

**TOWN OF GREENFIELD, MASSACHUSETTS**

Annual Financial Statements

For the Year Ended June 30, 2015

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**Additional Offices:**

Nashua, NH  
Manchester, NH  
Andover, MA  
Ellsworth, ME

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council  
Town of Greenfield, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greenfield, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Greenfield, Massachusetts, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 24 to the combined financial statements, in 2014, the Greenfield Contributory Retirement System adopted Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Funding Progress, Schedule of Proportionate Share of Net Pension Liability, Schedule of Contributions, Schedule of Changes in Net Pension Liability, and Schedules of Net Pension Liability, Contributions, and Investment Returns be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and com-

paring 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 evidence sufficient 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 June 15, 2016 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 Town's internal control over financial reporting and compliance.

*Melanson Heath*

June 15, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Greenfield, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The statement of activities presents information showing how the 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, employee benefits, interest, health and human services, and intergovernmental assessments. The business-type activities include water and sewer activities.

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water and sewer operations.

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information

which is required to be disclosed by accounting principles generally accepted in the United States of America.

## **B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$20,858,103, (i.e., net position), a change of \$10,964,068 in comparison to the (restated) prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$10,985,521, a change of \$(10,887,836) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,021,741, a change of \$249,973 in comparison with the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$38,766,307, a change of \$(3,827,867) in comparison to the prior year.

## **C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 23,230,910	\$ 34,405,545	\$ 3,497,972	\$ 3,947,613	\$ 26,728,882	\$ 38,353,158
Capital assets	94,566,265	72,383,498	14,832,524	14,858,016	109,398,789	87,241,514
Deferred outflows	270,776	201,000	22,291	21,900	293,067	222,900
Total assets and deferred outflows	118,067,951	106,990,043	18,352,787	18,827,529	136,420,738	125,817,572
Long-term liabilities outstanding	96,402,467	64,221,021	7,500,906	7,049,666	103,903,373	71,270,687
Other liabilities	9,627,222	9,552,584	919,830	511,633	10,547,052	10,064,217
Deferred inflows	1,112,210	1,120,286	-	-	1,112,210	1,120,286
Total liabilities and deferred inflows	107,141,899	74,893,891	8,420,736	7,561,299	115,562,635	82,455,190
Net position:						
Net investment in capital assets	60,989,995	47,454,146	9,053,166	8,975,182	70,043,161	56,429,328
Restricted	4,159,789	3,723,019	-	-	4,159,789	3,723,019
Unrestricted	(54,223,732)	(19,081,013)	878,885	2,291,048	(53,344,847)	(16,789,965)
Total net position	\$ 10,926,052	\$ 32,096,152	\$ 9,932,051	\$ 11,266,230	\$ 20,858,103	\$ 43,362,382



## CHANGES IN NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,694,252	\$ 4,460,785	\$ 3,854,559	\$ 3,956,275	\$ 8,548,811	\$ 8,417,060
Operating grants and contributions	24,879,708	29,571,192	-	-	24,879,708	29,571,192
Capital grants and contributions	14,407,893	19,196,329	130,494	133,693	14,538,387	19,330,022
General revenues:						
Property taxes	29,265,066	26,785,442	-	-	29,265,066	26,785,442
Excises	1,486,792	1,374,569	-	-	1,486,792	1,374,569
Penalties, interest and other taxes	1,079,563	957,416	-	-	1,079,563	957,416
Grants and contributions not restricted to specific programs	2,825,007	2,748,778	-	-	2,825,007	2,748,778
Investment income	135,011	48,625	1,375	1,611	136,386	50,236
Miscellaneous	363,095	1,320,681	-	17,393	363,095	1,338,074
Total revenues	<u>79,136,387</u>	<u>86,463,817</u>	<u>3,986,428</u>	<u>4,108,972</u>	<u>83,122,815</u>	<u>90,572,789</u>
Expenses:						
General government	5,168,456	5,432,454	-	-	5,168,456	5,432,454
Public safety	6,999,980	6,499,230	-	-	6,999,980	6,499,230
Education	27,045,087	29,684,679	-	-	27,045,087	29,684,679
Public works	4,863,907	4,856,869	-	-	4,863,907	4,856,869
Health and human services	3,976,084	4,053,057	-	-	3,976,084	4,053,057
Culture and recreation	1,252,232	1,132,149	-	-	1,252,232	1,132,149
Employee benefits	13,081,816	13,852,800	-	-	13,081,816	13,852,800
Interest	1,394,390	703,090	-	-	1,394,390	703,090
Intergovernmental	3,905,731	3,860,811	-	-	3,905,731	3,860,811
Water operations	-	-	1,712,565	1,659,478	1,712,565	1,659,478
Sewer operations	-	-	2,347,957	2,176,370	2,347,957	2,176,370
Total expenses	<u>67,687,683</u>	<u>70,075,139</u>	<u>4,060,522</u>	<u>3,835,848</u>	<u>71,748,205</u>	<u>73,910,987</u>
Change in net position, before transfers	11,448,704	16,388,678	(74,094)	273,124	11,374,610	16,661,802
Transfers, net	<u>(410,542)</u>	<u>(201,470)</u>	<u>-</u>	<u>(21,904)</u>	<u>(410,542)</u>	<u>(223,374)</u>
Change in net position, after transfers	11,038,162	16,187,208	(74,094)	251,220	10,964,068	16,438,428
Net position - beginning of year, as restated	<u>(112,110)</u>	<u>15,908,944</u>	<u>10,006,145</u>	<u>11,015,010</u>	<u>9,894,035</u>	<u>26,923,954</u>
Net position - end of year	<u>\$ 10,926,052</u>	<u>\$ 32,096,152</u>	<u>\$ 9,932,051</u>	<u>\$ 11,266,230</u>	<u>\$ 20,858,103</u>	<u>\$ 43,362,382</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$20,858,103, a change of \$10,964,068 from the (restated) prior year.

A large portion of net position, \$70,043,161 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$4,159,789 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position are a deficit of \$(54,223,732) (governmental) and \$878,885 (business-type).

**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$11,038,162. Key elements of this change are as follows:

	<u>Government-Wide Governmental Activities</u>
General Fund Operating Results:	
Excess of tax collections compared to budget	\$ 172,056
State and local revenues over budget	1,111,926
Budgetary appropriations unspent by departments	1,425,835
Use of free cash (fund balance) as a funding source	(3,310,400)
Difference between current year encumbrances to be spent in the subsequent year and prior year encumbrances spent in the current year	(73,784)
Other uses raised in the current year	24,422
Change in Stabilization funds	826,134
Major fund - FEMA tropical storm Irene expenditures in excess of revenues	(105,410)
Major fund - 2015 capital articles expenditures in excess of revenues and transfers in	(638,377)
Major fund - High school construction expenditures in excess of revenues	(10,074,220)
Special revenue, trust fund and capital project fund expenditures and transfers out in excess of revenues and transfers in	(246,018)
Capital asset purchases	25,485,977
Depreciation expense in excess of principal debt service	(199,580)
Increase in net OPEB obligation liability	(2,827,383)
Decrease in net pension liability, net of deferrals	161,249
Other timing differences	(694,265)
Total	<u>\$ 11,038,162</u>

**Business-Type Activities.** Business-type activities for the year resulted in a change in net position of \$(74,094). Key elements of this change are as follows:

Water enterprise	\$ (45,308)
Sewer enterprise	<u>(28,786)</u>
Total	\$ <u>(74,094)</u>

**D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$10,985,521, a change of \$(10,887,836) in comparison with the prior year. Key elements of this change are as follows:

	<u>Fund Balance</u> <u>Governmental Funds</u>
General Fund Operating Results:	
Excess of tax collections compared to budget	\$ 172,056
State and local revenues over budget	1,111,926
Budgetary appropriations unspent by departments	1,425,835
Use of free cash (fund balance) as a funding source	(3,310,400)
Difference between current year encumbrances to be spent in the subsequent year and prior year encumbrances spent in the current year	(73,784)
Other uses raised in the current year	24,422
Change in Stabilization funds	826,134
Major fund - FEMA tropical storm Irene expenditures in excess of revenues	(105,410)
Major fund - 2015 capital articles expenditures in excess of revenues and transfers in	(638,377)
Major fund - High school construction expenditures in excess of revenues	(10,074,220)
Special revenue, trust fund and capital project fund expenditures and transfers out in excess of revenues and transfers in	<u>(246,018)</u>
Total	\$ <u>(10,887,836)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,021,741 while total fund balance was \$6,201,025. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Total 2015 General Fund Expenditures</u>
Unassigned fund balance <sup>1</sup>	\$ 6,021,741	\$ 5,771,768	\$ 249,973	11.9%
Total fund balance	6,201,025	6,024,836	176,189	12.2%

<sup>1</sup> Includes Stabilization funds.

