

***CITY OF GREENFIELD, MASSACHUSETTS***

***REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS***

***YEAR ENDED JUNE 30, 2019***

CITY OF GREENFIELD, MASSACHUSETTS

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JUNE 30, 2019

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## Independent Auditor's Report

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

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenfield, Massachusetts, as of and for the year ended June 30, 2019, (except for the Greenfield Contributory Retirement System which is as of and for the year ended December 31, 2018), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

An audit involves performing procedures to obtain 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 City of Greenfield, Massachusetts, as of June 30, 2019, (except for the Greenfield Contributory Retirement System which is as of December 31, 2018), and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Correction of an Error**

As discussed in Note 16 to the basic financial statements, during the fiscal year ended June 30, 2019, the City of Greenfield, Massachusetts restated beginning net position of the business-type activities and the Greenfield community energy and technology enterprise fund in order to correct the effect of the prior year fixed assets that were incorrectly stated. 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 the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2020, on our consideration of the City of Greenfield, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Greenfield, Massachusetts' internal control over financial reporting and compliance.



August 10, 2020

# ***Management's Discussion and Analysis***

## Management's Discussion and Analysis

As management of the City of Greenfield, we offer readers of the City of Greenfield's financial statements this narrative overview and analysis of the financial activities of the City of Greenfield for the year ended June 30, 2019. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standards setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

### **Financial Highlights**

- The liabilities and deferred inflows of resources of the City of Greenfield exceeded its assets and deferred outflows of resources at the close of the most recent year by \$27.8 million (net position).
- The total governmental and business-type net position decreased by \$7.6 million.
- As required by GASB Statement #68, in 2019 the City recognized a total net pension liability of \$49.5 million along with a deferred outflows and inflows related to pensions of \$8.7 million and \$656,000, respectively.
- As required by GASB Statement #75, in 2019 the City recognized a total net OPEB liability of \$93.0 million along with a deferred outflows and inflows related to OPEB of \$4.4 million and \$5.0 million, respectively.
- As of the close of the current year, the City of Greenfield's governmental funds reported combined ending fund balances of \$10.7 million, an increase of \$5.3 million in comparison with the prior year. The increase is attributable primarily to the timing of expenditures funded by bonds proceeds in the nonmajor funds.
- At the end of the current year, unassigned fund balance for the general fund was \$3.6 million or 6% of total general fund budgetary expenditures.

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

This discussion and analysis is intended to serve as an introduction to the City of Greenfield's basic financial statements. The City of Greenfield's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This approach focuses on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Greenfield's finances, in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic position at the end of the year. The statements are prepared using the full accrual basis of accounting. All revenues and expenses connected with the year are considered even if cash involved has not been received or disbursed.

The government-wide financial statements include two statements:

The *statement of net position* presents information on all of the City of Greenfield's assets, liabilities and deferred inflows/outflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Greenfield is improving or deteriorating.

The *statement of activities* presents information showing how government's net position changed during the most recent 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Greenfield that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Greenfield include general government, public safety, education, public works, health and human services, culture and recreation, and interest expense. The business-type activities of the City of Greenfield include the Water, Sewer and Greenfield Community Energy and Technology (GCET) operations.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Greenfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Greenfield 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 year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

**Proprietary funds.** The City maintains one type of proprietary fund.

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* all reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Greenfield's own programs. The accounting used for fiduciary funds records transactions using the flow of economic resources measurement focus and the accrual basis of accounting.

The fiduciary fund financial statements provide information for the pension and Other Employee Benefit trust funds and the private purpose trust funds. All other fiduciary funds are combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption agency funds.

The City established an Other Postemployment Benefits Trust Fund (OPEB) to account for funds set aside to help offset future post-employment benefits for retirees. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. At year end the OPEB trust fund totaled \$1.4 million.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Greenfield's budgetary basis of accounting and information regarding pension and other postemployment benefits paid by the City. Required supplementary information can be found after the notes to the financial statements.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Greenfield, governmental liabilities and deferred inflows of resources exceeded assets and deferred outflows resources by \$27.8 million at the close of the most recent year.

