 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.

Auditors' 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oxford, Massachusetts, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in note 2 to the financial statements, in 2016 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information detailed in the accompanying table of contents (collectively referred to as RSI) 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts

May 4, 2017

TOWN OF OXFORD, MASSACHUSETTS

Management Section

June 30, 2016

(Unaudited)

As management of the Town of Oxford (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016.

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, public education, sewer maintenance and parks, and recreational facilities.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of fiscal 2016 by approximately \$20.3 million (net position).
- The Town's total net position decreased by approximately \$4.1 million in fiscal 2016.
- At the end of fiscal 2016, unassigned fund balance for the general fund was approximately \$2.4 million or 6.0% of total 2016 general fund expenditures.
- The Town's total long-term bonds decreased by \$1.1 million during fiscal 2016.
- The Town's OPEB obligation significantly impacts the Government-wide financial results. Each year, the Town is required to recognize an additional portion of its unfunded actuarial accrued liability. As of June 30, 2016, the Town's net OPEB obligation increased \$3.3 million to \$16.5 million.
- The Town's net pension liability significantly impacts the Government-wide financial results. With the implementation of GASB Statement No. 68 in fiscal year 2015, the Town is required to report its proportionate share of the Worcester Regional Retirement System's collective net pension liability, deferred outflows of resources, deferred inflow of resources, and pension expense. Based on the measurement of the Worcester Regional Retirement System's net pension liability as of December 31, 2015, the Town's proportionate share of that net pension liability increased by \$2.8 million to \$26.1 million.

Overview of the Financial Statements

Our discussion and analysis of the Town is intended to serve as an introduction to the Town's basic financial statements. The Town's 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 required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business.

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

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

TOWN OF OXFORD, MASSACHUSETTS

Management Section

June 30, 2016

(Unaudited)

Both of the government-wide financial statements distinguish functions of the Town 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 of the Town include general administration, public safety, education, public works, human services, and cultural development. The business-type activities of the Town consist of sewer system, water works, and community center activities.

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is the Town's only major governmental fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation.

Proprietary Funds – Enterprise funds (one type of proprietary fund) are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, and community center activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide combined information for the sewer, water and community center activities. The water, sewer and community center funds are presented separately as major funds.

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

TOWN OF OXFORD, MASSACHUSETTS

Management Section

June 30, 2016

(Unaudited)

The Town's fiduciary activities include an other post-employment benefit (OPEB) trust fund and an agency fund. These funds are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position (OPEB Trust only). The OPEB Trust fund was established to accumulate assets to pay future OPEB costs for the Town's retirees. Funds in this trust fund may only be used to pay OPEB benefits of the Town's retirees. The agency fund, which is custodial in nature (assets equal liabilities), do not involve measurement of results of operations. The Town's agency fund primarily accounts for police and fire off-duty details. The fiduciary activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

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

Other Information – In addition to the basic financial statements and accompanying notes, these financial statements also present certain required supplementary information (RSI).

The Town adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided for the general fund as RSI to demonstrate compliance with this budget.

The Town participates in the Worcester Regional Retirement System (the System), a defined benefit, multi-employer cost-sharing retirement plan. The Town has presented the schedules of proportionate share and contributions for the System as a whole as RSI.

A schedule of funding progress and employer contributions for the Town's other postemployment benefit plan has also been presented as RSI.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$20.3 million at the close of the current fiscal year.

The components of net position comprise the following: the investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related debt used to acquire those assets that are still outstanding – this amount is \$45.1 million indicating that the net book value of the Town's capital assets exceeds the amount of related capital debt outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are generally provided from other sources, since the capital assets themselves typically are not used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used while the remaining balance represents the unrestricted net position.

Governmental Activities – Governmental activities decreased the Town's net position by approximately \$4.1 million. This decrease is primarily due to the continued recognition of both the Town's other post-employment benefit liability and Town's net pension liability.

TOWN OF OXFORD, MASSACHUSETTS

Management Section

June 30, 2016

(Unaudited)

Business-Type Activities – Business-type activities increased the Town’s net position by approximately \$60 thousand. This increase is primarily due to the receipt of cash from customers for Sewer and Community Fund charges for services.

	Condensed schedule of net position as of June 30, 2016 and 2015					
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
(In thousands)						
Current and other assets	\$ 18,537	18,103	745	893	19,282	18,996
Capital assets	51,684	52,104	5,734	5,866	57,418	57,970
Total assets	\$ 70,221	70,207	6,479	6,759	76,700	76,966
Deferred amount	\$ 2,256	14	—	—	2,256	14
Total deferred outflows	\$ 2,256	14	—	—	2,256	14
Long-term debt outstanding	\$ 9,709	1,933	2,564	2,731	12,273	4,664
Other long-term liabilities	43,071	45,791	—	—	43,071	45,791
Other liabilities	1,961	1,797	137	310	2,098	2,107
Total liabilities	\$ 54,741	49,521	2,701	3,041	57,442	52,562
Deferred amount	\$ 1,181	—	—	—	1,181	—
Total deferred inflows	\$ 1,181	—	—	—	1,181	—
Net position:						
Net investment in capital assets	\$ 41,975	41,206	3,170	3,618	45,145	44,824
Restricted	7,966	7,865	—	—	7,966	7,865
Unrestricted	(33,386)	(28,371)	608	100	(32,778)	(28,271)
Total net position	\$ 16,555	20,700	3,778	3,718	20,333	24,418

TOWN OF OXFORD, MASSACHUSETTS

Management Section

June 30, 2016

(Unaudited)

Condensed schedule of changes in net position for the years ending June 30, 2016 and 2015

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
(In thousands)						
Revenues:						
Program revenues:						
Charges for services	\$ 3,319	2,995	653	659	3,972	3,654
Operating grants	13,326	15,242	38	—	13,364	15,242
Capital grants	—	1,211	—	—	—	1,211
General revenues:						
Property taxes	21,242	19,921	—	—	21,242	19,921
Excise taxes	2,001	1,719	—	—	2,001	1,719
Intergovernmental	5,144	1,770	—	—	5,144	1,770
Other	369	504	1	—	370	504
Total revenues	45,401	43,362	692	659	46,093	44,021
Expenses:						
General government	3,762	3,463	—	—	3,762	3,463
Public safety	5,871	4,493	—	—	5,871	4,493
Education	33,427	31,438	—	—	33,427	31,438
Public works	3,915	3,520	—	—	3,915	3,520
Health and human services	370	359	—	—	370	359
Culture and recreation	827	770	—	—	827	770
State and county assessments	939	906	—	—	939	906
Interest on long-term debt	363	388	—	—	363	388
Enterprise accounts:						
Water fund	—	—	85	97	85	97
Community center fund	—	—	341	311	341	311
Sewer fund	—	—	278	389	278	389
Total expenses	49,474	45,337	704	797	50,178	46,134
Increase (decrease) in						
net position before transfers	(4,073)	(1,975)	(12)	(138)	(4,085)	(2,113)
Transfers	(72)	(73)	72	73	—	—
Change in net position	(4,145)	(2,048)	60	(65)	(4,085)	(2,113)
Net position, beginning of year	20,700	22,748	3,718	3,783	24,418	26,531
Net position, end of year	\$ 16,555	20,700	3,778	3,718	20,333	24,418

TOWN OF OXFORD, MASSACHUSETTS

Management Section

June 30, 2016

(Unaudited)

Financial Analysis of the Town's Governmental Funds

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

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, 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, the Town's governmental funds reported combined ending fund balances of approximately \$12.4 million, an increase of approximately \$763 thousand from the prior year. The general fund has an unassigned fund balance of approximately \$2.4 million. The remainder of the Town's governmental fund balance is nonspendable, restricted, committed, or assigned to indicate that its use is constrained for specific purposes because it is (1) related to permanent fund principal, \$4.8 million, (2) restricted for various purposes, through federal and state grants, donors intent, state laws, and other agreements with external parties for purposes including employee benefits and ambulance operations, \$2.9 million, (3) committed for future purposes in the form of continuing appropriations, \$137 thousand, or (4) assigned to the fiscal year 2016 budget or to liquidate purchase orders and contracts executed in fiscal year 2016, \$2.1 million.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$2.4 million, while total general fund balance was approximately \$3.6 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 8.7% of total general fund expenditures.

The Fund Balance of the Town's general fund increased by approximately \$352 thousand during the current fiscal year. This increase was primarily due to the change in budgetary practices made by the new Town Manager to focus on increasing Reserves and Capital Improvements.

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

The net position of the proprietary funds at the end of the current fiscal year totaled approximately \$3.8 million. Net position of the proprietary funds increased approximately \$60 thousand in the current year. This increase is primarily due to the receipt of cash from customers for Sewer and Community Center Fund charges for services.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were mainly the result of town meeting transfers and finance committee reserve transfers for unforeseen events. Amendments decreased budgeted expenditures by approximately \$28 thousand (0.0001%). Actual revenues fell short of budgeted revenues by approximately \$121 thousand. Further, actual expenditures were under budget by \$1.5 million.

TOWN OF OXFORD, MASSACHUSETTS

Management Section

June 30, 2016

(Unaudited)

Capital Assets and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to approximately \$57.4 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, buildings, machinery and equipment, and infrastructure.