The fund balance of the general fund changed by \$176,189 during the current fiscal year. Key elements of this change are as follows:

	<u>Fund Balance General Fund</u>
General Fund Operating Results:	
Excess of tax collections compared to budget	\$ 172,056
State and local revenues over budget	1,111,926
Budgetary appropriations unspent by departments	1,425,835
Use of free cash (fund balance) as a funding source	(3,310,400)
Difference between current year encumbrances to be spent in the subsequent year and prior year encumbrances spent in the current year	(73,784)
Other uses raised in the current year	24,422
Change in Stabilization funds	<u>826,134</u>
Total	<u>\$ 176,189</u>

Included in the total general fund balance are the Town's stabilization funds with the following balances:

	<u>06/30/15</u>	<u>06/30/14</u>	<u>Change</u>
Building maintenance stabilization fund	\$ 168,117	\$ -	\$ 168,117
Capital stabilization fund	264,047	360,651	(96,604)
Contractual agreements stabilization fund	493,952	431,300	62,652
General stabilization fund	<u>1,993,346</u>	<u>1,301,377</u>	<u>691,969</u>
Total stabilization funds	<u>\$ 2,919,462</u>	<u>\$ 2,093,328</u>	<u>\$ 826,134</u>

**Proprietary funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$878,885, a change of \$(1,412,163) in comparison with the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

#### **E. GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget resulted in an overall increase in appropriations of \$2,226,400. Major reasons for these amendments include:

- \$ 177,500 increase in the Public Works department budget.
- \$ 420,000 increase in the School department budget.
- \$ 50,000 increase in the Information Systems department budget.
- \$ 30,000 increase in the Assessors department budget.
- \$ 1,199,400 transfer to stabilization funds.
- \$ 50,000 transfer to a special revenue fund.
- \$ 139,500 transfer to a capital project fund.
- \$ 160,000 other budget increases.

Of this increase, \$1,740,400 was funded through the use of free cash, \$456,000 was transferred in from other funds and \$30,000 was from overlay surplus.

#### **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year end amounted to \$109,398,789 (net of accumulated depreciation), a change of \$22,157,275 from the prior year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Depreciation expense – governmental activities of \$(3,079,300).
- Depreciation expense – water fund of \$(221,796).
- Depreciation expense – sewer fund of \$(426,366).
- High school construction project costs of \$22,785,122.
- Hillside park splash pad project costs of \$298,766.
- Installation of LED streetlights of \$137,973.

- Purchase of Lunt property of \$589,515.
- Purchase of mobile stage of \$101,450.
- Upgrades and improvements to Town and School buildings of \$440,937.
- Purchase of public safety vehicles and equipment of \$328,177.
- Purchase of school department vehicles of \$165,554.
- Purchase of public works vehicles and equipment of \$202,700.
- Improvements to Town sidewalks and guardrails of \$67,146.
- Parking lot improvements and equipment of \$99,190.
- Water main and pump station improvements of \$125,137.
- Sewer line improvements of \$416,652.
- Purchase of water and sewer department vehicles of \$80,881.
- Other capital asset additions of \$269,447.
- Capital asset disposals of \$(223,910).

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$38,766,307, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in the footnotes to the financial statements.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Greenfield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ms. Lane Kelly, Finance Director  
 Ms. Elizabeth Braccia, Town Accountant  
 Town of Greenfield  
 14 Court Square  
 Greenfield, MA 01301

TOWN OF GREENFIELD, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 16,044,982	\$ 1,624,619	\$ 17,669,601
Investments	2,860,813	-	2,860,813
Receivables, net of allowance for uncollectibles:			
Property taxes	480,303	-	480,303
Excises	134,802	-	134,802
User fees	-	1,780,340	1,780,340
Departmental and other	1,244,968	-	1,244,968
Intergovernmental	733,940	-	733,940
Loans	1,103,603	-	1,103,603
Noncurrent:			
Tax liens, net of allowance for uncollectible	627,499	93,013	720,512
Land and construction in progress	66,811,862	45,182	66,857,044
Capital assets, net of accumulated depreciation	27,754,403	14,787,342	42,541,745
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>270,776</u>	<u>22,291</u>	<u>293,067</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OR RESOURCES</b>	<b>118,067,951</b>	<b>18,352,787</b>	<b>136,420,738</b>
<b>LIABILITIES</b>			
Current:			
Warrants payable	2,922,070	83,739	3,005,809
Accounts payable	489,676	-	489,676
Accrued payroll and withholdings	1,716,145	42,045	1,758,190
Accrued interest payable	340,805	39,046	379,851
Notes payable	4,116,300	755,000	4,871,300
Other current liabilities	42,226	-	42,226
Current portion of long-term liabilities:			
Bonds payable	2,733,146	912,900	3,646,046
Capital lease	89,280	-	89,280
Landfill closure	22,050	-	22,050
Noncurrent:			
Bonds payable, net of current portion	31,389,961	3,730,300	35,120,261
Capital lease, net of current portion	38,529	-	38,529
Landfill closure, net of current portion	220,500	-	220,500
Accrued compensated absences	1,500,853	145,764	1,646,617
Net OPEB obligation	28,257,858	1,454,127	29,711,985
Net pension liability	32,150,290	1,257,815	33,408,105
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,112,210</u>	<u>-</u>	<u>1,112,210</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>107,141,899</b>	<b>8,420,736</b>	<b>115,562,635</b>
<b>NET POSITION</b>			
Net investment in capital assets	60,989,995	9,053,166	70,043,161
Restricted for:			
Grants and other statutory restrictions	3,716,691	-	3,716,691
Permanent funds:			
Nonexpendable	49,733	-	49,733
Expendable	393,365	-	393,365
Unrestricted	<u>(54,223,732)</u>	<u>878,885</u>	<u>(53,344,847)</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u>10,926,052</u></b>	<b>\$ <u>9,932,051</u></b>	<b>\$ <u>20,858,103</u></b>

The accompanying notes are an integral part of these financial statements.

TOWN OF GREENFIELD, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General government	\$ 5,168,456	\$ 1,252,930	\$ 1,467,778	\$ 40,000	\$ (2,407,748)	\$ -	\$ (2,407,748)
Public safety	6,999,980	1,881,017	110,379	-	(5,008,584)	-	(5,008,584)
Education	27,045,087	469,197	19,604,818	13,787,787	6,816,715	-	6,816,715
Public works	4,863,907	756,736	40,403	574,852	(3,491,916)	-	(3,491,916)
Health and human services	3,976,084	113,211	3,554,948	3,081	(304,844)	-	(304,844)
Culture and recreation	1,252,232	221,161	101,382	2,173	(927,516)	-	(927,516)
Employee benefits	13,081,816	-	-	-	(13,081,816)	-	(13,081,816)
Interest	1,394,390	-	-	-	(1,394,390)	-	(1,394,390)
Intergovernmental	3,905,731	-	-	-	(3,905,731)	-	(3,905,731)
Total Governmental Activities	67,687,683	4,694,252	24,879,708	14,407,893	(23,705,830)	-	(23,705,830)
<b>Business-Type Activities:</b>							
Water operations	1,712,565	1,666,897	-	-	-	(45,668)	(45,668)
Sewer operations	2,347,957	2,187,662	-	130,494	-	(29,801)	(29,801)
Total Business-Type Activities	4,060,522	3,854,559	-	130,494	-	(75,469)	(75,469)
Total All Activities	\$ <u>71,748,205</u>	\$ <u>8,548,811</u>	\$ <u>24,879,708</u>	\$ <u>14,538,387</u>	(23,705,830)	(75,469)	(23,781,299)
<b>General Revenues:</b>							
Property taxes					29,265,066	-	29,265,066
Excises					1,486,792	-	1,486,792
Penalties, interest and other taxes					1,079,563	-	1,079,563
Grants and contributions not restricted to specific programs					2,825,007	-	2,825,007
Investment income					135,011	1,375	136,386
Miscellaneous					363,095	-	363,095
Transfers, net					(410,542)	-	(410,542)
Total general revenues and transfers					34,743,992	1,375	34,745,367
Change in Net Position					11,038,162	(74,094)	10,964,068
<b>Net Position:</b>							
Beginning of year, as restated					(112,110)	10,006,145	9,894,035
End of year					\$ <u>10,926,052</u>	\$ <u>9,932,051</u>	\$ <u>20,858,103</u>

The accompanying notes are an integral part of these financial statements.