Net position of \$92.1 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$5.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* has a year-end deficit of \$125.5 million. The primary reason for this deficit balance is the recognition of the net pension and net OPEB liabilities.

**Governmental Activities**

The City’s liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$32.5 million at the close of 2019, which was a decrease of \$4.5 million from the prior year.

	2019	2018 (as restated)
<b>Assets:</b>		
Current assets.....	\$ 16,722,520	\$ 23,612,819
Noncurrent assets (excluding capital).....	3,423,959	3,145,451
Capital assets, non depreciable.....	17,643,411	14,453,494
Capital assets, net of accumulated depreciation....	101,987,591	104,239,483
<b>Total assets.....</b>	<b>139,777,481</b>	<b>145,451,247</b>
<b>Deferred outflows of resources.....</b>	<b>12,179,288</b>	<b>5,430,292</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	3,769,253	4,772,491
Noncurrent liabilities (excluding debt).....	134,781,784	123,039,116
Current debt.....	3,029,037	14,435,855
Noncurrent debt.....	37,496,090	28,982,589
<b>Total liabilities.....</b>	<b>179,076,164</b>	<b>171,230,051</b>
<b>Deferred inflows of resources.....</b>	<b>5,361,691</b>	<b>7,629,889</b>
<b>Net position:</b>		
Net investment in capital assets.....	81,127,504	73,698,441
Restricted.....	5,607,166	8,662,312
Unrestricted.....	(119,215,756)	(110,339,154)
<b>Total net position.....</b>	<b>\$ (32,481,086)</b>	<b>\$ (27,978,401)</b>
<b>Program Revenues:</b>		
Charges for services.....	\$ 4,340,939	\$ 5,677,311
Operating grants and contributions.....	26,230,393	27,284,953
Capital grants and contributions.....	1,867,432	12,442,300
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	32,518,001	31,971,853
Motor vehicle and other excise taxes.....	1,645,217	1,939,055
Penalties and interest on taxes.....	1,117,998	1,021,048
Grants and contributions not restricted to specific programs.....	3,512,039	3,171,605
Unrestricted investment income.....	399,006	112,758
Miscellaneous.....	27,675	367,205
<b>Total revenues.....</b>	<b>71,658,700</b>	<b>83,988,088</b>
<b>Expenses:</b>		
General government.....	7,637,507	7,422,420
Public safety.....	10,683,212	11,232,991
Education.....	44,673,674	46,049,405
Public works.....	4,874,115	5,643,712
Health and human services.....	4,534,814	4,431,862
Culture and recreation.....	1,975,564	1,927,844
Interest.....	1,486,287	1,418,207
<b>Total expenses.....</b>	<b>75,865,173</b>	<b>78,126,441</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(4,206,473)</b>	<b>5,861,647</b>
<b>Transfers.....</b>	<b>(296,212)</b>	<b>(3,000)</b>
<b>Change in net position.....</b>	<b>(4,502,685)</b>	<b>5,858,647</b>
<b>Net position, beginning of year, as restated.....</b>	<b>(27,978,401)</b>	<b>(33,837,048)</b>
<b>Net position, end of year.....</b>	<b>\$ (32,481,086)</b>	<b>\$ (27,978,401)</b>

The governmental expenses totaled \$75.9 million, of which \$32.4 million (43%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. The decrease in public safety, education and public works expenses is primarily attributable to a change in methodology used for the allocation of the net pension liability. General revenues totaled \$39.2 million, primarily coming from property taxes, motor vehicle excise and other excise taxes, penalties, interest and other taxes, and non-restricted state aid.