Capital assets, net, decreased \$420 thousand in the governmental activities primarily due to machinery and equipment improvements and construction in progress additions. Business-type activities capital assets, net, decreased approximately \$132 thousand due to depreciation exceeding capital asset additions.

Long-Term Debt – At the end of the current fiscal year, the Town had total debt outstanding of \$12.1 million. The entire amount is backed by the full faith and credit of the Town.

	Outstanding debt		
	Governmental activities	Business-type activities	Total
Long-term bonds	\$ 9,565,000	2,495,000	12,060,000
Total	<u>\$ 9,565,000</u>	<u>2,495,000</u>	<u>12,060,000</u>

The Town's bonds payable decreased by \$1.1 million during the current fiscal year. The decrease was a result of the Town making scheduled debt repayments while not issuing any new long-term bonds.

The Town maintains an insured debt rating of "AA/A2" and an underlying debt rating of Aa3 from Moody's investor's service for its general obligation debt.

Economic Factors and Next Year's Budget

The state's economic condition is slow to improve. In preparing for the Fiscal 2017 budget, the Town anticipates a very slight increase from the State in the form of State Aid. The Town is continuing to wean off the use of reserves that it had built up over the years in preparation of a recession. The Town continues to ensure that Public Safety, Public Health, and Public Works services remain unaffected. In Fiscal 2016 the Town gained new revenue in the form of a Capital Exclusion as well as adopted the Local Meals Tax option. The Town continues to explore new revenue from sources such as but not limited to solar farm agreements, medical marijuana host agreements, and Proposition 2-1/2 Override Ballot Question.

The annual unemployment rate for the Town for 2016 is currently 2.5%, 1.5% less than the 4.0% rate in 2015. This compares to the 2016 state's unemployment rate of 3.7%, and the 2016 national rate of 4.9%. It appears that the Town's unemployment rate has decreased quicker than the state and national rate; however the national unemployment rate has improved indicating an overall improving economy. The Town expects this improving economy to continue through 2017.

TOWN OF OXFORD, MASSACHUSETTS

Management Section

June 30, 2016

(Unaudited)

Requests for Information

This information is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this document or requests for additional financial information should be addressed to the Oxford Town Accountant at 325 Main Street, Oxford, MA 01540.

TOWN OF OXFORD, MASSACHUSETTS

Statement of Net Position

June 30, 2016

Assets	Governmental activities	Business-type activities	Total
Cash and cash equivalents	\$ 7,338,720	705,618	8,044,338
Investments	5,787,629	—	5,787,629
Receivables, net:			
Property taxes	419,761	—	419,761
Motor vehicle excise	163,529	—	163,529
Tax liens	582,485	—	582,485
Intergovernmental	1,335,786	—	1,335,786
Departmental and other	483,089	9,483	492,572
Long-term intergovernmental receivable	2,426,424	—	2,426,424
Prepaid asset	—	29,891	29,891
Capital assets:			
Nondepreciable	10,422,286	550,962	10,973,248
Depreciable, net	41,261,695	5,182,731	46,444,426
Total assets	<u>70,221,404</u>	<u>6,478,685</u>	<u>76,700,089</u>
Deferred Outflows of Resources			
Deferred amount for pension costs	2,255,735	—	2,255,735
Liabilities			
Warrants and accounts payable	1,584,895	100,245	1,685,140
Accrued liabilities	259,980	25,201	285,181
Other	27,549	—	27,549
Internal balances	88,510	11,490	100,000
Long-term liabilities:			
Due within one year:			
Compensated absences	61,006	—	61,006
Bonds and notes	985,000	165,000	1,150,000
Landfill and postclosure care costs	3,000	—	3,000
Due in more than one year:			
Compensated absences	345,703	—	345,703
Bonds and notes	8,724,434	2,398,953	11,123,387
Landfill and postclosure care costs	48,000	—	48,000
Net pension liability	26,122,186	—	26,122,186
Other postemployment benefits	16,491,228	—	16,491,228
Total liabilities	<u>54,741,491</u>	<u>2,700,889</u>	<u>57,442,380</u>
Deferred Inflows of Resources			
Deferred amount for pension costs	1,180,647	—	1,180,647
Net Position			
Net investment in capital assets	41,974,547	3,169,740	45,144,287
Restricted for:			
Permanent funds:			
Nonexpendable	4,811,226	—	4,811,226
Expendable	993,616	—	993,616
State and Federal Grants	241,696	—	241,696
Employee benefits	479,384	—	479,384
Other	1,440,352	—	1,440,352
Unrestricted	<u>(33,385,820)</u>	<u>608,056</u>	<u>(32,777,764)</u>
Total net position	<u>\$ 16,555,001</u>	<u>3,777,796</u>	<u>20,332,797</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Statement of Activities

Year ended June 30, 2016

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 3,762,073	219,207	56,659	—	(3,486,207)		(3,486,207)
Public safety	5,870,798	1,130,351	140,229	—	(4,600,218)		(4,600,218)
Education	33,427,416	1,843,205	12,115,797	—	(19,468,414)		(19,468,414)
Public works	3,914,782	101,560	802,288	—	(3,010,934)		(3,010,934)
Health and human services	369,509	24,938	176,017	—	(168,554)		(168,554)
Culture and recreation	827,405	40	35,599	—	(791,766)		(791,766)
State and county assessments	938,788	—	—	—	(938,788)		(938,788)
Interest on long-term debt	363,393	—	—	—	(363,393)		(363,393)
Total governmental activities	<u>49,474,164</u>	<u>3,319,301</u>	<u>13,326,589</u>	<u>—</u>	<u>(32,828,274)</u>		<u>(32,828,274)</u>
Business-type activities:							
Water	85,098	—	38,125	—	(46,973)		(46,973)
Community Center	340,645	284,216	—	—	(56,429)		(56,429)
Sewer	278,025	368,300	—	—	90,275		90,275
Total business-type activities	<u>703,768</u>	<u>652,516</u>	<u>38,125</u>	<u>—</u>	<u>(13,127)</u>		<u>(13,127)</u>
Total primary government	<u>\$ 50,177,932</u>	<u>3,971,817</u>	<u>13,364,714</u>	<u>—</u>	<u>(13,127)</u>		<u>(32,841,401)</u>
General revenues:							
Property taxes, levied for general purposes, net				21,241,736	—	21,241,736	
Excises				2,001,008	—	2,001,008	
Penalties and interest on taxes				179,858	—	179,858	
Other				18,143	—	18,143	
Intergovernmental				5,143,705	—	5,143,705	
Investment income				171,391	676	172,067	
Transfers				(72,100)	72,100	—	
Total general revenues				<u>28,683,741</u>	<u>72,776</u>	<u>28,756,517</u>	
Change in net position				<u>(4,144,533)</u>	<u>59,649</u>	<u>(4,084,884)</u>	
Net position, beginning of year, as restated				<u>20,699,534</u>	<u>3,718,147</u>	<u>24,417,681</u>	
Net position, end of year				<u>\$ 16,555,001</u>	<u>3,777,796</u>	<u>20,332,797</u>	

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Balance Sheet – Governmental Funds

June 30, 2016

Assets	General	Other governmental	Total
Cash and cash equivalents	\$ 4,682,619	2,656,101	7,338,720
Investments	539,443	5,248,186	5,787,629
Receivables, net:			
Property taxes	419,761	—	419,761
Motor vehicle excise	163,529	—	163,529
Tax liens	582,485	—	582,485
Intergovernmental	2,830,828	931,382	3,762,210
Departmental and other	249,071	234,018	483,089
Due from other funds	—	69,490	69,490
Total assets	\$ 9,467,736	9,139,177	18,606,913
Liabilities, Deferred Inflow of Resources, and Fund Balance			
Warrants and accounts payable	\$ 1,422,570	162,325	1,584,895
Accrued liabilities:			
Tax abatements	2,361	—	2,361
Payroll and related withholdings	97,526	12,024	109,550
Due to other funds	158,000	—	158,000
Other	27,549	—	27,549
Total liabilities	1,708,006	174,349	1,882,355
Deferred inflows of resources:			
Revenue not considered available	4,135,466	234,018	4,369,484
Deferred inflows of resources	4,135,466	234,018	4,369,484
Fund balance:			
Nonspendable	—	4,811,226	4,811,226
Restricted	479,384	2,441,646	2,921,030
Committed	137,191	—	137,191
Assigned	594,833	1,477,938	2,072,771
Unassigned	2,412,856	—	2,412,856
Total fund balances	3,624,264	8,730,810	12,355,074
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,467,736	9,139,177	18,606,913

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2016

Total fund balance – governmental funds	\$ 12,355,074
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	51,683,981
Certain revenues are earned but are not available and are therefore reported as deferred inflows of resources.	4,369,484
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
General obligation bonds	(9,565,000)
Bond issue premium	(144,434)
Landfill closure and post closure care costs	(51,000)
Accrued interest on bonds	(48,069)
Net pension liability, net of deferred amounts	(25,047,098)
Other postemployment benefits	(16,491,228)
Tax refunds	(100,000)
Compensated absences	<u>(406,709)</u>
	<u>(51,853,538)</u>
Net position of governmental activities	<u>\$ 16,555,001</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year ended June 30, 2016