TOWN OF GREENFIELD, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015

	<u>General</u>	FEMA Tropical Storm <u>Irene</u>	2015 Capital Articles	High School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and short-term investments	\$ 5,617,729	\$ -	\$ 997,310	\$ 3,408,442	\$ 6,021,501	\$ 16,044,982
Investments	2,483,786	-	-	-	377,027	2,860,813
Receivables:						
Property taxes	498,727	-	-	-	-	498,727
Excises	237,134	-	-	-	-	237,134
Departmental and other	697,091	-	-	-	567,389	1,264,480
Intergovernmental	-	-	-	-	733,940	733,940
Loans	-	-	-	-	1,103,603	1,103,603
Tax liens	696,899	-	-	-	-	696,899
Due from other funds	2,360	-	-	-	-	2,360
<b>TOTAL ASSETS</b>	<b>\$ 10,233,726</b>	<b>\$ -</b>	<b>\$ 997,310</b>	<b>\$ 3,408,442</b>	<b>\$ 8,803,460</b>	<b>\$ 23,442,938</b>
<b>LIABILITIES</b>						
Warrants payable	\$ 536,598	\$ -	\$ 55,987	\$ 1,952,205	\$ 377,280	\$ 2,922,070
Accounts payable	-	-	119,700	-	369,976	489,676
Accrued payroll and withholdings	1,453,193	-	-	-	262,952	1,716,145
Due to other funds	-	2,360	-	-	-	2,360
Notes payable	-	1,690,000	1,219,000	-	1,207,300	4,116,300
Other current liabilities	37,242	-	-	-	4,984	42,226
<b>TOTAL LIABILITIES</b>	<b>2,027,033</b>	<b>1,692,360</b>	<b>1,394,687</b>	<b>1,952,205</b>	<b>2,222,492</b>	<b>9,288,777</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,005,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,162,972</b>	<b>3,168,640</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	49,733	49,733
Restricted	-	-	-	1,456,237	6,266,856	7,723,093
Assigned	179,284	-	-	-	-	179,284
Unassigned	6,021,741	(1,692,360)	(397,377)	-	(898,593)	3,033,411
<b>TOTAL FUND BALANCES</b>	<b>6,201,025</b>	<b>(1,692,360)</b>	<b>(397,377)</b>	<b>1,456,237</b>	<b>5,417,996</b>	<b>10,985,521</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,233,726</b>	<b>\$ -</b>	<b>\$ 997,310</b>	<b>\$ 3,408,442</b>	<b>\$ 8,803,460</b>	<b>\$ 23,442,938</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF GREENFIELD, MASSACHUSETTS  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2015

<b>Total Governmental Fund Balances</b>		\$ 10,985,521
<ul style="list-style-type: none"> <li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</li> </ul>	94,566,265	
<ul style="list-style-type: none"> <li>• Certain changes in the net position liability, which are deferred to future reporting periods, are not reported in the governmental funds.</li> </ul>	103,276	
<ul style="list-style-type: none"> <li>• Revenues are reported on the accrual basis of accounting (net of allowance for uncollectibles) and are not deferred until collection.</li> </ul>	1,846,762	
<ul style="list-style-type: none"> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li> </ul>	(340,805)	
<ul style="list-style-type: none"> <li>• Long-term liabilities, including bonds payable, capital leases, landfill closure, accrued compensated absences, net OPEB obligation and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li> </ul>	(96,402,467)	
<ul style="list-style-type: none"> <li>• Deferred loss on early retirement of debt, resulting from an advance refunding, is not recorded on governmental funds.</li> </ul>	167,500	
<b>Net Position of Governmental Activities</b>		\$ 10,926,052

The accompanying notes are an integral part of these financial statements.

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

	General	FEMA Tropical Storm Irene	2015 Capital Articles	High School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 29,603,627	\$ -	\$ -	\$ -	\$ -	\$ 29,603,627
Excises	1,483,104	-	-	-	-	1,483,104
Penalties, interest and other taxes	1,079,563	-	-	-	-	1,079,563
Charges for services	1,332,173	-	-	-	2,865,643	4,197,816
Intergovernmental and contributions	16,794,514	410,806	40,000	12,710,902	10,509,623	40,465,845
Licenses and permits	115,742	-	-	-	40,089	155,831
Fines and forfeitures	272,137	-	-	-	31,805	303,942
Investment income	122,408	-	-	-	12,603	135,011
Miscellaneous	305,104	-	-	-	57,991	363,095
<b>Total Revenues</b>	<b>51,108,372</b>	<b>410,806</b>	<b>40,000</b>	<b>12,710,902</b>	<b>13,517,754</b>	<b>77,787,834</b>
<b>Expenditures:</b>						
Current:						
General government	3,658,939	-	189,000	-	1,839,005	5,686,944
Public safety	5,631,777	-	347,397	-	882,521	6,861,695
Education	18,623,699	-	204,789	22,785,122	5,516,456	47,130,066
Public works	2,628,168	504,911	322,616	-	1,035,294	4,490,989
Health and human services	905,361	-	-	-	3,090,315	3,995,676
Culture and recreation	750,390	-	166,675	-	602,681	1,519,746
Employee benefits	10,412,851	-	-	-	2,831	10,415,682
Debt service	4,243,574	11,305	-	-	3,720	4,258,599
Intergovernmental	3,905,731	-	-	-	-	3,905,731
<b>Total Expenditures</b>	<b>50,760,490</b>	<b>516,216</b>	<b>1,230,477</b>	<b>22,785,122</b>	<b>12,972,823</b>	<b>88,265,128</b>
Excess (deficiency) of revenues over expenditures	347,882	(105,410)	(1,190,477)	(10,074,220)	544,931	(10,477,294)
<b>Other Financing Sources (Uses):</b>						
Transfers in	1,337,407	-	552,100	-	858,359	2,747,866
Transfers out	(1,509,100)	-	-	-	(1,649,308)	(3,158,408)
<b>Total Other Financing Sources (Uses)</b>	<b>(171,693)</b>	<b>-</b>	<b>552,100</b>	<b>-</b>	<b>(790,949)</b>	<b>(410,542)</b>
Change in fund balance	176,189	(105,410)	(638,377)	(10,074,220)	(246,018)	(10,887,836)
Fund Equity, at Beginning of Year, as reclassified	6,024,836	(1,586,950)	241,000	11,530,457	5,664,014	21,873,357
Fund Equity, at End of Year	<u>\$ 6,201,025</u>	<u>\$ (1,692,360)</u>	<u>\$ (397,377)</u>	<u>\$ 1,456,237</u>	<u>\$ 5,417,996</u>	<u>\$ 10,985,521</u>

The accompanying notes are an integral part of these financial statements.

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

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ (10,887,836)</b>												
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital asset purchases, net of disposals</td> <td style="text-align: right;">25,262,067</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(3,079,300)</td> </tr> </table> </li> <li>• Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures, and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue, net of allowance for uncollectibles. <span style="float: right;">(371,351)</span></li> <li>• The issuance of long-term debt (e.g., bonds and capital leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Repayments of long-term debt</td> <td style="text-align: right;">2,879,720</td> </tr> <tr> <td>Issuance of capital leases</td> <td style="text-align: right;">(115,613)</td> </tr> <tr> <td>Repayment of capital leases</td> <td style="text-align: right;">89,614</td> </tr> <tr> <td>Amortization of loss on early retirement of debt</td> <td style="text-align: right;">(33,500)</td> </tr> </table> </li> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <span style="float: right;">17,989</span></li> <li>• Some expenses reported in the statement of activities, such as landfill closure, accrued compensated absences, net OPEB obligation, and net pension liability do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <span style="float: right;"><u>(2,723,628)</u></span></li> </ul>		Capital asset purchases, net of disposals	25,262,067	Depreciation	(3,079,300)	Repayments of long-term debt	2,879,720	Issuance of capital leases	(115,613)	Repayment of capital leases	89,614	Amortization of loss on early retirement of debt	(33,500)
Capital asset purchases, net of disposals	25,262,067												
Depreciation	(3,079,300)												
Repayments of long-term debt	2,879,720												
Issuance of capital leases	(115,613)												
Repayment of capital leases	89,614												
Amortization of loss on early retirement of debt	(33,500)												
<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>11,038,162</u></b>												

The accompanying notes are an integral part of these financial statements.