The governmental net position decreased by \$4.5 million during the current year. The decrease was primarily due to a \$2.4 million decrease from the net effect of recognizing the net OPEB liability and related deferred inflows/outflows of resources related to OPEB, a \$1.0 million decrease from the net effect of recognizing the net pension liability and related deferred inflows/outflows of resources related to pensions, and a \$2.3 million decrease from depreciation expense, which is unbudgeted exceeding debt principal payments raised on the tax rate by \$2.3 million. These decreases were offset by \$1.9 million of capital grants.

**Business-type activities**

The City’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4.7 million at the close of 2019.

	2019	2018 (as restated)
<b>Assets:</b>		
Current assets.....	\$ 2,858,270	\$ 2,795,967
Capital assets, non depreciable.....	50,000	88,573
Capital assets, net of accumulated depreciation....	20,576,061	19,785,757
<b>Total assets.....</b>	<b>23,484,331</b>	<b>22,670,297</b>
<b>Deferred outflows of resources.....</b>	<b>954,102</b>	<b>206,435</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	292,492	152,347
Noncurrent liabilities (excluding debt).....	8,831,953	4,610,202
Current debt.....	5,520,464	8,692,600
Noncurrent debt.....	4,836,500	2,834,500
<b>Total liabilities.....</b>	<b>19,481,409</b>	<b>16,289,649</b>
<b>Deferred inflows of resources.....</b>	<b>305,271</b>	<b>282,210</b>
<b>Net position:</b>		
Net investment in capital assets.....	10,933,590	9,997,622
Unrestricted.....	(6,281,837)	(3,692,749)
<b>Total net position.....</b>	<b>\$ 4,651,753</b>	<b>\$ 6,304,873</b>

	2019	2018 (as restated)
<b>Program Revenues:</b>		
Charges for services.....	\$ 5,410,884	\$ 4,143,546
Capital grants and contributions.....	148,058	147,142
<b>General Revenues:</b>		
Unrestricted investment income.....	791	1,645
<b>Total revenues.....</b>	<b>5,559,733</b>	<b>4,292,333</b>
<b>Expenses:</b>		
Water.....	3,328,489	1,815,891
Sewer.....	4,481,721	2,295,471
GCET.....	1,101,560	-
<b>Total expenses.....</b>	<b>8,911,770</b>	<b>4,111,362</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(3,352,037)</b>	<b>180,971</b>
<b>Transfers.....</b>	<b>296,212</b>	<b>3,000</b>
<b>Change in net position.....</b>	<b>(3,055,825)</b>	<b>183,971</b>
<b>Net position, beginning of year, as restated.....</b>	<b>7,707,578</b>	<b>7,523,607</b>
<b>Net position, end of year.....</b>	<b>\$ 4,651,753</b>	<b>\$ 7,707,578</b>

Business-type net position of \$10.9 million represents the investment in capital assets while unrestricted net position is in a deficit position of \$6.3 million. The City's business-type net position decreased by \$3.1 million in the current year. The increases in the water and sewer expenses are primarily attributable to a change in methodology used for the allocation of the net pension liability.

The water enterprise fund net position decreased by \$1.2 million. The decrease was primarily due to a \$623,000 decrease from the net effect of recognizing the net OPEB liability and related deferred inflows/outflows of resources related to OPEB, and a \$941,000 decrease from the net effect of recognizing the net pension liability and related deferred inflows/outflows of resources related to pensions.

The sewer enterprise fund net position decreased by \$1.4 million. The decrease is primarily due to an \$858,000 decrease from the net effect of recognizing the net OPEB liability and related deferred inflows/outflows of resources related to OPEB, and a \$1.2 million decrease from the net effect of recognizing the net pension liability and related deferred inflows/outflows of resources related to pensions.

On March 21, 2018, the City Council voted to establish the Greenfield Community Energy and Technology enterprise fund for the purpose of providing telecommunication and broad band services effective July 1, 2018. For the year ended June 30, 2019, the GCET enterprise fund net position decreased by \$486,000. This decrease is primarily attributable to depreciation expense of \$258,000 which is unbudgeted and a \$221,000 operating loss.