	General	Other governmental	Total
Revenues:			
Real and personal property taxes	\$ 21,288,481	—	21,288,481
Motor vehicle and other excises	2,046,184	—	2,046,184
Penalties and interest on taxes	179,858	—	179,858
Fees	56,323	3,052,821	3,109,144
License and permits	29,140	—	29,140
Intergovernmental	16,024,979	2,334,296	18,359,275
Fines and forfeitures	68,100	—	68,100
Investment income	28,541	142,850	171,391
Departmental and other revenue	268,919	242,595	511,514
Contributions and donations	100,000	35,020	135,020
Total revenues	40,090,525	5,807,582	45,898,107
Expenditures:			
Current:			
General government	2,758,536	20,142	2,778,678
Public safety	3,509,951	223,015	3,732,966
Education	18,656,298	3,202,065	21,858,363
Public works	2,500,588	672,753	3,173,341
Human services	267,242	30,731	297,973
Culture and recreation	442,808	119,561	562,369
State and county assessments	938,788	—	938,788
Pension, fringe and general insurance	10,105,457	—	10,105,457
Capital outlay	—	274,038	274,038
Debt service	1,341,436	—	1,341,436
Total expenditures	40,521,104	4,542,305	45,063,409
Deficiency of revenues under expenditures	(430,579)	1,265,277	834,698
Other financing sources (uses):			
Transfers in	883,000	27,533	910,533
Transfers out	(99,633)	(883,000)	(982,633)
Total other financing sources	783,367	(855,467)	(72,100)
Net change in fund balances	352,788	409,810	762,598
Fund balance, beginning of year	3,271,476	8,321,000	11,592,476
Fund balance, end of year	\$ 3,624,264	8,730,810	12,355,074

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2016

Net change in fund balances – total governmental funds	\$ 762,598
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital additions as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which depreciation expense (\$3,096,825) and loss on disposals (\$3,107) exceeds capital asset additions (\$2,679,491) depreciation expense.	(420,441)
Accrual basis revenues can result in more or (less) revenues reported in the statement of activities depending upon timing of billings and collections.	(91,972)
Certain intergovernmental receivables are reported as revenues in the statement of activities when earned but are included in the activity statement of the governmental funds when received.	(404,404)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position while bond issuances are other financing sources in governmental funds, but increase long-term liabilities in the statement of net position. This is the repayment of bond principal.	960,000
Bond premiums, net of amortization decrease the long-term liabilities in the statement of net position, but are included in the activity statement of the governmental funds when received. This is the amount by which current year capitalization of bond premiums exceeds amortization of bond premiums on the statement of activities.	13,352
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. This amount represents an increase in the other post employment benefit liability (\$3,261,231), and net pension liability (\$1,742,013), offset by decreases in accrued interest (\$4,691), compensated absences (\$31,887), and landfill liability (\$3,000).	(4,963,666)
Change in net position of governmental activities	<u>\$ (4,144,533)</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS
 Statement of Net Position – Proprietary Funds
 June 30, 2016

Assets	Water fund	Community Center fund	Sewer fund	Total
Current assets:				
Cash and cash equivalents (overdraft)	\$ 413,630	(54,930)	346,918	705,618
Receivables, net	—	—	9,483	9,483
Prepaid assets	—	14,427	15,464	29,891
Total current assets	<u>413,630</u>	<u>(40,503)</u>	<u>371,865</u>	<u>744,992</u>
Noncurrent assets:				
Nondepreciable capital assets	11,397	539,565	—	550,962
Depreciable capital assets, net	<u>637,587</u>	<u>1,053,664</u>	<u>3,491,480</u>	<u>5,182,731</u>
Total noncurrent assets	<u>648,984</u>	<u>1,593,229</u>	<u>3,491,480</u>	<u>5,733,693</u>
Total assets	<u><u>\$ 1,062,614</u></u>	<u><u>1,552,726</u></u>	<u><u>3,863,345</u></u>	<u><u>6,478,685</u></u>
Liabilities				
Current liabilities:				
Warrants and accounts payable	\$ —	50,946	49,299	100,245
Accrued liabilities	5,788	13,792	5,621	25,201
Due to other funds	—	3,830	—	3,830
Bonds payable	<u>76,358</u>	<u>50,000</u>	<u>38,642</u>	<u>165,000</u>
Total current liabilities	<u>82,146</u>	<u>118,568</u>	<u>93,562</u>	<u>294,276</u>
Noncurrent liabilities:				
Due to other funds	—	7,660	—	7,660
Bonds payable	<u>971,787</u>	<u>812,493</u>	<u>614,673</u>	<u>2,398,953</u>
Total noncurrent liabilities	<u>971,787</u>	<u>820,153</u>	<u>614,673</u>	<u>2,406,613</u>
Total liabilities	<u><u>\$ 1,053,933</u></u>	<u><u>938,721</u></u>	<u><u>708,235</u></u>	<u><u>2,700,889</u></u>
Net Position				
Net investment in capital assets	\$ (399,161)	730,736	2,838,165	3,169,740
Unrestricted	<u>407,842</u>	<u>(116,731)</u>	<u>316,945</u>	<u>608,056</u>
Total net position	<u><u>\$ 8,681</u></u>	<u><u>614,005</u></u>	<u><u>3,155,110</u></u>	<u><u>3,777,796</u></u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

Year ended June 30, 2016

	Water fund	Community Center fund	Sewer fund	Total
Operating revenues:				
Charges for services	\$ —	190,395	330,086	520,481
Fees	—	93,821	2,200	96,021
Other	38,125	—	36,014	74,139
Total operating revenues	<u>38,125</u>	<u>284,216</u>	<u>368,300</u>	<u>690,641</u>
Operating expenses:				
Salaries and benefits	—	142,028	14,293	156,321
Contractual Services	1,009	95,287	128,977	225,273
Other supplies and expenses	—	10,931	32,376	43,307
Depreciation	53,678	71,607	83,733	209,018
Total operating expenses	<u>54,687</u>	<u>319,853</u>	<u>259,379</u>	<u>633,919</u>
Operating income (loss)	<u>(16,562)</u>	<u>(35,637)</u>	<u>108,921</u>	<u>56,722</u>
Nonoperating income (expense):				
Interest expense	(30,411)	(20,792)	(18,646)	(69,849)
Interest income	400	25	251	676
Total nonoperating expense	<u>(30,011)</u>	<u>(20,767)</u>	<u>(18,395)</u>	<u>(69,173)</u>
Transfer in, net	<u>—</u>	<u>72,100</u>	<u>—</u>	<u>72,100</u>
Change in net position	<u>(46,573)</u>	<u>15,696</u>	<u>90,526</u>	<u>59,649</u>
Net position, beginning of year	<u>55,254</u>	<u>598,309</u>	<u>3,064,584</u>	<u>3,718,147</u>
Net position, end of year	<u>\$ 8,681</u>	<u>614,005</u>	<u>3,155,110</u>	<u>3,777,796</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Statement of Cash Flows – Proprietary Funds

Year ended June 30, 2016

	Water fund	Community Center fund	Sewer fund	Total
Cash flows from operating activities:				
Cash received from customers	\$ —	284,216	366,121	650,337
Cash received from lessee	38,125	—	—	38,125
Cash paid to employees	—	(139,142)	(14,262)	(153,404)
Cash paid to vendors	—	(179,930)	(284,826)	(464,756)
Net cash provided by (used in) operating activities	<u>38,125</u>	<u>(34,856)</u>	<u>67,033</u>	<u>70,302</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	—	72,100	—	72,100
Net cash provided by noncapital financing activities	<u>—</u>	<u>72,100</u>	<u>—</u>	<u>72,100</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	—	(62,197)	(14,476)	(76,673)
Payment of bond premium	(2,989)	(735)	(795)	(4,519)
Payment of bond principal	(73,458)	(50,000)	(38,642)	(162,100)
Payment of interest	(30,692)	(21,365)	(18,898)	(70,955)
Repayment of interfund loan	—	(3,830)	—	(3,830)
Net cash used in capital and related financing activities	<u>(107,139)</u>	<u>(138,127)</u>	<u>(72,811)</u>	<u>(318,077)</u>
Cash flows from investing activities:				
Interest income	400	25	251	676
Net cash provided by investing activities	<u>400</u>	<u>25</u>	<u>251</u>	<u>676</u>
Decrease in cash and cash equivalents	(68,614)	(100,858)	(5,527)	(174,999)
Cash and cash equivalents, beginning of year	482,244	45,928	352,445	880,617
Cash and cash equivalents (overdraft), end of year	<u>\$ 413,630</u>	<u>(54,930)</u>	<u>346,918</u>	<u>705,618</u>
Reconciliation of operating loss to net cash (used in) provided by operating activities:				
Operating (loss) income	\$ (16,562)	(35,637)	108,921	56,722
Reconciliation of operating (loss) to net cash (used in) provided by operating activities:				
Depreciation expense	53,678	71,607	83,733	209,018
Changes in operating assets and liabilities:				
Accounts receivable	—	—	(2,179)	(2,179)
Prepaid assets	1,009	(2,735)	(8,076)	(9,802)
Accounts payable	—	(70,977)	(115,397)	(186,374)
Accrued liabilities	—	2,886	31	2,917
Net cash provided by (used in) operating activities	<u>\$ 38,125</u>	<u>(34,856)</u>	<u>67,033</u>	<u>70,302</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Statement of Net Position – Fiduciary Funds