TOWN OF GREENFIELD, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources:</b>				
Property taxes	\$ 29,431,571	\$ 29,431,571	\$ 29,431,571	\$ -
Excises	1,350,000	1,350,000	1,483,104	133,104
Penalties, interest and other taxes	856,938	856,938	1,079,563	222,625
Charges for services	1,244,640	1,244,640	1,332,173	87,533
Intergovernmental and contributions	16,738,013	16,738,013	16,794,514	56,501
Licenses and permits	109,000	109,000	115,742	6,742
Fines and forfeitures	311,000	311,000	272,137	(38,863)
Investment income	7,000	7,000	59,674	52,674
Miscellaneous	60,000	60,000	305,104	245,104
Transfers in	954,901	1,410,901	1,757,407	346,506
Other sources	1,540,000	3,310,400	3,310,400	-
<b>Total Revenues and Other Sources</b>	<b>52,603,063</b>	<b>54,829,463</b>	<b>55,941,389</b>	<b>1,111,926</b>
<b>Expenditures and Other Uses:</b>				
General government	3,661,130	3,849,339	3,697,226	152,113
Public safety	6,013,884	6,015,475	5,616,356	399,119
Education	18,162,831	18,598,831	18,552,725	46,106
Public works	2,457,960	2,642,060	2,607,402	34,658
Health and human services	1,074,983	1,074,983	905,468	169,515
Culture and recreation	739,258	759,258	755,203	4,055
Employee benefits	10,896,500	10,896,500	10,403,021	493,479
Debt service	4,367,150	4,367,150	4,243,574	123,576
Intergovernmental	3,908,945	3,908,945	3,905,731	3,214
Transfers out	1,296,000	2,692,500	2,692,500	-
Other uses	24,422	24,422	24,422	-
<b>Total Expenditures and Other Uses</b>	<b>52,603,063</b>	<b>54,829,463</b>	<b>53,403,628</b>	<b>1,425,835</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 2,537,761	\$ 2,537,761

The accompanying notes are an integral part of these financial statements.

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

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 797,115	\$ 827,504	\$ 1,624,619
User fees receivable, net of allowance for uncollectible	772,001	1,008,339	1,780,340
Total current assets	1,569,116	1,835,843	3,404,959
Noncurrent:			
Tax liens, net of allowance for uncollectible	34,551	58,462	93,013
Construction in progress	45,182	-	45,182
Capital assets, net of accumulated depreciation	4,712,484	10,074,858	14,787,342
Total noncurrent assets	4,792,217	10,133,320	14,925,537
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>20,126</b>	<b>2,165</b>	<b>22,291</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,381,459</b>	<b>11,971,328</b>	<b>18,352,787</b>
<b>LIABILITIES</b>			
Current:			
Warrants payable	26,891	56,848	83,739
Accrued payroll	18,809	23,236	42,045
Accrued interest payable	15,868	23,178	39,046
Notes payable	100,000	655,000	755,000
Current portion of long-term liabilities: Bonds payable	255,000	657,900	912,900
Total current liabilities	416,568	1,416,162	1,832,730
Noncurrent:			
Bonds payable, net of current portion	1,074,000	2,656,300	3,730,300
Accrued compensated absences	66,387	79,377	145,764
Net OPEB obligation	699,178	754,949	1,454,127
Net pension liability	583,974	673,841	1,257,815
Total noncurrent liabilities	2,423,539	4,164,467	6,588,006
<b>TOTAL LIABILITIES</b>	<b>2,840,107</b>	<b>5,580,629</b>	<b>8,420,736</b>
<b>NET POSITION</b>			
Net investment in capital assets	3,411,489	5,641,677	9,053,166
Unrestricted	129,863	749,022	878,885
<b>TOTAL NET POSITION</b>	<b>\$ 3,541,352</b>	<b>\$ 6,390,699</b>	<b>\$ 9,932,051</b>

The accompanying notes are an integral part of these financial statements.

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

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 1,666,897	\$ 2,187,662	\$ 3,854,559
Total Operating Revenues	1,666,897	2,187,662	3,854,559
<b>Operating Expenses:</b>			
Salaries and wages	732,514	839,674	1,572,188
Operating expenses	702,172	1,016,077	1,718,249
Depreciation	221,796	426,366	648,162
Total Operating Expenses	1,656,482	2,282,117	3,938,599
Operating Income (Loss)	10,415	(94,455)	(84,040)
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental revenue	-	130,494	130,494
Investment income	360	1,015	1,375
Interest expense	(56,083)	(65,840)	(121,923)
Total Nonoperating Revenues (Expenses), Net	(55,723)	65,669	9,946
Change in Net Position	(45,308)	(28,786)	(74,094)
Net Position at Beginning of Year, as restated	3,586,660	6,419,485	10,006,145
Net Position at End of Year	\$ 3,541,352	\$ 6,390,699	\$ 9,932,051

The accompanying notes are an integral part of these financial statements.

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

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 1,697,451	\$ 2,228,413	\$ 3,925,864
Payments to vendors and employees	<u>(1,360,688)</u>	<u>(1,753,467)</u>	<u>(3,114,155)</u>
Net Cash Provided By Operating Activities	336,763	474,946	811,709
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>			
Intergovernmental subsidy	<u>-</u>	<u>130,494</u>	<u>130,494</u>
Net Cash Provided By Noncapital Financing Activities	-	130,494	130,494
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition, disposal and construction of capital assets	(176,656)	(446,014)	(622,670)
Issuance of short-term debt	100,000	275,000	375,000
Principal payments on bonds	(263,000)	(685,147)	(948,147)
Interest paid	<u>(55,578)</u>	<u>(70,519)</u>	<u>(126,097)</u>
Net Cash (Used For) Capital and Related Financing Activities	<u>(395,234)</u>	<u>(926,680)</u>	<u>(1,321,914)</u>
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	<u>360</u>	<u>1,015</u>	<u>1,375</u>
Net Cash Provided By Investing Activities	<u>360</u>	<u>1,015</u>	<u>1,375</u>
Net Change in Cash and Short-Term Investments	(58,111)	(320,225)	(378,336)
Cash and Short-Term Investments, Beginning of Year	<u>855,226</u>	<u>1,147,729</u>	<u>2,002,955</u>
Cash and Short-Term Investments, End of Year	<u>\$ 797,115</u>	<u>\$ 827,504</u>	<u>\$ 1,624,619</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u></b>			
Operating income	\$ 10,415	\$ (94,455)	\$ (84,040)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	221,796	426,366	648,162
Changes in assets and liabilities:			
User fees receivable	30,554	40,751	71,305
Warrants payable	4,066	27,475	31,541
Accrued payroll	3,233	6,247	9,480
Accrued compensated absences	3,487	11,299	14,786
Net OPEB obligation	66,142	60,644	126,786
Net pension liability, net of deferrals	<u>(2,930)</u>	<u>(3,381)</u>	<u>(6,311)</u>
Net Cash Provided By Operating Activities	<u>\$ 336,763</u>	<u>\$ 474,946</u>	<u>\$ 811,709</u>

The accompanying notes are an integral part of these financial statements.



TOWN OF GREENFIELD, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	<u>Private Purpose Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>	<u>Pension Trust Fund (As of December 31, 2014)</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 55,923	\$ 527,078	\$ 180,676	\$ 536,734
Investments	318,818	180,778	-	58,362,059
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>589,306</u>
Total Assets	374,741	707,856	180,676	59,488,099
<b><u>LIABILITIES AND NET POSITION</u></b>				
Warrants payable	-	-	9,729	-
Accrued payroll	-	-	1,995	-
Other liabilities	<u>-</u>	<u>-</u>	<u>168,952</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>180,676</u>	<u>-</u>
<b><u>NET POSITION</u></b>				
Total net position held in trust for pension benefits and other purposes	<u>\$ 374,741</u>	<u>\$ 707,856</u>	<u>\$ -</u>	<u>\$ 59,488,099</u>

The accompanying notes are an integral part of these financial statements.

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

	<u>Private Purpose Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Pension Trust Fund (For the Year Ended December 31, 2014)</u>
<b>Additions:</b>			
Contributions:			
Employers	\$ -	\$ -	\$ 3,534,306
Other systems and Commonwealth of Massachusetts	-	-	200,650
Plan members	-	-	1,812,741
Contributions	<u>4,148</u>	<u>-</u>	<u>-</u>
Total contributions	4,148	-	5,547,697
Investment Income:			
Interest and dividends	8,101	5,160	1,630,095
Realized gain on sale of investments	-	-	2,568,892
Increase in fair value of investments	-	-	285,107
Less: Management fees	<u>-</u>	<u>-</u>	<u>(304,464)</u>
Net investment income	<u>8,101</u>	<u>5,160</u>	<u>4,179,630</u>
Total additions	12,249	5,160	9,727,327
<b>Deductions:</b>			
Benefit payments to plan members and beneficiaries	-	-	5,670,179
Reimbursements to other systems	-	-	229,491
Refunds to plan members	-	-	460,623
Administrative expenses	-	-	133,046
Scholarships	<u>22,369</u>	<u>-</u>	<u>-</u>
Total deductions	<u>22,369</u>	<u>-</u>	<u>6,493,339</u>
Net increase (decrease), before transfers	(10,120)	5,160	3,233,988
Transfer in	<u>10,542</u>	<u>400,000</u>	<u>-</u>
Net increase (decrease), after transfers	422	405,160	3,233,988
<b>Net position:</b>			
Beginning of year, as restated	<u>374,319</u>	<u>302,696</u>	<u>56,254,111</u>
End of year	<u>\$ 374,741</u>	<u>\$ 707,856</u>	<u>\$ 59,488,099</u>

The accompanying notes are an integral part of these financial statements.