## Financial Analysis of the Governmental Funds

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

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

At the end of the current year, governmental funds reported combined ending balances of \$10.7 million, which is comprised of \$4.5 million in the general fund, \$20,000 in the CDBG program income fund, \$486,000 in the capital outlay orders fund, a deficit of \$210,000 in the parking garage capital project fund, and \$5.9 million in the nonmajor governmental funds. Cumulatively there was an increase of \$5.3 million in fund balances from the prior year.

The general fund is the chief operating fund of the City of Greenfield. At the end of the current year, unassigned fund balance of the general fund was \$3.6 million, of which \$2.4 million relates to its five stabilization funds. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6% of total general fund budgetary expenditures, while total fund balance represents 8% of that same amount.

The fund balance of the City of Greenfield's general fund experienced an increase of \$402,000 during the current year, which was primarily due to unexpended appropriations that were offset by the use of free cash.

The City's CDBG program income fund increased by \$2,000 in the current year resulting from revenues of \$154,000 and expenditures of \$152,000.

The City's capital outlay orders fund increased by \$4.9 million in the current year resulting from bond proceeds of \$5.1 million and expenditures of \$232,000.

The City's parking garage capital project fund increased by \$207,000 in the current year resulting from capital grants of \$828,000, bond proceeds of \$2.5 million and expenditures of \$3.1 million.

## General Fund Budgetary Highlights

The original 2019 budget authorized \$55.5 million in appropriations and other amounts to be raised; which includes \$247,000 of amounts carried forward from prior year. During 2019, the Council also approved supplemental appropriations totaling \$1.9 million. The most significant increases relate to transfers to the general stabilization fund, capital project funds and debt principal and interest.

## Capital Asset and Debt Administration

**Capital assets.** The City of Greenfield's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$92.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The net increase in the City's investment in capital assets for the current year governmental assets was \$5.9 million and business-type assets were \$467,000.

**Long-term debt.** At the end of the current year, the City of Greenfield had total governmental bonded debt outstanding of \$39.0 million and business-type bonded debt of \$5.2 million. During 2019, the City issued governmental long-term debt totaling \$10.4 million and business-type long-term debt totaling \$2.4 million.

Additionally, the City reported governmental short-term borrowings of \$1.1 million and business-type short-term borrowings of \$5.1 million.

Please refer to notes 4, 6, 7 and 8 for further discussion of the major capital and debt activity.

### **Requests for Information**

This financial report is designed to provide a general overview of the City 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 the Mayor Roxann Wedegartner, City of Greenfield, 14 Court Square, Greenfield, MA 01301.