June 30, 2016

Assets	OPEB Trust fund	Agency fund
Cash and cash equivalents	\$ 261,516	1,450,493
Due from other funds	100,000	—
Receivables:		
Other	—	31,761
Investments		
Equity mutual funds	1,951,252	—
Fixed income mutual funds	1,138,025	—
Total investments	<u>3,089,277</u>	—
Total assets	<u>3,450,793</u>	<u>\$ 1,482,254</u>
Liabilities		
Accounts payable and other liabilities	—	\$ 1,482,254
Total liabilities	<u>—</u>	<u>\$ 1,482,254</u>
Net Position		
Held in trust for other postemployment benefits	<u>\$ 3,450,793</u>	

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Statement of Changes in Net Position – Fiduciary Funds

June 30, 2016

	OPEB Trust fund
Additions:	
Contributions:	
Employer	\$ 1,012,712
Investment earnings:	
Realized and unrealized loss on investments	(40,070)
Interest and dividends	133,243
Less investment expenses	<u>(10,166)</u>
Net investment earnings	<u>83,007</u>
Total additions	<u>1,095,719</u>
Deductions:	
Benefits	<u>1,007,298</u>
Total deductions	<u>1,007,298</u>
Change in net position	88,421
Net position – beginning of year	<u>3,362,372</u>
Net position – end of year	<u>\$ 3,450,793</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

(1) Financial Statement Presentation

The Town of Oxford (Town) is governed by an elected five-member board of selectmen. U.S. generally accepted accounting principles (GAAP) require that the accompanying basic financial statements present the Town (the primary government) and its component units. Component units are separate legal entities and are included in the reporting entity if they have significant operational and financial relationships with the Town. Pursuant to this criterion, the Town did not identify any component units requiring inclusion in the general-purpose financial statements.

(a) Joint Venture

The Town has entered into a joint venture with other municipalities to pool resources and share the costs, risk, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The following is the Town's joint venture, the address where the joint venture financial statements are available, its purpose, and the annual assessment paid by the Town in 2016:

Joint venture and address	Purpose	Annual assessment
Bay Path Regional Vocational: Technical School District 57 Old Muggett Hill Road Charlton, MA 01507	To provide vocational educational services	\$ 1,413,109

The Town has no equity interest in the joint venture.

(b) Related Organization

Oxford Housing Authority (Authority). Board members of the Authority are elected by the Town. The Town has no oversight responsibility for the Authority's operations and no responsibility for its deficits or debt.

(2) Summary of Significant Accounting Policies

The financial statements of the Town have been prepared in conformity with GAAP as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Town's accounting policies are described below:

(a) Basis of Presentation

(i) Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the Town). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town where governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions and business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(ii) Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The Town's water, sewer and community center enterprise funds are considered major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental fund:

General Fund – This is the Town'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 Town reports the following major enterprise funds:

Water Fund – This fund is used to account for the construction of the Town's water tank and the user charges associated with third-party use of the water tank.

Community Center Fund – This fund is used to account for the activities of the Oxford Community Center and the user charges associated with the leasing of the community center.

Sewer Fund – This fund is used to account for the construction of the Town's sewer infrastructure for certain users and the user charges associated with the provision of sewer services.

Additionally, the Town reports the following fiduciary fund types:

OPEB Trust Fund – This fund is an irrevocable trust fund established for other postemployment benefits (OPEB). Any future assets will be appropriated from the General Fund and accumulate to reduce the unfunded actuarial OPEB liability. A portion of the assets of the trust are used for direct payments of benefits.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

Agency Funds – These funds account for off-duty police, fire and custodial details, as well as funds held in escrow for development in the Town. The Town's agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

(b) Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers revenues reported in the governmental funds to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days after year-end, except for grants, entitlements, and donations for which the availability period is one year and receipts from the school building assistance program and ambulance services which are recognized when received. Property taxes, motor excise taxes, charges for service, grants, entitlements and donations, investment income, and in lieu of tax payments are considered to be susceptible to accrual. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, landfill postclosure care cost, net pension liability, other post-employment benefits, tax abatements and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financial sources.

(c) Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the Town is pooled. Monies for all funds, except those restricted by MGL to be held separately, are maintained in this pool. Individual fund integrity is maintained through Town records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the statement of net position.

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

The Town invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, which is an external investment pool and is not SEC-registered. This fund is state-regulated and is valued at amortized cost.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

The following is a description of the Town's recurring investments and valuation methodologies used for assets measured at fair value:

US. Treasury and agency securities: Securities issued by the U.S. government, its agencies, authorities and instrumentalities are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers.

Corporate Bonds: Debt security issued by a corporation and sold to investors. The backing of the bond is usually the payment ability of the company, which is typically money to be earned from future operations. The Town uses an independent pricing service to value corporate bonds using recently executed transactions of the issuer or comparable issuers, market price quotations (when observable), broker or dealer quotations, matrix pricing, or a discounted cash flow model that factors in, where applicable, interest rate yield curves, bond spreads, or credit default swap spreads.

Equity securities: Consist primarily of corporate stocks traded on U.S. and non-U.S. active security exchanges. Stocks traded on active exchanges and valued at quoted market prices.

Mutual Funds: Consist of fixed income and equity mutual funds as well as money market mutual funds which are valued using the net asset value (NAV) of the fund as a practical expedient.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Town believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine if the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(d) Compensated Absences

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rates of pay. The cost of compensated absences for employees is recorded as earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if it has matured (i.e., come due for payment). To the extent it is probable that unused sick days will result in termination payments, a liability based on established payment rates and the Town's past experience in making such termination payments, adjusted for other current factors and expectations, has been recorded.

(e) Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are reported as expenditures in the governmental fund financial statements. The Town reports general fund expenditures related to capital assets within their respective functions, whereas other governmental capital asset related expenditures are presented as capital outlay. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values at the date of acquisition. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed as incurred.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	40 years
Land improvements	20 years
Machinery and equipment	5–20 years
Infrastructure	50 years

(f) Net Position and Fund Balance

In the government-wide and proprietary fund financial statements, net position is reported in the following categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted: Net position where the use is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by enabling legislation. Nonexpendable amounts are required to remain intact under such constraints.

Unrestricted: Remaining net position not considered invested in capital assets, net of related debt or restricted.

In the governmental fund financial statements, fund balance is reported in the following categories:

Nonspendable: Amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact.

Restricted: Amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by enabling legislation.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the Town, this formal action takes the form of articles which are passed by Town Meeting and approved by the Board of Selectmen.

Assigned: Amounts that are constrained by the Town's intent for use for specific purposes, but are considered neither restricted or committed. The Town Accountant/Finance Director has the authority to assign amounts to be used for specific purposes on behalf of the Town.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

Unassigned: Amounts in the general fund that are not otherwise constrained for a specific purpose more narrow than the general operations of the Town.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant (restricted) resources to such programs, followed by categorical block grants (unrestricted), and then by general revenues (unrestricted). When unrestricted resources are used, committed resources are used first, followed by assigned and unassigned resources, respectively.

The Town maintains a stabilization account in accordance with MGL Chapter 40 Section 5B that is reported as unassigned fund balance in the general fund. The Town may appropriate in any year an amount not exceeding 10% of the amount raised in the preceding fiscal year from real and personal property taxes, or a larger amount as approved by the Massachusetts Department of Revenue. Further, the stabilization account may not exceed 10% of the Town's equalized valuation as defined in MGL Chapter 44 Section 1. Funds can be appropriated from or added to the stabilization account by 2/3 vote of Town Meeting. The balance of the stabilization account was \$455,690 at June 30, 2016.

(g) Landfill Closure and Postclosure Care Costs

State and federal regulations require that the Town place a final cover on its municipal solid waste landfill (MSWLF) site and perform certain maintenance and monitoring functions at the site for 30 years thereafter. At June 30, 2016, the Town has covered its MSWLF in accordance with applicable laws and regulations.

The liability for postclosure care reported in the government-wide financial statements is estimated based on current costs, which is the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. Such costs are recognized as expenditures in the governmental funds to the extent that they have been paid or are expected to be paid with expendable available financial resources. Expenditures relating to MSWLF were not significant in 2016.

(h) Bond Discounts, Premiums, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond discounts/premiums are deferred and amortized over the term of the bonds using the straight-line method, which is not materially different than the effective interest method. Bond issue costs are expensed during the period issued.

In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

(i) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(j) New Government Accounting Standards Board Pronouncement

During 2016, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *"Fair Value Measurement and Application."* The scope of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurement. The Town has incorporated the required disclosures about fair value measurements, but adoption of the statement did not impact financial amounts.

(3) Receivables

(a) Property Taxes

Real and personal property taxes are based on values assessed as of each January 1 and are due in semiannual installments on November 1st and May 1st. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables in the fiscal year of the levy.

A state-wide tax limitation statute known as "Proposition 2-½" limits the property tax levy to an amount equal to 2-½% of the value of all taxable property in the Town. A secondary limitation is that no levy in a fiscal year may exceed the preceding year's allowable tax levy by more than 2-½%, plus taxes levied on certain property newly added to the tax rolls. Certain Proposition 2-½ taxing limitations can be overridden by a Town-wide referendum vote.

(b) School Building Assistance

The Town participates in the Commonwealth's school building assistance program, which is administered by the Massachusetts School Building Authority (MSBA). The MSBA provides financial assistance (generally 80% of total costs) to the Town to build and/or renovate schools. As of June 30, 2016, under this program, the Town was due funds totaling \$2.8 million.