## Town of Greenfield, Massachusetts

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Greenfield (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

##### A. Reporting Entity

The Town is a municipal corporation governed by an elected Mayor and Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2015, it was determined that no entities met the required GASB-39 criteria of component units, other than the Greenfield Contributory Retirement System as described below.

Blended Component Units - Blended component units are entities that are legally separate, but are so related that they are, in substance, the same as the primary government, providing services entirely or almost entirely for the benefit of the primary government. The following component unit is blended within the primary government:

In the Fiduciary Funds: The Greenfield Contributory Retirement System (the System) which was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. Additional financial information of the System can be obtained by contacting the System located at Town Hall, 14 Court Square, Greenfield, MA 01301.

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

###### Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

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

#### Fund Financial Statements

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

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

#### Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

#### Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *FEMA tropical storm Irene fund* accounts for the activity related to the disaster recovery and clean-up efforts for the August 27, 2011 tropical storm.
- The *2015 capital articles fund* accounts for all activities related to the capital articles voted for fiscal year 2015.
- The *high school construction fund* accounts for all activities related to the construction of the Town's new high school.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds 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 non-operating revenues and expenses.

The Town reports the following major proprietary funds:

- The *water enterprise fund*, which accounts for operations related to providing the Town's water services and supporting infrastructure.
- The *sewer enterprise fund*, which accounts for operations of the Town's wastewater treatment facility and supporting infrastructure.

The *pension trust fund* accounts for the activities of the Greenfield Contributory Retirement System, which accumulates resources for pension benefit payments to qualified employees.

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

The *OPEB trust fund* is used to account for trust arrangements, specifically the OPEB trust, under which principal and investment income exclusively benefit individuals.

The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

#### D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purposes of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

#### E. Investments

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

Investments for the Town consists primarily of certificates of deposit and equities. Investments are carried at market value.

The Contributory Retirement System is invested in the State investment pool. Investments are carried at market value.

#### F. Property Tax Limitations

Legislation known as "Proposition 2 ½" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is

used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override or debt exemption is voted. The actual fiscal year 2015 tax levy reflected an excess capacity of \$642,265.

*G. Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., the current portion of interfund loans).

*H. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$15,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Water/sewer infrastructure	50
Vehicles	6 - 10
Equipment	10
General infrastructure	20 - 50

*I. Compensated Absences*

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental

funds only if they have matured, for example, as a result of employee resignations and retirements.

*J. Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

*K. Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town’s fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e. inventory or prepaid items) or can never be spent (i.e. perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., Town Council).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.



When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

L. Use of Estimates

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

2. **Stewardship, Compliance and Accountability**

A. Budgetary Information

The Mayor presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by the Town Council, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at Town Council meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Town Council is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the departmental totals as voted. Certain items may exceed the budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate. Formal budgetary integration is employed as a management control device during the year for the general fund and proprietary funds. Effective budgetary

control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

*B. Budgetary Basis*

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

*C. Budget/GAAP Reconciliation*

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/expenditures (GAAP basis)	\$ 51,108,372	\$ 50,760,490
Other financing sources/uses (GAAP basis)	<u>1,337,407</u>	<u>1,509,100</u>
Subtotal (GAAP Basis)	52,445,779	52,269,590
Remove the effect of adding Town's Stabilization funds per GASB 54	357,266	1,183,400
Adjust tax revenue to accrual basis	(172,056)	-
Reverse beginning of year appropriation carry- forwards from expenditures	-	(253,068)
Add end of year appropriation carryforwards to expenditures	-	179,284
Recognize use of fund balance as funding source	3,310,400	-
Other uses raised in the current year	<u>-</u>	<u>24,422</u>
Budgetary basis	<u><u>\$ 55,941,389</u></u>	<u><u>\$ 53,403,628</u></u>

*D. Deficit Fund Equity*

The following funds had deficits as of June 30, 2015:

FEMA Tropical Storm Irene	\$(1,692,360)
Fiscal year 2015 capital articles	(397,377)
Fiscal year 2005 capital/borrowing articles	(19,403)
Fiscal year 2012 capital/borrowing articles	(103,926)
Fiscal year 2014 capital/borrowing articles	(775,264)

The deficits in these funds will be eliminated through future intergovernmental revenues, bond proceeds, and/or Town Council appropriation.

**3. Cash and Short-Term Investments**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's and Contributory Retirement System's (the System) deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." Massachusetts General Law Chapter 32, Section 23, limits the System's deposits "in a bank or trust company to an amount not exceeding ten percent of the capital and surplus of such bank or trust company." The Town and System do not have a deposit policy for custodial credit risk.

As of June 30, 2015, \$2,340,001 of the Town's bank balance of \$21,377,731 was exposed to custodial credit risk as uninsured, uncollateralized, and/or collateral held by pledging bank's trust department not in the Town's name.

As of December 31, 2014, none of the Contributory Retirement System's bank balance of \$636,664 was exposed to custodial credit risk as uninsured, uncollateralized, and/or collateral held by pledging bank's trust department not in the System's name.

**4. Investments**

*A. Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law, Chapter 44, Section 55, and the investment policy adopted by the Town in November 2009, limits the Town's investments to the top rating issued by

at least one nationally recognized statistical rating organization (NRSROs). The Town manages credit risk by the diversification and prudent selection of investment instruments and choice of depository. The policy also states that no more than 10% of the Town's investments shall be invested in a single financial institution.

None of the Town's investments of \$3,360,409 are subject to credit risk.

The Retirement System's investments of \$58,362,058\* are in the State investment pool which are not subject to credit risk.

*\* Fair value is the same as the value of the pool share. The Pension Reserves Investment Trust was created under Massachusetts General Law, Chapter 32, Section 22, in December 1983. The Pension Reserves Investment Trust is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Law, Chapter 30B.*

#### **B. Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Retirement System does not have policies for custodial credit risk.

As previously noted, the Town adopted an investment policy in November 2009 that limits unsecured bank deposits to no more than 5% of an institutions assets or 10% of the Town's cash balance. In addition, the policy limits the Treasurer to investing in financial instruments included on a list produced annually by the Commonwealth Division of Banks (commonly referred to as the "Legal List of Investments").

The Town's investments in certificate of deposits are fully insured and not exposed to custodial credit risk. The Town's other investments are subject to custodial credit risk because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC and excess SIPC.

The Retirement System's investments are in the State investment pool which is not subject to custodial credit risk.

#### **C. Concentration of Credit Risk**

Per the Town's investment policy, no more than 10% of the Town's investments shall be invested in a single financial institution. The Town does not have an investment in one issuer greater than 10% of total investments.

Massachusetts General Law Chapter 32, Section 23 limits the amount the Retirement System may invest in any one issuer or security type with the exception of the PRIT fund, which the System is invested in.

*D. Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. For the most part, the policy adopted in November 2009, establishes a one year investment term limit for applicable types of investments, such as certificates of deposit for general fund investments. Trust fund investments have no limit on the length of maturity from date of purchase.

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations is as follows:

Investment Type	Fair Value	Exempt from Disclosure	Investment Maturities (in Years)	
			Less Than 1	1-5
Certificates of deposit	\$ 2,405,958	\$ -	\$ 1,180,760	\$ 1,225,198
Equities	773,673	773,673	-	-
Exchange traded products	62,314	62,314	-	-
Mutual funds	118,464	118,464	-	-
Total	\$ <u>3,360,409</u>	\$ <u>954,451</u>	\$ <u>1,180,760</u>	\$ <u>1,225,198</u>

Information about the sensitivity of the fair values of the Retirement System’s investments to market interest rate fluctuations is not applicable as all of the System’s investments are immediately liquid.

*E. Foreign Currency Risk*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. Massachusetts General Law prohibits foreign investments, therefore, the investment policy adopted in November 2009 does not speak specifically to foreign currency issues. This risk is managed by limiting the Treasurer to investments contained on the “Legal List of Investments”.

**5. Taxes Receivable**

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the

Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

Fourteen days after the due date for the final tax bill for real estate taxes, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the Tax Collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Taxes receivable at June 30, 2015 consist of the following:

Real Estate		
2015	\$ 466,492	
2014	<u>39</u>	
		466,531
Personal Property		
2015	7,423	
2014	2,127	
2013	3,899	
2012 and prior	<u>18,747</u>	
		<u>32,196</u>
Total		<u>\$ 498,727</u>

## 6. Allowance for Doubtful Accounts

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts:

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 18,424	\$ -
Excises	102,332	-
Departmental	19,512	-
Tax liens	69,400	9,303
User fees	-	77,971

## 7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2015.

## 8. Loan Receivable

This balance represents various deferred payment loans made to residents through the Town's Federal Community Development Block Grant programs.