# ***Basic Financial Statements***

## STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 11,468,280	\$ 932,472	\$ 12,400,752
Investments.....	1,307,052	-	1,307,052
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	474,256	-	474,256
Tax and utility liens.....	609,454	49,626	659,080
Motor vehicle and other excise taxes.....	287,796	-	287,796
User charges.....	-	1,876,172	1,876,172
Departmental and other.....	384,322	-	384,322
Intergovernmental - other.....	1,594,615	-	1,594,615
Tax foreclosures.....	596,745	-	596,745
Total current assets.....	<u>16,722,520</u>	<u>2,858,270</u>	<u>19,580,790</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Loans.....	3,423,959	-	3,423,959
Capital assets, nondepreciable.....	17,643,411	50,000	17,693,411
Capital assets, net of accumulated depreciation.....	<u>101,987,591</u>	<u>20,576,061</u>	<u>122,563,652</u>
Total noncurrent assets.....	<u>123,054,961</u>	<u>20,626,061</u>	<u>143,681,022</u>
<b>TOTAL ASSETS.....</b>	<b><u>139,777,481</u></b>	<b><u>23,484,331</u></b>	<b><u>163,261,812</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	8,010,000	734,000	8,744,000
Deferred outflows related to other postemployment benefits.....	<u>4,169,288</u>	<u>220,102</u>	<u>4,389,390</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b><u>12,179,288</u></b>	<b><u>954,102</u></b>	<b><u>13,133,390</u></b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	817,537	202,482	1,020,019
Accrued payroll.....	1,374,050	-	1,374,050
Accrued interest.....	333,226	35,000	368,226
Other liabilities.....	290,274	-	290,274
Fees collected in advance.....	26,961	-	26,961
Capital lease obligations.....	118,891	-	118,891
Landfill closure.....	22,050	-	22,050
Compensated absences.....	905,155	55,010	960,165
Notes payable.....	1,077,000	5,144,464	6,221,464
Bonds payable.....	<u>1,833,146</u>	<u>376,000</u>	<u>2,209,146</u>
Total current liabilities.....	<u>6,798,290</u>	<u>5,812,956</u>	<u>12,611,246</u>
<b>NONCURRENT:</b>			
Capital lease obligations.....	299,713	-	299,713
Landfill closure.....	132,300	-	132,300
Compensated absences.....	955,280	12,763	968,043
Net pension liability.....	45,362,000	4,156,000	49,518,000
Net other postemployment benefits liability.....	88,332,204	4,663,190	92,995,394
Bonds payable.....	<u>37,196,377</u>	<u>4,836,500</u>	<u>42,032,877</u>
Total noncurrent liabilities.....	<u>172,277,874</u>	<u>13,668,453</u>	<u>185,946,327</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>179,076,164</u></b>	<b><u>19,481,409</u></b>	<b><u>198,557,573</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	602,000	54,000	656,000
Deferred inflows related to other postemployment benefits.....	<u>4,759,691</u>	<u>251,271</u>	<u>5,010,962</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>5,361,691</u></b>	<b><u>305,271</u></b>	<b><u>5,666,962</u></b>
<b>NET POSITION</b>			
Net investment in capital assets.....	81,127,504	10,933,590	92,061,094
Restricted for:			
Permanent funds:			
Expendable.....	433,995	-	433,995
Nonexpendable.....	48,692	-	48,692
Gifts and grants.....	5,124,479	-	5,124,479
Unrestricted.....	<u>(119,215,756)</u>	<u>(6,281,837)</u>	<u>(125,497,593)</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$ (32,481,086)</u></b>	<b><u>\$ 4,651,753</u></b>	<b><u>\$ (27,829,333)</u></b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 7,637,507	\$ 732,950	\$ 4,848,994	\$ 188,124	\$ (1,867,439)
Public safety.....	10,683,212	1,622,955	116,389	-	(8,943,868)
Education.....	44,673,674	682,141	20,797,616	932,633	(22,261,284)
Public works.....	4,874,115	770,596	19,216	746,675	(3,337,628)
Health and human services.....	4,534,814	152,373	402,277	-	(3,980,164)
Culture and recreation.....	1,975,564	379,924	45,901	-	(1,549,739)
Interest.....	1,486,287	-	-	-	(1,486,287)
<b>Total Governmental Activities.....</b>	<b>75,865,173</b>	<b>4,340,939</b>	<b>26,230,393</b>	<b>1,867,432</b>	<b>(43,426,409)</b>
<i>Business-Type Activities:</i>					
Water.....	3,328,489	2,007,659	-	-	(1,320,830)
Sewer.....	4,481,721	2,787,507	-	148,058	(1,546,156)
GCET.....	1,101,560	615,718	-	-	(485,842)
<b>Total Business-Type Activities.....</b>	<b>8,911,770</b>	<b>5,410,884</b>	<b>-</b>	<b>148,058</b>	<b>(3,352,828)</b>
<b>Total Primary Government.....</b>	<b>\$ 84,776,943</b>	<b>\$ 9,751,823</b>	<b>\$ 26,230,393</b>	<b>\$ 2,015,490</b>	<b>\$ (46,779,237)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (continued)**