In the governmental funds, the receivable is offset by deferred inflows of resources because the revenue is not considered available until received. The following is a schedule of the anticipated MSBA receipts as of June 30, 2016:

Fiscal year:	
2017	\$ 404,404
2018	404,404
2019	404,404
2020	404,404
2021	404,404
2022–2023	<u>808,808</u>
Total	<u><u>\$ 2,830,828</u></u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

During fiscal 2016, the Town received \$404,404 in such assistance and recorded the receipt as intergovernmental revenue in the general fund.

(4) Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 943,770	—	—	943,770
Construction in progress	<u>9,348,931</u>	<u>129,585</u>	<u>—</u>	<u>9,478,516</u>
Total capital assets, not being depreciated	<u>10,292,701</u>	<u>129,585</u>	<u>—</u>	<u>10,422,286</u>
Capital assets, being depreciated:				
Buildings	55,620,459	195,777	—	55,816,236
Land improvements	5,250	—	—	5,250
Machinery and equipment	10,874,303	1,820,919	(1,228,091)	11,467,131
Infrastructure	<u>25,441,345</u>	<u>533,210</u>	<u>(27,971)</u>	<u>25,946,584</u>
	<u>91,941,357</u>	<u>2,549,906</u>	<u>(1,256,062)</u>	<u>93,235,201</u>
Governmental activities:				
Less accumulated depreciation for:				
Buildings	22,849,209	1,266,029	—	24,115,238
Land improvements	5,250	—	—	5,250
Machinery and equipment	8,854,781	1,040,030	(1,224,984)	8,669,827
Infrastructure	<u>18,420,396</u>	<u>790,766</u>	<u>(27,971)</u>	<u>19,183,191</u>
	<u>50,129,636</u>	<u>3,096,825</u>	<u>(1,252,955)</u>	<u>51,973,506</u>
Total capital assets, being depreciated, net	<u>41,811,721</u>	<u>(546,919)</u>	<u>(3,107)</u>	<u>41,261,695</u>
Governmental capital assets, net	<u>\$ 52,104,422</u>	<u>(417,334)</u>	<u>(3,107)</u>	<u>51,683,981</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 111,851
Public safety	416,556
Public works	989,450
Education	1,466,979
Human services	20,569
Culture and recreation	<u>91,420</u>
 Total depreciation expense – governmental activities	 \$ <u>3,096,825</u>

	Beginning balance	Increases	Decreases	Ending balance
 Business-type activities:				
Water enterprise fund:				
Capital assets, not being depreciated:				
Land	\$ 11,397	—	—	<u>11,397</u>
Capital assets, being depreciated:				
Machinery and equipment	4,587	—	—	4,587
Infrastructure	<u>1,178,150</u>	—	—	<u>1,178,150</u>
	<u>1,182,737</u>	—	—	<u>1,182,737</u>
Less accumulated depreciation for:				
Machinery and equipment	2,621	655	—	3,276
Infrastructure	<u>488,851</u>	<u>53,023</u>	—	<u>541,874</u>
	<u>491,472</u>	<u>53,678</u>	—	<u>545,150</u>
Total capital assets being depreciated, net	<u>691,265</u>	<u>(53,678)</u>	—	<u>637,587</u>
Water enterprise fund capital assets, net	<u>\$ 702,662</u>	<u>(53,678)</u>	—	<u>648,984</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

	Beginning balance	Increases	Decreases	Ending balance
Business-type activities:				
Community center enterprise fund:				
Capital assets, not being depreciated:				
Land	\$ 375,733	—	—	375,733
Construction in progress	101,635	62,197	—	163,832
Total capital assets, not being depreciated	<u>477,368</u>	<u>62,197</u>	<u>—</u>	<u>539,565</u>
Capital assets, being depreciated:				
Buildings	2,063,260	—	—	2,063,260
Infrastructure	72,313	—	—	72,313
Total capital assets, being depreciated	<u>2,135,573</u>	<u>—</u>	<u>—</u>	<u>2,135,573</u>
Less accumulated depreciation for:				
Buildings	1,003,071	70,161	—	1,073,232
Infrastructure	7,231	1,446	—	8,677
Total accumulated depreciation	<u>1,010,302</u>	<u>71,607</u>	<u>—</u>	<u>1,081,909</u>
Total capital assets being depreciated, net	<u>1,125,271</u>	<u>(71,607)</u>	<u>—</u>	<u>1,053,664</u>
Community Center capital assets, net	<u>\$ 1,602,639</u>	<u>(9,410)</u>	<u>—</u>	<u>1,593,229</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Sewer enterprise fund:				
Capital assets, being depreciated:				
Infrastructure	\$ 4,099,431	14,476	—	4,113,907
Less accumulated depreciation for:				
Infrastructure	<u>538,694</u>	<u>83,733</u>	<u>—</u>	<u>622,427</u>
Total capital assets being depreciated, net	<u>3,560,737</u>	<u>(69,257)</u>	<u>—</u>	<u>3,491,480</u>
Sewer enterprise fund capital assets, net	<u>\$ 3,560,737</u>	<u>(69,257)</u>	<u>—</u>	<u>3,491,480</u>

(5) Leasing Arrangement

The Town has entered into an operating lease agreement with a private water company (the lessee). The lease agreement gives the lessee the right to use Town owned land as well as a Town owned water tank in consideration for rent over the term of the lease.

As of June 30, 2016, the book value of the leased water tank is \$419,375 and is included as infrastructure in the water fund.

The lessee has agreed to pay the Town minimum lease payments of \$38,125 per year as follows:

Year ending June 30:	
2017	\$ 38,125
2018	38,125
2019	38,125
2020	38,125
2021	38,125
2022–2026	190,625
2027	<u>38,125</u>
	<u>\$ 419,375</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

(6) Deposits and Investments

The following represents essential risk information about the Town's deposits and investments.

(a) Investment Policy

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits, and certificates of deposit) in any one financial institution may not exceed certain prescribed levels without collateralization by the financial institutions involved. Investments from operating cash can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase and units in the Massachusetts Municipal Depository Trust (MMDT). Trust funds, including the OPEB Trust, have the ability to own equity and fixed income investments, including stocks, bonds, and mutual funds.

(b) Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town carries deposits that are fully insured by FDIC insurance or collateralized with securities held by the Town or the Town's agent in the Town's name. The Town also carries deposits that are not collateralized and are uninsured. As of June 30, 2016, the bank balances of uninsured and uncollateralized deposits totaled \$3.3 million.

(c) Interest Rate Risk

The following is a listing of the Town's fixed-income investments and related maturity schedule (in years) as of June 30, 2016:

Investment type	Fair value	Less than 1	1-5	6-10	More than 10
U.S. agency	\$ 245,159	—	245,159	—	—
U.S. Treasury	116,024	—	116,024	—	—
Corporate bonds	196,127	110,733	85,394	—	—
Certificate of deposit	255,972	75,095	180,877	—	—
Fixed income mutual funds	1,742,012	—	840,039	457,241	444,732
Money market funds	671,234	671,234	—	—	—
MMDT	539,443	539,443	—	—	—
Total	\$ 3,765,971	1,396,505	1,467,493	457,241	444,732

(d) Credit Risk

The certificate of deposits, fixed income mutual funds, external investment pool, and money market funds were not rated as of June 30, 2016. The U.S. Agency bonds are rated AA+ and the corporate bonds are rated AA- and BBB+ by Standard & Poor's as of June 30, 2016.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not hold any securities denominated in a foreign currency.

(f) Fair Value Hierarchy

In accordance with GASB 72, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – Inputs are quoted prices for identical investments in active markets.
- Level 2 – Observable inputs other than quoted market prices.
- Level 3 – Unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair measurement.

The following tables present a summary of the fair value hierarchy of investments at June 30, 2016:

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

Investment type	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
U.S. Agency and Treasury				
Securities	\$ 361,183	361,183	—	—
Corporate bonds	196,127	—	196,127	—
Domestic equity securities	1,060,880	1,060,880	—	—
Total investments by fair value level	<u>1,618,190</u>	<u>1,422,063</u>	<u>196,127</u>	<u>—</u>
 Investments measured at the (NAV)				
Money market funds	671,234			
Fixed income mutual funds	1,742,012			
Equity mutual funds	4,050,055			
Total investments measured at NAV	<u>6,463,301</u>			
 Other investments measured at amortized cost				
Certificate of deposit	255,972			
MMDT	539,443			
Total investments measured at amortized cost	<u>795,415</u>			
Total investments	\$ <u>8,876,906</u>			

(7) Pension Benefits – Worcester Regional Retirement System

(a) Plan Description

The Town contributes to the Worcester Regional Retirement System (the System), a cost-sharing multiple-employer, defined benefit pension plan (Plan) administered by a regional retirement board made up of five elected and appointed members. Substantially all employees of the Town are members of the System, except for public school teachers and certain school administrative personnel who are members of the Massachusetts Teachers' Retirement System (see note 8). The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws (MGL) assigns authority to establish and amend benefit provisions of the System's plan to the System's Board. Public school teachers are covered by the Commonwealth of Massachusetts Teachers' Retirement System, to which the Town does not contribute.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

(b) Benefits

Benefit provisions and state law establishes contribution requirements of the System. Members of the System become vested after 10 years of creditable service. Normal retirement occurs at age 65 (age 67 if hired on or after April 2, 2012), except for certain public safety employees and other special situations.