## 9. Interfund Fund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2015 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 2,360	\$ -
FEMA Tropical Storm Irene Fund	-	2,360
Total	<u>\$ 2,360</u>	<u>\$ 2,360</u>

## 10. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Convert CIP</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, being depreciated:					
Buildings and improvements	\$ 53,680,444	\$ 998,281	\$ -	\$ 9,697	\$ 54,688,422
Machinery, equipment, and furnishings	9,280,882	889,894	(950,980)	-	9,219,796
Infrastructure	14,925,364	313,092	-	457,928	15,696,384
Total capital assets, being depreciated	77,886,690	2,201,267	(950,980)	467,625	79,604,602
Less accumulated depreciation for:					
Buildings and improvements	(33,520,948)	(1,837,515)	-	-	(35,358,463)
Machinery, equipment, and furnishings	(7,034,918)	(724,166)	880,394	-	(6,878,690)
Infrastructure	(9,095,427)	(517,619)	-	-	(9,613,046)
Total accumulated depreciation	<u>(49,651,293)</u>	<u>(3,079,300)</u>	<u>880,394</u>	<u>-</u>	<u>(51,850,199)</u>
Total capital assets, being depreciated, net	28,235,397	(878,033)	(70,586)	467,625	27,754,403
Capital assets, not being depreciated:					
Land	13,457,536	103,953	(153,324)	-	13,408,165
Construction in progress (CIP)	30,690,565	23,180,757	-	(467,625)	53,403,697
Total capital assets, not being depreciated	<u>44,148,101</u>	<u>23,284,710</u>	<u>(153,324)</u>	<u>(467,625)</u>	<u>66,811,862</u>
Governmental activities capital assets, net	<u>\$ 72,383,498</u>	<u>\$ 22,406,677</u>	<u>\$ (223,910)</u>	<u>\$ -</u>	<u>\$ 94,566,265</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Convert CIP</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>					
Capital assets, being depreciated:					
Buildings and improvements	\$ 9,431,098	\$ -	\$ -	\$ -	\$ 9,431,098
Machinery, equipment, and furnishings	1,267,162	80,881	-	-	1,348,043
Infrastructure	15,040,107	496,607	-	18,527	15,555,241
Total capital assets, being depreciated	25,738,367	577,488	-	18,527	26,334,382
Less accumulated depreciation for:					
Buildings and improvements	(2,779,396)	(188,622)	-	-	(2,968,018)
Machinery, equipment, and furnishings	(660,409)	(77,640)	-	-	(738,049)
Infrastructure	(7,459,073)	(381,900)	-	-	(7,840,973)
Total accumulated depreciation	(10,898,878)	(648,162)	-	-	(11,547,040)
Total capital assets being depreciated, net	14,839,489	(70,674)	-	18,527	14,787,342
Capital assets, not being depreciated:					
Construction in progress (CIP)	18,527	45,182	-	(18,527)	45,182
Total capital assets, not being depreciated	18,527	45,182	-	(18,527)	45,182
Business-type activities capital assets, net	\$ 14,858,016	\$ (25,492)	\$ -	\$ -	\$ 14,832,524

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 294,102
Public safety	369,676
Education	1,476,700
Public works	786,614
Culture and recreation	141,605
Human services	10,603
Total Depreciation Expense - Governmental Activities	\$ 3,079,300
Business-Type Activities:	
Water	\$ 221,796
Sewer	426,366
Total Depreciation Expense - Business-Type Activities	\$ 648,162

## 11. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of June 30, 2015:



	Governmental Activities	Business-type Activities
Loss on debt refunding	\$ 167,500	\$ 18,250
Net difference between projected and actual pension investment earnings	<u>103,276</u>	<u>4,041</u>
Total	<u>\$ 270,776</u>	<u>\$ 22,291</u>

The deferred loss on the early retirement of debt decreases the long-term debt outstanding as it is the result of the Town's issuance of refunding bonds in prior fiscal years. The loss is being amortized as interest expense of \$33,500 (governmental) and \$3,650 (business-type) over 14 years, beginning in fiscal year 2007.

## 12. Warrants and Accounts Payable

Warrants payable represent 2015 expenditures paid by July 15, 2015 as permitted by law. Accounts payable represent additional 2015 expenditures paid after July 15, 2015.

## 13. Anticipation Notes Payable

The Town had the following notes outstanding at June 30, 2015:

	Interest Rate(s) %	Date of Issue	Date of Maturity	Balance at June 30, 2015
Bond anticipation	0.53%	05/01/15	05/02/16	\$ 2,771,000
Bond anticipation	0.47%	05/01/15	11/02/15	1,690,000
Bond anticipation	0.47%	06/19/15	05/02/16	<u>410,300</u>
Total				<u>\$ 4,871,300</u>

The following summarizes activity in notes payable during fiscal year 2015:

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Bond anticipation	\$ <u>4,317,250</u>	\$ <u>6,971,300</u>	\$ <u>(6,417,250)</u>	\$ <u>4,871,300</u>

## 14. Long-Term Debt

### A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

	Serial Maturities <u>Through</u>	Interest Rate(s) % <u>Rate(s) %</u>	Amount Outstanding as of <u>June 30, 2015</u>
<u>Governmental Activities:</u>			
Multi-purpose 98	11/01/17	4.14	\$ 425,000
Title V (part I)	08/01/19	0.00	4,460
Multi-purpose 00	09/01/20	4.15	3,334,000
Title V (part II)	08/01/24	0.00	34,147
Multi-purpose 10	12/01/24	2.77	1,238,500
Multi-purpose 12	02/01/27	2.50	2,267,000
Multi-purpose 14	03/01/39	3.00-5.00	<u>26,820,000</u>
Total Governmental Activities			34,123,107
<u>Business-Type Activities:</u>			
Wastewater treatment plant upgrade (MWPAT)	08/01/18	1.50	2,182,700
Multi-purpose 00	09/01/20	4.15	841,000
Multi-purpose 10	12/01/24	2.77	316,500
Multi-purpose 12	02/01/27	2.50	768,000
Multi-purpose 14	03/01/34	3.00-5.00	<u>535,000</u>
Total Business-Type Activities			<u>4,643,200</u>
Total All Debt			<u>\$ 38,766,307</u>

### B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2015 are as follows:

	<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$	2,733,146	\$ 1,310,902	\$ 4,044,048
2017		2,574,146	1,209,932	3,784,078
2018		2,405,146	1,110,250	3,515,396
2019		2,248,146	1,010,086	3,258,232
2020		1,398,146	929,729	2,327,875
2021 - 2025		6,184,377	3,827,233	10,011,610
2026 - 2030		5,710,000	2,769,474	8,479,474
Thereafter		<u>10,870,000</u>	<u>2,231,200</u>	<u>13,101,200</u>
Total	\$	<u>34,123,107</u>	\$ <u>14,398,806</u>	\$ <u>48,521,913</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 912,900	\$ 100,981	\$ 1,013,881
2017	897,600	76,533	974,133
2018	897,600	55,845	953,445
2019	910,600	43,483	954,083
2020	286,000	32,440	318,440
2021 - 2025	538,500	82,262	620,762
2026 - 2030	170,000	20,125	190,125
Thereafter	30,000	2,600	32,600
Total	<u>\$ 4,643,200</u>	<u>\$ 414,269</u>	<u>\$ 5,057,469</u>

### C. Changes in General Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities (in thousands):

	Total Balance July 1, 2014 (Restated)	Additions	Reductions	Total Balance June 30, 2015	Less Current Portion	Long-Term Portion June 30, 2015
<u>Governmental Activities</u>						
Bonds payable	\$ 37,003	\$ -	\$ (2,880)	\$ 34,123	(2,733)	31,390
Other:						
Capital lease	101	116	(90)	127	(89)	38
Landfill closure	265	-	(22)	243	(22)	221
Accrued compensated absences	1,421	80	-	1,501	-	1,501
Net OPEB obligation	25,430	2,828	-	28,258	-	28,258
Net pension liability	32,208	-	(58)	32,150	-	32,150
Totals	<u>\$ 96,428</u>	<u>\$ 3,024</u>	<u>\$ (3,050)</u>	<u>\$ 96,402</u>	<u>\$ (2,844)</u>	<u>\$ 93,558</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 5,591	\$ -	\$ (948)	\$ 4,643	\$ (913)	\$ 3,730
Other:						
Accrued compensated absences	131	15	-	146	-	146
Net OPEB obligation	1,327	127	-	1,454	-	1,454
Net pension liability	1,260	-	(2)	1,258	-	1,258
Totals	<u>\$ 8,309</u>	<u>\$ 142</u>	<u>\$ (950)</u>	<u>\$ 7,501</u>	<u>\$ (913)</u>	<u>\$ 6,588</u>

## 15. Capital Lease Obligations

The Town is the lessee of certain equipment under capital leases expiring in 2017. Future minimum lease payments consist of the following as of June 30, 2015:

	<u>Fiscal Year</u>	
	2016	\$ 93,147
	2017	<u>39,576</u>
Total minimum lease payments		132,723
Less amounts representing interest		<u>(4,914)</u>
Present Value of Minimum Lease Payments		<u>\$ 127,809</u>

**16. Landfill Closure and Post-Closure Care Costs**

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although post-closure care costs will be paid only after the date that the landfill stopped accepting waste, the Town reports a portion of these costs as a liability in the financial statements in each period based on the remaining years of required post-closure care. The Town funded the cost of closure through bond proceeds. Annual monitoring costs will be funded through the general fund operating budget.