YEAR ENDED JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(43,426,409)</b>	<b>(3,352,828)</b>	<b>(46,779,237)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	32,518,001	-	32,518,001
Motor vehicle and other excise taxes.....	1,645,217	-	1,645,217
Penalties, interest and other taxes.....	1,117,998	-	1,117,998
Grants and contributions not restricted to specific programs.....	3,512,039	-	3,512,039
Unrestricted investment income.....	399,006	791	399,797
Miscellaneous.....	27,675	-	27,675
<i>Transfers, net</i> .....	<u>(296,212)</u>	<u>296,212</u>	<u>-</u>
Total general revenues and transfers.....	<u>38,923,724</u>	<u>297,003</u>	<u>39,220,727</u>
Change in net position.....	(4,502,685)	(3,055,825)	(7,558,510)
<i>Net position:</i>			
Beginning of year, as restated.....	<u>(27,978,401)</u>	<u>7,707,578</u>	<u>(20,270,823)</u>
End of year..... \$	<u><u>(32,481,086)</u></u>	<u><u>4,651,753</u></u>	<u><u>(27,829,333)</u></u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2019

	General	CDBG Program Income Fund	Capital Outlay Orders Fund	Parking Garage Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 4,489,102	\$ 19,981	\$ 538,930	\$ -	\$ 6,420,267	\$ 11,468,280
Investments.....	774,241	-	-	-	532,811	1,307,052
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	474,256	-	-	-	-	474,256
Tax liens.....	609,454	-	-	-	-	609,454
Motor vehicle and other excise taxes.....	287,796	-	-	-	-	287,796
Departmental and other.....	243,852	-	-	-	140,470	384,322
Intergovernmental.....	1,147,445	-	-	-	447,170	1,594,615
Loans.....	-	3,423,959	-	-	-	3,423,959
Tax foreclosures.....	596,745	-	-	-	-	596,745
Due from other funds.....	-	-	-	-	173,988	173,988
<b>TOTAL ASSETS.....</b>	<b>\$ 8,622,891</b>	<b>\$ 3,443,940</b>	<b>\$ 538,930</b>	<b>\$ -</b>	<b>\$ 7,714,706</b>	<b>\$ 20,320,467</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 430,865	\$ -	\$ 69,631	\$ 35,923	\$ 281,118	\$ 817,537
Accrued payroll.....	1,094,347	-	-	-	279,703	1,374,050
Due to other funds.....	-	-	-	173,988	-	173,988
Other liabilities.....	290,171	-	-	-	103	290,274
Fees collected in advance.....	26,961	-	-	-	-	26,961
Notes payable.....	-	-	-	-	1,077,000	1,077,000
<b>TOTAL LIABILITIES.....</b>	<b>1,842,344</b>	<b>-</b>	<b>69,631</b>	<b>209,911</b>	<b>1,637,924</b>	<b>3,759,810</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	2,278,343	3,423,959	-	-	156,201	5,858,503
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	48,692	48,692
Restricted.....	-	19,981	469,299	-	6,046,698	6,535,978
Committed.....	789,636	-	-	-	-	789,636
Assigned.....	78,302	-	-	-	-	78,302
Unassigned.....	3,634,266	-	-	(209,911)	(174,809)	3,249,546
<b>TOTAL FUND BALANCES.....</b>	<b>4,502,204</b>	<b>19,981</b>	<b>469,299</b>	<b>(209,911)</b>	<b>5,920,581</b>	<b>10,702,154</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 8,622,891</b>	<b>\$ 3,443,940</b>	<b>\$ 538,930</b>	<b>\$ -</b>	<b>\$ 7,714,706</b>	<b>\$ 20,320,467</b>