For employees hired prior to April 2, 2012, the annual amount of the retirement allowance is based on the member's final three-year average salary multiplied by (1) the number of years and full months of creditable service at the time of retirement and (2) a percentage based on age at retirement in accordance with a schedule provided by state law. Assuming normal retirement at age 65, this percentage is 2.5%, which is reduced for individuals who retire prior to age 65 to reflect the longer pay out period. A member's final three-year average salary is defined as the greater of the highest consecutive three-year average annual rate of regular compensation and the average annual rate of regular compensation received during the last three years of creditable service prior to retirement.

For employees hired on or after April 2, 2012, the annual amount of the retirement allowance is based on the member's final five-year average salary multiplied by (1) the number of years and full months of creditable service at the time of retirement and (2) a percentage based on age at retirement in accordance with a schedule provided by state law. Assuming normal retirement at age 67, this percentage is 2.5%. A member's final five-year average salary is defined as the greater of the highest consecutive five-year average annual rate of regular compensation and the average annual rate of regular compensation received during the last five years of creditable service prior to retirement.

Employees may elect early retirement after 20 years of service or at any time after attaining age 55 (age 60 if hired on or after April 2, 2012) with 10 years of eligible service. Plan members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. The amount of benefits to be received depends on several factors, including the member's age, compensation, veteran status, years of service and whether or not the disability is work-related. In addition, certain death benefits exist for beneficiaries of employees who die in active service.

Under MGL, c.32 Section 3(8)(c), members leaving a member employer to work for other Massachusetts governmental units requires the System transfer their accumulated account balances and creditable service to the retirement system of their new employer. Other such retirement systems are in turn required to make comparable transfers to the System for employees coming to work at a member employer of the System. Per statute, the PERAC actuary shall consider length of service as well as acceptance of military service credit and salary cap provisions if applicable in calculating the liability.

(c) Contributions

Chapter 32 of the MGL governs the contributions of plan members and member employers.

Plan members are required to contribute to the System at rates ranging from 5.0% to 9.0% of annual covered compensation. Members hired after December 31, 1978 must contribute an additional 2.0% of regular compensation in excess of \$30,000. Employees in Group 1 hired on or after April 2, 2012 with 30 years of credit services or greater will pay a base contribution rate of 6.0%. These deductions earn interest at a rate determined by PERAC that vests based upon years of service. The Town is required to pay into the System, its share of the remaining system-wide actuarially determined contribution plus administration costs which are apportioned among the employers based on annual employer normal cost

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

and amortization payments to pay the unfunded actuarial accrued liability. The Commonwealth of Massachusetts (Commonwealth) reimburses the System for a portion of benefit payments for cost-of-living (COLA) increases made prior to July 1, 1998.

For the year ended June 30, 2016, the Town's required and actual contribution was \$1,655,568.

COLA's granted through June 30, 1998 are reimbursed by the Commonwealth of Massachusetts. COLA's granted subsequent to June 30, 1998 are the responsibility of the System and are limited to 3% of the base retirement allowance or \$14,000.

(d) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At June 30, 2016, the Town reported a liability of \$26,122,186 for its proportionate share of the System net pension liability measured as of December 31, 2015.

The Town's proportion of the net pension liability was based on a manner in which contributions to the plan are made. Employer allocations, based on employer contributions made for the 2016 fiscal year, was the proportionate share of each employer to all employers and each employer's allocation percentage. The Town's proportion of the collective System net pension liability at December 31, 2015 was 3.68% compared to 3.92% at December 31, 2014.

For the year ended June 30, 2016, in the Government-wide financial statements, the Town recognized pension expense of \$3,397,581 associated with the System. At June 30, 2016, the Town reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual investment earnings	\$ 1,289,916	—
Changes in assumptions	965,819	—
Changes in employer proportion	—	1,180,647
	<u>\$ 2,255,735</u>	<u>1,180,647</u>

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

Year ended June 30:	
2017	\$ 279,990
2018	279,990
2019	279,990
2020	276,697
Thereafter	<u>(41,579)</u>
Total	<u>\$ 1,075,088</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported for the System. Employer contributions to the plan are recognized when due and the employer has a legal obligation to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

(e) Actuarial Assumptions

The total pension liability for the December 31, 2015 measurement date as determined by using an actuarial valuation as of January 1, 2014, with updated procedures used to roll forward the total pension liability to December 31, 2015. The measurement at December 31, 2015 applied the following actuarial assumptions:

Inflation	Not explicitly assumed for the update to 12/31/15 (3.5% per year for the actuarial valuation as of January 1, 2014)
Salary scale	3.0% per year, including longevity
Investment rate of return, including inflation	7.75%, net of pension plan investment expense, including inflation
Cost of living adjustments	Increase annually by 3% up to a maximum of \$480
Mortality	RP-2000 mortality tables projected to 2014 with using Scale AA For disabled lives the mortality rates were based on the RP-2000 Mortality Table set forward two years.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2013.

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

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

Best estimates of the actuarial valuation date arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2015 are summarized below:

Asset class	Target allocation	Long-term expected real rate of return
Global equity	40	8.02%
Fixed income	23	5.09
Private equity	10	9.50
Real estate	10	6.50
Timber/natural resources	4	7.07
Hedge funds	9	6.50
Other	4	6.18
	<hr/> <u>100%</u>	

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Based upon these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(g) Sensitivity of the Town's Proportionate Share of the System Net Pension Liability

The following presents the Town's proportionate share of the System net pension liability calculated using the discount rate of 7.75.0%, as well as what the Town's proportionate share of the System net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate for the System:

	Current		
	1% Decrease (6.75%)	discount rate (7.75%)	1% Increase (8.75%)
June 30, 2016	\$ 31,451,483	26,122,186	21,596,995

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

(h) Retirement Trust Fund

Pursuant to MGL Chapter 40, Section 5(d), the Town has established a retirement trust fund that is distinct and separate from the System information noted above. The balance of this fund is not to exceed 10% of the Town's equalized value. The purpose of this fund is to provide a reserve to meet future annual contributions to the System. As of June 30, 2016, the balance of this fund was \$297,483 and was reported as restricted fund balance in the general fund.

A summary of the changes in the retirement trust fund during fiscal 2016 is as follows:

Ending balance, June 30, 2015	\$ 372,561
Interest income	459
Retirement payments	<u>(75,537)</u>
Ending balance, June 30, 2016	<u>\$ 297,483</u>

(8) Pension Benefits – Massachusetts Teachers' Retirement System

(a) General Information about the Pension Plan

Plan description – Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

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

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

Contributions – The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, 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 contributing entity in MTRS.

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

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2016. The Commonwealth's net pension liability associated with the Town was \$38,297,549.

The MTRS' net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015.

For the year ended June 30, 2016, the Town recognized pension expense of \$3,106,272 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

(9) Other Postemployment Benefits

GASB Statement No. 45 requires governments to account for other postemployment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis in the government-wide financial statements. The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a future retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the government-wide statement of net position over time. Expenditures for other postemployment benefits are reported on a pay-as-you-go basis in the governmental funds.

The Town provides postemployment health care and life insurance benefits, in accordance with state statute and Town charter, to participating retirees and their beneficiaries. As of July 1, 2014, the most recent valuation date, 275 retirees and spouses and 352 active members meet the eligibility requirements as put forth in Chapter 32B of MGL. The Town sponsors and participates in a single-employer defined-benefit OPEB plan. The OPEB plan is administered by the Town and does not issue a stand-alone financial report.

Medical and prescription drug benefits are provided to all eligible retirees not enrolled in Medicare through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Tufts Health Plan, and Fallon Community Health. Medical and prescription drug benefits are provided to retirees enrolled in Medicare through supplemental and Medicare Advantage plans offered by Blue Cross Blue Shield of Massachusetts.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

Groups 1, 2 and 4 retirees, including teachers, with at least 10 years or 20 years of creditable service are eligible at age 55 or any age, respectively. Retirees on accidental disability retirement are eligible at any age while ordinary disability requires 10 years of creditable service for veterans and 15 years of creditable for nonveterans. The surviving spouse may be eligible to receive both pre- and post-retirement death benefits, as well as medical and prescription drug coverage.

(a) Funding Policy

Employer and employee contribution rates are governed by the Board of Selectmen. The Town currently funds the plan on a pay-as-you-go basis. The Town and plan members share the cost of benefits. As of July 1, 2014, the valuation date, the active plan members contribute 20% to 25% of the monthly premium cost, depending on the plan in which they are enrolled. The retired plan members contribute 50% of the monthly premium cost. The Town contributes the balance of the premium cost.

(b) Basis of Accounting

The OPEB Trust Fund is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when made. Benefits are recognized when due and payable in accordance with the terms of the plan.

Investments of the OPEB Trust fund are stated as follows:

- Mutual funds are reported at fair value as reported by the investment manager.
- Cash is stated at carrying amount, which is reconciled to book balance.