The Town's landfill was closed in fiscal year 1997. The \$242,550 reported as post-closure care liability at June 30, 2015 represents annual monitoring costs of \$22,050 for the next 11 years. This amount is based on what it would cost to perform all post-closure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**17. Deferred Inflows of Resources**

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

The deferred inflow of resources balance as of June 30, 2015 consists of unearned revenue in connection with deferred payment loans that are not considered to be available to liquidate liabilities of the current period and subsequent levy year taxes collected in the current year.

**18. Interfund Fund Transfers**

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund transfers must be utilized.

The Town reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers pre-

sented in the governmental, proprietary and fiduciary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2015:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 1,337,407	\$ 1,509,100
2015 capital articles	552,100	-
Nonmajor Funds:		
Special revenue funds	150,000	1,613,644
Capital project funds	541,000	25,000
Trust funds	<u>167,359</u>	<u>10,664</u>
Subtotal Nonmajor funds	858,359	1,649,308
Fiduciary Funds:		
Private purpose trust	10,542	-
OPEB trust	<u>400,000</u>	<u>-</u>
Grand Total	<u>\$ 3,158,408</u>	<u>\$ 3,158,408</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs and accounted for in other funds in accordance with budgetary authorizations.

## 19. **Restricted Net Position**

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

## 20. **Governmental Funds – Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance

classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2015:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes capital projects funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. The Town does not have any fund balances that meet this criteria in 2015.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods, stabilization funds set aside by Town Council vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54) and deficit fund balances.

Following is a breakdown of the Town's fund balances at June 30, 2015:

	General Fund	FEMA Tropical Storm Irene	2015 Capital Articles	High School Construction	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Nonexpendable						
permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 49,733	\$ 49,733
Total Nonexpendable	-	-	-	-	49,733	49,733
Restricted						
Bonded projects	-	-	-	1,456,237	464,440	1,920,677
Special revenue funds	-	-	-	-	5,409,051	5,409,051
Expendable						
permanent funds	-	-	-	-	393,365	393,365
Total Restricted	-	-	-	1,456,237	6,266,856	7,723,093
Assigned						
Encumbrances	179,284	-	-	-	-	179,284
Total Assigned	179,284	-	-	-	-	179,284
Unassigned						
General fund	3,102,279	-	-	-	-	3,102,279
Stabilization funds	2,919,462	-	-	-	-	2,919,462
Deficit fund balances	-	(1,692,360)	(397,377)	-	(898,593)	(2,988,330)
Total Unassigned	6,021,741	(1,692,360)	(397,377)	-	(898,593)	3,033,411
Total Fund Balance	\$ 6,201,025	\$ (1,692,360)	\$ (397,377)	\$ 1,456,237	\$ 5,417,996	\$ 10,985,521

## 21. Subsequent Events

Debt - Subsequent to June 30, 2015, the Town has incurred the following additional debt:

	Amount	Interest Rate	Issue Date	Maturity Date
Bond anticipation note	\$ 1,690,000	0.70%	11/02/15	05/02/16
Bond anticipation note	\$ 975,000	0.60%	12/01/15	05/02/16

## 22. Commitments and Contingencies

Outstanding Legal Issues - There are several pending lawsuits in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a

liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Environmental Issues - The Town has identified numerous environmental issues which may or may not become liabilities of the Town in the future. The Town has complied with all pertinent regulations and continually monitors each situation. The extent of the Town's liability related to environmental issues cannot be determined at this time, although the Town expects such liability, if any, to be immaterial.

### **23. Post-Employment Health Care and Life Insurance Benefits**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the statement of net position over time.

#### *A. Plan Description*

In addition to providing the pension benefits described in the following footnote, the Town provides post-employment health care and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of July 1, 2013, the actuarial valuation date, approximately 523 retirees and 398 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

#### *B. Benefits Provided*

The Town provides medical, prescription drug, and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

#### *C. Funding Policy*

Retirees contribute 20% or 40% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.



D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2015 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 per year and amortize the 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, 2015, 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, 2013.

	Governmental Activities	Water Fund	Sewer Fund	Total
Annual Required Contribution (ARC)	\$ 6,090,000	\$ 117,000	\$ 135,000	\$ 6,342,000
Interest on net OPEB obligation	901,910	14,059	20,555	936,524
Adjustment to ARC	<u>(1,353,406)</u>	<u>(21,097)</u>	<u>(30,844)</u>	<u>(1,405,347)</u>
Annual OPEB cost	5,638,504	109,962	124,711	5,873,177
Contributions made	<u>(2,811,121)</u>	<u>(43,820)</u>	<u>(64,067)</u>	<u>(2,919,008)</u>
Increase in net OPEB obligation	2,827,383	66,142	60,644	2,954,169
Net OPEB obligation - beginning of year	<u>25,430,475</u>	<u>633,036</u>	<u>694,305</u>	<u>26,757,816</u>
Net OPEB obligation - end of year	<u>\$ 28,257,858</u>	<u>\$ 699,178</u>	<u>\$ 754,949</u>	<u>\$ 29,711,985</u>

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>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 5,873,177	49.7%	\$ 29,711,985
2014	\$ 6,503,570	38.7%	\$ 26,757,816
2013	\$ 6,463,388	46.1%	\$ 22,770,049
2012	\$ 7,259,588	30.1%	\$ 19,286,037
2011	\$ 7,236,298	32.8%	\$ 14,212,172
2010	\$ 7,295,249	36.6%	\$ 9,348,574

The Town's net OPEB obligation as of June 30, 2015 is recorded as a long-term liability in the accompanying statement of net position.

E. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 71,943,000
Actuarial value of plan assets	-
	<hr/>
Unfunded actuarial accrued liability (UAAL)	\$ 71,943,000
	<hr/>
Funded ratio (actuarial value of plan assets/AAL)	0%
	<hr/>
Covered payroll (active plan members)	\$ 23,952,238
	<hr/>
UAAL as a percentage of covered payroll	300%
	<hr/>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear 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.

In fiscal year 2014, the Town established an OPEB Trust Fund under MGL Chapter 32B, Section 20. The balance in the trust fund is \$707,856 at June 30, 2015.

*F. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the 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, 2013 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advanced funded its obligation. The actuarial assumptions included a 3.5% investment rate of return and an initial annual healthcare cost trend rate of 8% which decreases to a 5% long-term rate for all healthcare benefits after five years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis.

## **24. Greenfield Contributory Retirement System**

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

### **A. Plan Description**

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Greenfield Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publically available from the System located at 14 Court Square, Greenfield, MA 01301.

### **B. Benefits Provided**

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five year average for those first becoming members of the MA System on or after that date. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. Members become vested after 10 years of creditable service. A retirement allowance may be received attaining 20 years of service. The plan also provides for retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was on the Town payroll on January 1, 1978, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 50 for groups 1 and 2, respectively. A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly

amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive zero, fifty, or one hundred percent of the regular interest which has accrued upon those deductions. However, effective July 1, 2010, members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3% and do not forfeit any interest previously earned on contributions.

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 – December 31, 1983	7%
January 1, 1984 – June 30, 1996	8%
Beginning July 1, 1996	9%

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2015 was \$3,144,100, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At June 30, 2015, the Town reported a liability of approximately \$33.4 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2013. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 the Town's proportion was 88.69 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$3,196,422. In addition, the Town reported deferred outflows of resources related to pensions of \$107,317 for the net difference between projected and actual earnings on pension plan investments.

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

Year ended June 30:	
2016	\$ 26,829
2017	26,829
2018	26,829
2019	<u>26,830</u>
Total	<u>\$ 107,317</u>

Actuarial assumptions: The total pension liability in the January 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2013 rolled forward to December 31, 2014
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.25 - 4.75%
Inflation rate	Not explicitly assumed
Post-retirement cost-of-living adjustment	3% of first \$14,000

Mortality rates were based on pre-retirement rates that reflect the RP-2000 Employees table projected 20 years with Scale AA (gender distinct). Post retirement rates reflect the RP-2000 Healthy Annuitant table projected 15 years with Scale AA (gender distinct). For disabled retirees, this table is set forward 2 years.