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2019

Total governmental fund balances.....		\$ 10,702,154
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		119,631,002
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,858,503
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		6,817,597
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(333,226)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(39,029,523)	
Net pension liability.....	(45,362,000)	
Net other postemployment benefits liability.....	(88,332,204)	
Landfill closure.....	(154,350)	
Capital lease obligations.....	(418,604)	
Compensated absences.....	<u>(1,860,435)</u>	
Net effect of reporting long-term liabilities.....		<u>(175,157,116)</u>
Net position of governmental activities.....		<u>\$ (32,481,086)</u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2019

	General	CDBG Program Income Fund	Capital Outlay Orders Fund	Parking Garage Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 32,250,347	\$ -	\$ -	\$ -	\$ -	\$ 32,250,347
Penalties, interest and other taxes.....	1,117,998	-	-	-	-	1,117,998
Motor vehicle and other excise taxes.....	1,645,217	-	-	-	-	1,645,217
Charges for services.....	1,171,327	-	-	-	2,774,472	3,945,799
Licenses and permits.....	340,209	-	-	-	-	340,209
Intergovernmental - School Building Authority.....	924,757	-	-	-	-	924,757
Intergovernmental - Teachers Retirement.....	3,939,308	-	-	-	-	3,939,308
Intergovernmental - other.....	16,553,833	152,176	-	827,631	8,858,121	26,391,761
Contributions and donations.....	-	-	-	-	94,401	94,401
Investment income.....	381,336	1,661	-	-	16,009	399,006
Miscellaneous.....	23,050	-	-	-	4,625	27,675
<b>TOTAL REVENUES.....</b>	<b>58,347,382</b>	<b>153,837</b>	<b>-</b>	<b>827,631</b>	<b>11,747,628</b>	<b>71,076,478</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	3,674,763	152,266	-	-	2,209,855	6,036,884
Public safety.....	6,419,734	-	9,495	3,120,967	1,180,037	10,730,233
Education.....	19,858,996	-	155,056	-	6,055,208	26,069,260
Public works.....	2,560,175	-	7,003	-	1,232,835	3,800,013
Health and human services.....	710,111	-	60,307	-	3,342,913	4,113,331
Culture and recreation.....	830,043	-	-	-	456,242	1,286,285
Pension benefits.....	3,737,881	-	-	-	-	3,737,881
Pension benefits - Teachers Retirement.....	3,939,308	-	-	-	-	3,939,308
Employee benefits.....	8,121,216	-	-	-	-	8,121,216
State and county charges.....	4,142,865	-	-	-	-	4,142,865
Debt service:						
Principal.....	2,679,000	-	-	-	4,146	2,683,146
Interest.....	1,434,599	-	-	-	-	1,434,599
<b>TOTAL EXPENDITURES.....</b>	<b>58,108,691</b>	<b>152,266</b>	<b>231,861</b>	<b>3,120,967</b>	<b>14,481,236</b>	<b>76,095,021</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>238,691</b>	<b>1,571</b>	<b>(231,861)</b>	<b>(2,293,336)</b>	<b>(2,733,608)</b>	<b>(5,018,543)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of bonds.....	-	-	5,102,500	2,493,500	2,806,000	10,402,000
Premium from issuance of bonds and notes.....	-	-	-	-	71,183	71,183
Capital lease financing.....	97,696	-	-	-	-	97,696
Transfers in.....	813,582	-	1,500	6,500	599,236	1,420,818
Transfers out.....	(748,448)	-	-	-	(968,582)	(1,717,030)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>162,830</b>	<b>-</b>	<b>5,104,000</b>	<b>2,500,000</b>	<b>2,507,837</b>	<b>10,274,667</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>401,521</b>	<b>1,571</b>	<b>4,872,139</b>	<b>206,664</b>	<b>(225,771)</b>	<b>5,256,124</b>
<b>FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED....</b>	<b>4,100,683</b>	<b>18,410</b>	<b>(4,402,840)</b>	<b>(416,575)</b>	<b>6,146,352</b>	<b>5,446,030</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 4,502,204</b>	<b>\$ 19,981</b>	<b>\$ 469,299</b>	<b>\$ (209,911)</b>	<b>\$ 5,920,581</b>	<b>\$ 10,702,154</b>