(c) Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2016, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of July 1, 2014:

Annual Required Contribution (ARC)	\$ 4,504,511
Interest on net OPEB obligation	529,200
Adjustment to ARC	<u>(765,182)</u>
Annual OPEB cost	4,268,529
Contributions made	<u>(1,007,298)</u>
Change in net OPEB obligation	3,261,231
Net OPEB obligation – beginning of year	<u>13,229,997</u>
Net OPEB obligation – end of year	<u>\$ 16,491,228</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

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

	<u>Annual OPEB cost</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
Fiscal year ended:			
2016	\$ 4,268,529	23.6%	\$ 16,491,228
2015	4,086,664	37.5	13,229,997
2014	3,442,796	28.1	10,676,765

(d) Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, based on an actuarial valuation as of July 1, 2014, was as follows:

Actuarially accrued liability (AAL)	\$ 42,381,429
Actuarial value of plan assets	<u>3,457,513</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>38,923,916</u>
Funded ratio (actuarial value of plan assets/AAL)	8.2%
Covered payroll (active plan members)	\$ 21,481,154
UAAL as a percentage of covered payroll	181.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town 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 that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

(e) Actuarial Methods and Assumptions

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

In the July 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return. The annual health care cost trend rate starts at 8.5% and 8.0% for retirees pre-65 and post-65, respectively. Those rates are reduced to an ultimate rate of 5.0% after 7 years for pre-65 and 6 years for post-65. The Town's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis. The remaining amortization period at July 1, 2014 was thirty years.

(10) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	Maturing through year ended June 30	Interest percentage range	Outstanding beginning of year	Additions	Reductions	Outstanding end of year
Governmental activities:						
General obligation bonds	2035	0.50–4.65%	\$ 10,525,000	—	(960,000)	9,565,000
Add (deduct):						
Unamortized bond premium			157,786	—	(13,352)	144,434
Total governmental activities bonded debt, net			10,682,786	—	(973,352)	9,709,434
Business-type activities:						
Water fund:						
General obligation bonds	2030	3.25–5.00	1,079,752	—	(73,458)	1,006,294
Add (deduct):						
Unamortized bond premium			44,840	—	(2,989)	41,851
Total water bonded debt, net			1,124,592	—	(76,447)	1,048,145
Sewer fund:						
General obligation bonds	2035	0.50–4.65	677,348	—	(38,642)	638,706
Add (deduct):						
Unamortized bond premium			15,404	—	(795)	14,609
Total sewer bonded debt, net			692,752	—	(39,437)	653,315

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

	<u>Maturing through year ended June 30</u>	<u>Interest percentage range</u>	<u>Outstanding beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding end of year</u>
Community Center fund:						
General obligation bonds	2033	0.50–2.85	\$ 900,000	—	(50,000)	850,000
Add (deduct):						
Unamortized bond premium			13,228	—	(735)	12,493
Total community center bonded debt, net			<u>913,228</u>	<u>—</u>	<u>(50,735)</u>	<u>862,493</u>
Total business-type activities bonded debt, net			2,730,572	—	(166,619)	2,563,953
Total bonded debt, net			<u>13,413,358</u>	<u>—</u>	<u>(1,139,971)</u>	<u>12,273,387</u>
Other governmental long-term obligations:						
Compensated absences			438,596	4,168	(36,055)	406,709
Other postemployment benefits			13,229,997	3,261,231	—	16,491,228
Net pension liability			23,319,110	2,803,076	—	26,122,186
Landfill and postclosure care costs			54,000	—	(3,000)	51,000
			<u>37,041,703</u>	<u>6,068,475</u>	<u>(39,055)</u>	<u>43,071,123</u>
Total long-term obligations			<u>\$ 50,455,061</u>	<u>6,068,475</u>	<u>(1,179,026)</u>	<u>55,344,510</u>

Other governmental long-term obligations are generally liquidated by the general fund.

Maturity of Bond Indebtedness

Bond indebtedness outstanding at June 30, 2016 matures as follows:

	Governmental activities		
	Principal	Interest	Total
Year ending June 30:			
2017	\$ 985,000	345,561	1,330,561
2018	755,000	308,661	1,063,661
2019	790,000	279,886	1,069,886
2020	815,000	249,868	1,064,868
2021	770,000	219,343	989,343
2022–2026	3,115,000	681,458	3,796,458
2027–2031	1,715,000	218,173	1,933,173
2032–2035	620,000	34,234	654,234
	<u>\$ 9,565,000</u>	<u>2,337,184</u>	<u>11,902,184</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

	Business-type activities					
	Water			Sewer		
Principal	Interest	Total	Principal	Interest	Total	
Year ending June 30:						
2017	\$ 76,358	31,870	108,228	38,642	18,608	57,250
2018	76,358	30,031	106,389	38,642	17,522	56,164
2019	76,358	28,163	104,521	43,642	16,415	60,057
2020	76,358	26,295	102,653	38,642	15,233	53,875
2021	76,358	23,891	100,249	38,642	14,087	52,729
2022–2026	361,790	75,391	437,181	193,210	52,567	245,777
2027–2031	262,714	15,861	278,575	167,286	24,662	191,948
2032–2035	—	—	—	80,000	4,279	84,279
	\$ 1,006,294	231,502	1,237,796	638,706	163,373	802,079

The Town is subject to a dual-level general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general obligation debt which are exempt from the debt limit but are subject to other limitations. As of June 30, 2016, the Town has the ability to issue \$49.8 million of additional debt within the normal debt limit.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

As of June 30, 2016, the Town has total authorized unissued debt of \$10,725,000, intended to finance the following:

Governmental activities:		
Middle school roof	\$	3,300,000
Woodward school repair		158,000
Splash Pad		300,000
Library Repair		140,000
Memorial Hall Tower Repair		327,000
Water fund:		
Water company purchase		5,700,000
Dana Road Water		200,000
Water main		600,000
	\$	<u>10,725,000</u>

(11) Temporary Borrowings

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

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

Temporary loans are general obligations of the Town and carry maturity dates, which are limited by statute.

There was no short-term debt activity for the year ended June 30, 2016. However, subsequent to year-end the Town issued a new BAN totaling \$767,000 at an interest rate of 1.10% due on August 9, 2017.

(12) Interfund Receivable and Payable Balances

Individual fund receivable and payable balances at June 30, 2016 are as follows:

Interfund balances	Receivable	Payable
General fund	\$ —	158,000
Other governmental:		
Special revenue funds	69,490	—
Community center fund	—	11,490
OPEB Trust fund	100,000	—
Balances at June 30, 2016	<u>\$ 169,490</u>	<u>169,490</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

(13) Transfers

Transfers to (from) governmental and proprietary funds and their purposes during the year ended June 30, 2016 were as follows:

	General	Other governmental	Community Center
Ambulance – operating expense	\$ 600,000	(600,000)	—
Board of Health – operating expense	80,000	(80,000)	—
WRTA – operating expense	27,000	(27,000)	—
Conservation – operating expense	16,000	(16,000)	—
Animal Control – operating expense	8,000	(8,000)	—
Cat Revolving – operating expense	4,000	(4,000)	—
Library State Aid – operating expense	24,000	(24,000)	—
Building Inspection – operating expense	64,000	(64,000)	—
Ambulance RFA – operating expense	60,000	(60,000)	—
Available funds – WRTA	(6,412)	6,412	—
Available funds – Conservation	(16,000)	16,000	—
Available funds – Animal Control	(2,108)	2,108	—
Available funds – State Aid-Library	(3,013)	3,013	—
Available funds – Community Center debt service	<u>(72,100)</u>	<u>—</u>	<u>72,000</u>
Total net transfers to (from)	<u>\$ 783,367</u>	<u>(855,467)</u>	<u>72,000</u>

(14) Risk Management

The Town is exposed to various risks of loss related to general liability, property, and casualty, workers' compensation and unemployment compensation claims.

Buildings and property are insured against fire, theft, and natural disaster to the extent that losses exceed \$10,000 per incident.

The Town is insured for general liability up to \$100,000 per claim to a maximum of \$1,000,000 per occurrence; however, Chapter 258 of the MGL limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal/civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims or related judgments paid in 2016.

The Town is a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees including uniformed police and fire personnel. Uniformed personnel are covered up to \$1,250 per week through MIIA with the Town covering the difference. MIIA is self-sustaining through member premiums and reinsurance through commercial companies for stop loss insurance. The total premium assessed by MIIA to the Town in 2016 amounted to \$437,594 and was recorded in the general fund.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

The Town purchases Accidental Death and Dismemberment (ADD) Insurance with an Income Rider for uniformed police and fire personnel. The ADD policy has a limit of \$200,000 per individual for the loss of life, limb, sight, or hearing. The Income Rider has a limit of \$400 per week for the first 28 days and covers 100% of the average weekly wage after 28 days with a maximum of 260 weeks per injury.

Health insurance benefits for employees are provided through a third-party insurance carrier and health maintenance organizations. The Town pays approximately 65% of the premium cost for employees who elect the primary care indemnity plan. The Town contributes 80% of the premium costs for those employees who elect a managed health care program that were hired before July 1, 2006 and 75% for those hired after. That percentage reduces to 50% when an employee retires. Additionally, the Town is self-insured for unemployment compensation. In fiscal 2016, claims related to unemployment compensation amounted to \$188,821. The liability for self-insured unemployment compensation is not material at June 30, 2016.