The actuarial assumptions used in the January 1, 2013 valuation were based on the results of the most recent actuarial experience study, dated January 1, 2013, which was for the period January 1, 2012 through December 31, 2012.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap Equities	14.50%	7.75%
Small/Mid Cap Equities	3.50%	8.00%
Int'l Equities (Unhedged)	16.00%	8.25%
Emerging Int'l Equities	6.00%	9.50%
High-Yield Bonds	1.50%	6.00%
Bank Loans	1.50%	6.25%
EMD (External)	1.00%	7.00%
EMD (Local Currency)	2.00%	7.25%
TIPS	3.00%	4.50%
Long Treasuries	10.00%	4.25%
Private Equity	10.00%	9.75%
Private Debt	4.00%	8.25%
Real Estate (Core)	10.00%	6.50%
Hedge Funds	9.00%	7.00%
Timber/Natural Resources*	4.00%	6.88%
Portfolio Completion Strategies**	4.00%	N/A
Total	<u>100.00%</u>	

\* Timber/Natural Resources consist of 50% Commodities and 50% Private Real Assets (liquid)

\*\* For the Portfolio Completion Strategies, the risk/return assumptions are modeled as 50% Credit Hedge Fund and 50% GAA

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 assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate (in thousands):

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
12/31/2014	\$ 42,384	\$ 33,408	\$ 25,654

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

## **25. Massachusetts Teachers' Retirement System (MTRS)**

### **A. Plan Description**

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

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

*B. Benefits Provided*

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

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon 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.

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

*C. Contributions*

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

<u>Hire Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000



#### D. Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of January 1, 2014, rolled back to June 30, 2013. This valuation used the following assumptions:

(a) 8.0% investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3.0% cost of living increase per year.

Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.

Mortality rates were as follows:

- Pre-retirement - reflects RP-2000 Employees table adjusted for “white-collar” employment projected 22 years with Scale AA (gender distinct)
- Post-retirement - reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct)
- Disability – reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) set forward 3 years for males.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2014 and 2013 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	
		<u>2014</u>	<u>2013</u>
Global equity	43.0%	7.2%	7.70%
Core fixed income	13.0%	2.5%	2.00%
Hedge funds	10.0%	5.5%	4.75%
Private equity	10.0%	8.8%	9.00%
Real estate	10.0%	6.3%	6.00%
Value added fixed income	10.0%	6.3%	6.30%
Timber/natural resources	4.0%	5.0%	5.00%
Total	<u>100.0%</u>		

**E. Discount Rate**

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

**F. Sensitivity Analysis**

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

<u>Fiscal Year Ended</u>	<u>1% Decrease to 7%</u>	<u>Current Discount Rate 8%</u>	<u>1% Increase to 9%</u>
June 30, 2013	\$ 21,426,000	\$ 17,234,000	\$ 13,672,000
June 30, 2014	\$ 20,247,000	\$ 15,896,000	\$ 12,200,000

**G. Special Funding Situation**

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers

do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

*H. Town Proportions*

In fiscal year 2014 (the most recent measurement period), the Commonwealth's proportionate share of the MTRS' collective net pension liability and pension expense that is associated with the Town was \$25,435,157 and \$1,767,102 respectively, based on a proportionate share of 0.16%. As required by GASB 68, the Town has recognized its portion of the collective pension expense as both a revenue and expense in the government-wide statement of activities.

**26. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**27. Beginning Fund Balance Reclassification**

The Town's major governmental funds for fiscal year 2015, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

<u>Fund Basis</u>	<u>Governmental Funds</u>		
	<u>2015 Capital Articles</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balance 06/30/14, as previously reported	\$ -	\$ 5,905,014	\$ 5,905,014
Reclassify major funds in accordance with GASB 34	<u>241,000</u>	<u>(241,000)</u>	<u>-</u>
Fund balance 06/30/14, as reclassified	<u>\$ 241,000</u>	<u>\$ 5,664,014</u>	<u>\$ 5,905,014</u>

**28. Beginning Net Position Restatement**

The beginning net position balances of the Town and System have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Total Business-Type Activities</u>
		<u>Water Fund</u>	<u>Sewer Fund</u>	
Net position 06/30/14 as previously reported	\$ 32,096,152	\$ 4,171,688	\$ 7,094,542	\$ 11,266,230
Record net pension liability in accordance with GASB 68	<u>(32,208,262)</u>	<u>(585,028)</u>	<u>(675,057)</u>	<u>(1,260,085)</u>
Net position 06/30/14, as restated	<u>\$ (112,110)</u>	<u>\$ 3,586,660</u>	<u>\$ 6,419,485</u>	<u>\$ 10,006,145</u>
	<u>Pension Trust Fund</u>			
Net position as previously reported, 12/31/13	\$ 54,574,112			
To correct the adjustment to annualize revenue	<u>1,679,999</u>			
Net position as restated, 12/31/13	<u>\$ 56,254,111</u>			

TOWN OF GREENFIELD, MASSACHUSETTS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

(Unaudited)

(Amounts expressed in thousands)

**Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
07/01/13	\$ -	\$ 71,943	\$ 71,943	0.0%	\$ 23,952	300%
07/01/11	\$ -	\$ 73,933	\$ 73,933	0.0%	\$ 18,545	399%
07/01/09	\$ -	\$ 80,439	\$ 80,439	0.0%	\$ 20,900	385%
07/01/08	\$ -	\$ 82,482	\$ 72,482	0.0%	N/A	N/A

See Independent Auditors' Report.

TOWN OF GREENFIELD, MASSACHUSETTS

SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

(Unaudited)

(Amounts expressed in thousands)

<u>Greenfield Contributory Retirement System:</u>	<u>2015</u>
Proportion of the net pension liability for the most recent measurement date	88.69%
Proportionate share of the net pension liability for the most recent measurement date	\$ 33,408
Covered-employee payroll for the most recent measurement date	\$ 14,052
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.75%
Plan fiduciary net position as a percentage of the total pension liability	61.20%
<u>Massachusetts Teachers' Retirement System:</u>	
Proportion of the net pension liability for the most recent measurement date	0.16%
The Town's proportionate share of the net pension liability for the most recent measurement date	\$ -
Commonwealth of Massachusetts' total proportionate share of the net pension liability that is associated with the Town	<u>25,435</u>
Total net pension liability associated with the Town	<u>\$ 25,435</u>
Covered-employee payroll for the most recent measurement date	\$ 9,810
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	259.28%
Plan fiduciary net position as a percentage of the total pension liability	61.64%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

TOWN OF GREENFIELD, MASSACHUSETTS

SCHEDULE OF CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

(Unaudited)

(Amounts expressed in thousands)

<u>Greenfield Contributory Retirement System:</u>	<u>2015</u>
Contractually required contribution for the current fiscal year	\$ 3,144
Contributions in relation to the contractually required contribution	<u>3,144</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll for the current fiscal year	15,179
Contributions as a percentage of covered-employee payroll	20.71%

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See Independent Auditors' Report.

TOWN OF GREENFIELD, MASSACHUSETTS  
CONTRIBUTORY RETIREMENT SYSTEM

Schedule of Changes in the Net Pension Liability

(Unaudited)

(Amounts expressed in thousands)

	<u>2015</u>
<b>Total pension liability</b>	
Service cost	\$ 2,134
Interest on unfunded liability - time value of \$	7,202
Benefit payments, including refunds of member contributions	<u>(5,939)</u>
Net change in total pension liability	3,397
Total pension liability - beginning	<u>93,759</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 97,156</u></u>
<b>Plan fiduciary net position *</b>	
Contributions - employer	\$ 3,545
Contributions - member	1,572
Net investment income	4,172
Benefit payments, including refunds of member contributions	(5,939)
Administrative expense	(133)
Other	<u>17</u>
Net change in plan fiduciary net position	3,234
Plan fiduciary net position - beginning	<u>56,254</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 59,488</u></u>
<b>Net pension liability (asset) - ending (a-b)</b>	<u><u>\$ 37,668</u></u>

\* Reflects certain rounding and immaterial classification differences from page 24.

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

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.



TOWN OF GREENFIELD, MASSACHUSETTS  
CONTRIBUTORY RETIREMENT SYSTEM

Schedules of Net Pension Liability, Contributions, and Investment Returns

(Unaudited)

(Amounts expressed in thousands)

**Schedule of Net Pension Liability**

	<u>2015</u>
Total pension liability	\$ 97,156
Plan fiduciary net position	(59,488)
	<u>37,668</u>
Net pension liability (asset)	\$ <u>37,668</u>
Plan fiduciary net position as a percentage of the total pension liability	61.2%
Covered employee payroll	\$ 14,907
Participating employer net pension liability (asset) as a percentage of covered employee payroll	252.7%

**Schedule of Contributions**

	<u>2015</u>
Actuarially determined contribution	\$ 3,545
Contributions in relation to the actuarially determined contribution	(3,545)
	<u>-</u>
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 14,907
Contributions as a percentage of covered employee payroll	23.8%

**Schedule of Investment Returns**

*Year Ended December 31*

	<u>2014</u>
Annual money weighted rate of return, net of investment expense	7.62%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.