The Town maintains an unemployment compensation account designated to fund unemployment claims. As of June 30, 2016, the balance in this account was \$181,901 and is reported in the general fund as restricted fund balance. Pursuant to MGL Chapter 40, Section 5(e), the balance of the unemployment compensation account is limited to 1% of the Town's equalized value. These amounts are recorded as fund balances restricted for employee benefits.

(15) Commitments and Contingencies

On August 21, 2012, the Town entered into two Solar Power Net Meter Purchase Agreements (the Agreements) with EPG Solar, LLC (EPG Solar). These Agreements provide for obtaining solar power net metering credits produced by the Solar Facility.

The Agreements expire in 2032 unless extended, renewed, or terminated. These Agreements may be renewed for up to 10 additional years in five year renewal terms.

EPG Solar makes available to the Town a minimum of the Firm Commitment of net metering credits on a yearly basis. The Firm Commitment for both Agreements range from 1.45 thousand kWhs to 1.76 thousand kWhs over the 20 year contracts.

The initial rate charged to the Town for the Firm Commitment is \$0.0895 per kWh escalating at 2.5% per annum.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

As of June 30, 2016, based on the above annual charges, the Town expects to pay \$6.0 million for its Firm Commitment as follows:

	<u>Amount</u>
Fiscal year:	
2017	\$ 334,043
2018	338,970
2019	343,970
2020	349,043
2021	354,192
2022–2026	1,850,881
2027–2031	1,991,470
2032	<u>416,091</u>
	<u>\$ 5,978,660</u>

Additionally, the Town has committed \$1.9 million in open purchase orders and contracts as follows:

General fund	\$ 1,312,311
Other governmental	293,863
Sewer fund	108,071
Community Center fund	<u>143,987</u>
Balances at June 30, 2016	<u>\$ 1,858,232</u>

TOWN OF OXFORD, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2016

(16) Fund Balance Classification

The components of fund balance for the Town's governmental funds as of June 30, 2016 are as follows (in thousands):

Fund balance	General	Other governmental
Nonspendable – permanent fund principal	\$ —	4,811,226
Restricted:		
General government	—	411,290
Public safety	—	775,360
Education	—	104,721
Public works	—	617,611
Health and human services	—	41,590
Culture and recreation	—	491,074
Pension and Fringe	<u>479,384</u>	—
Subtotal	<u>479,384</u>	<u>2,441,646</u>
Committed:		
General government	17,729	—
Public safety	7,656	—
Education	80	—
Public works	<u>111,726</u>	—
Subtotal	<u>137,191</u>	—
Assigned:		
General government	226,515	128,681
Public safety	1,001	434,683
Education	63,717	780,984
Public works	<u>301,600</u>	132,733
Health and human services	—	—
Culture and recreation	<u>2,000</u>	<u>857</u>
Subtotal	<u>594,833</u>	<u>1,477,938</u>
Unassigned	<u>2,412,856</u>	—
Balances at June 30, 2016	<u><u>\$ 3,624,264</u></u>	<u><u>8,730,810</u></u>

TOWN OF OXFORD, MASSACHUSETTS
 Budgetary Comparison Schedule – General Fund
 (Unaudited)
 June 30, 2016

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Resources (inflows):				
Real and personal property taxes, net	\$ 21,337,180	21,337,180	20,752,634	(584,546)
Excises	1,610,000	1,610,000	2,046,184	436,184
Penalties and interest	200,000	200,000	179,858	(20,142)
Fees	51,000	51,000	56,323	5,323
Licenses and permits	30,000	30,000	29,140	(860)
Intergovernmental	12,896,705	12,896,705	12,918,707	22,002
Fines and forfeitures	84,000	84,000	68,100	(15,900)
Investment income	21,000	21,000	25,133	4,133
Other	236,500	236,500	268,919	32,419
 Amounts available for appropriation	 36,466,385	 36,466,385	 36,344,998	 (121,387)
Charges to appropriations (outflows):				
Current:				
General government	2,926,727	2,863,727	2,620,571	243,156
Public safety	3,395,875	3,519,875	3,458,377	61,498
Education	18,696,388	18,716,388	18,179,568	536,820
Public works	2,679,232	2,679,232	2,212,487	466,745
Human services	273,494	279,494	267,195	12,299
Culture and recreation	448,127	448,127	442,808	5,319
State and county assessments	906,291	906,291	938,788	(32,497)
Pension, fringe, and general insurance	7,028,666	6,913,666	6,709,617	204,049
Debt service	1,463,537	1,463,537	1,413,536	50,001
 Total charges to appropriations	 37,818,337	 37,790,337	 36,242,947	 1,547,390
Deficiency	(1,351,952)	(1,323,952)	102,051	1,426,003
 Other financing sources:				
Transfers in, net	1,340,586	1,225,586	986,004	(239,582)
Total other financing sources	1,340,586	1,225,586	986,004	(239,582)
(Deficiency) excess	(11,366)	(98,366)	\$ 1,088,055	1,186,421
 Other budget items:				
Free cash	358,000	358,000		
Other available funds	678,280	765,280		
Total other budget items	1,036,280	1,123,280		
 Net budget	 \$ 1,024,914	 1,024,914		

See notes to required supplementary information and independent auditors' report.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Budgetary Comparison Schedule – General Fund

June 30, 2016

Note A – Budgetary Basis of Accounting

The Town must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2½ and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all nonproperty tax revenue and transfers projected to be received by the Town, including available surplus funds.

The budgets for all departments and operations of the Town, except that of public schools, are prepared under the direction of the board of selectmen. The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are acted upon by Town meeting.

All general fund functions are budgeted and are prepared on a basis other than generally accepted accounting principles (GAAP). The “actual” results column budgetary basis is presented on a “budget basis” to provide a meaningful comparison with the budget.

The major differences between budget and GAAP bases are that:

Budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).

Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget) as opposed to a constraint on fund balance (GAAP).

Revenues, expenditures and transfers in (out) for budgetary purposes exclude certain funds that are reported in the General Fund on a GAAP basis.

TOWN OF OXFORD, MASSACHUSETTS

Notes to Budgetary Comparison Schedule – General Fund

June 30, 2016

Note B – Explanation of Differences between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures – General Fund

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other financing sources (uses), net</u>
As reported on a budgetary basis	\$ 36,344,998	36,242,947	986,004
Adjustment of revenues to a modified accrual basis	710,313	—	—
Adjustment for encumbrances and continuing appropriations and accrued expenditures, net of prior year reversals	—	396,431	—
Adjustment for revenues, expenditures and transfers that are not included in the general fund for budgetary purposes, but are included in the general fund for financial reporting purposes	3,035,214	3,881,726	(202,637)
As reported on a GAAP basis	<u>\$ 40,090,525</u>	<u>40,521,104</u>	<u>783,367</u>

Note C – Expenditures in Excess of Budget

The Town had expenditures in excess of budgeted appropriations for state and county assessments. In accordance with Commonwealth of Massachusetts town finance regulations, the Town has raised this amount on its 2017 budget.

TOWN OF OXFORD, MASSACHUSETTS

Schedule of Proportionate Share and Contributions – Net Pension Liability

June 30, 2016

(Unaudited)

(Dollars amounts in thousands, except Notes to schedules)

Schedule of Proportionate Share of the Net Pension Liability

	2016	2015		2016	2015
	System (December 31, 2015 measurement date)	MTRS (June 30, 2015 measurement date)		System (December 31, 2014 measurement date)	MTRS (June 30, 2014 measurement date)
Town's proportion of the net pension liability	3.7%	— %		3.9%	— %
Town's proportionate share of the net pension liability	\$ 26,122	—		\$ 23,319	—
Commonwealth's proportionate share of the net pension liability associated with the Town	N/A	38,298		N/A	29,146
Town's covered-employee payroll	\$ 9,457	1,185		\$ 9,093	1,317
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	276%	N/A		256%	N/A
Plan fiduciary net position as a percentage of the total pension liability	44.5%	55.4%		47.9%	61.6%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Contributions

Town's actuarially determined contribution	\$ 1,656	—		\$ 1,549	—
Contributions in relation to the actuarially determined contribution	(1,656)	—		(1,549)	—
Contribution deficiency	\$ —	—		\$ —	—
Covered-employee payroll	\$ 9,457	1,185		\$ 9,093	1,317
Contributions as a percentage of covered-employee payroll	17.51%	NA		17.04%	NA

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

TOWN OF OXFORD, MASSACHUSETTS

Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits

June 30, 2016

(Unaudited)

(Dollar amounts in thousands, except Notes to schedules)

Schedules of Funding Progress – Other Postemployment Benefits

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded (b-a)	Funded ratio (a/b)	Covered payroll (c)	Unfunded as a % of payroll (b-a)/c)
7/1/2014	\$ 3,457	42,381	38,924	8.2%	\$ 21,481	181.2%
7/1/2012	3,312	35,374	32,062	9.4	20,422	157.0
7/1/2010	—	33,466	33,466	—	17,509	191.1

Schedule of Employer Contributions – OPEB Trust Fund

	Annual required contribution	Percentage contributed
--	------------------------------------	---------------------------

Year ended June 30:

2016	\$ 4,505	22.4%
2015	4,277	35.9
2014	3,589	26.9

Notes to schedules

Additional information as of the latest actuarial valuation:

OPEB	
Valuation date	July 1, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	None
Healthcare cost inflation	8.0% to 5.0%
Cost-of-living adjustments	None

See accompanying independent auditors' report.