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds.....		\$ 5,256,124
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	5,879,039	
Depreciation expense.....	<u>(4,941,014)</u>	
Net effect of reporting capital assets.....		938,025
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		582,252
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Principal payments on capital leases.....	119,467	
Issuance of bonds.....	(10,402,000)	
Premium from issuance of bonds.....	(71,183)	
Capital lease financing.....	(97,696)	
Net amortization of premium from issuance of bonds.....	71,183	
Net change in deferred charge on refunding.....	(66,999)	
Debt service principal payments.....	<u>2,683,146</u>	
Net effect of reporting long-term debt.....		(7,764,082)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(158,840)	
Net change in accrued interest on long-term debt.....	15,311	
Net change in deferred outflow/(inflow) of resources related to pensions.....	4,546,771	
Net change in net pension liability.....	(5,565,281)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits..	4,508,298	
Net change in net other postemployment benefits liability.....	(6,883,313)	
Net change in landfill closure.....	<u>22,050</u>	
Net effect of recording long-term liabilities.....		<u>(3,515,004)</u>
Change in net position of governmental activities.....		\$ <u><u>(4,502,685)</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	GCET	Total
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 822,549	\$ 109,923	\$ -	\$ 932,472
Receivables, net of allowance for uncollectibles:				
Liens - user charges.....	23,872	25,754	-	49,626
User charges.....	744,551	1,089,753	41,868	1,876,172
Due from other funds.....	264,851	-	-	264,851
Total current assets.....	1,855,823	1,225,430	41,868	3,123,121
<b>NONCURRENT:</b>				
Capital assets, non depreciable.....	50,000	-	-	50,000
Capital assets, net of accumulated depreciation.....	5,654,523	10,229,402	4,692,136	20,576,061
Total noncurrent assets.....	5,704,523	10,229,402	4,692,136	20,626,061
<b>TOTAL ASSETS.....</b>	<b>7,560,346</b>	<b>11,454,832</b>	<b>4,734,004</b>	<b>23,749,182</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions.....	336,000	398,000	-	734,000
Deferred outflows related to other postemployment benefits.....	100,766	119,336	-	220,102
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>436,766</b>	<b>517,336</b>	<b>-</b>	<b>954,102</b>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	85,353	111,783	5,346	202,482
Due to other funds.....	-	-	264,851	264,851
Accrued interest.....	20,000	15,000	-	35,000
Compensated absences.....	18,509	16,103	20,398	55,010
Notes payable.....	113,750	30,714	5,000,000	5,144,464
Bonds payable.....	242,000	134,000	-	376,000
Total current liabilities.....	479,612	307,600	5,290,595	6,077,807
<b>NONCURRENT:</b>				
Compensated absences.....	7,753	5,010	-	12,763
Net pension liability.....	1,903,000	2,253,000	-	4,156,000
Net other postemployment benefits liability.....	2,134,879	2,528,311	-	4,663,190
Bonds payable.....	2,041,000	2,795,500	-	4,836,500
Total noncurrent liabilities.....	6,086,632	7,581,821	-	13,668,453
<b>TOTAL LIABILITIES.....</b>	<b>6,566,244</b>	<b>7,889,421</b>	<b>5,290,595</b>	<b>19,746,260</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions.....	25,000	29,000	-	54,000
Deferred inflows related to other postemployment benefits.....	115,036	136,235	-	251,271
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>140,036</b>	<b>165,235</b>	<b>-</b>	<b>305,271</b>
<b>NET POSITION</b>				
Net investment in capital assets.....	3,420,379	7,513,211	-	10,933,590
Unrestricted.....	(2,129,547)	(3,595,699)	(556,591)	(6,281,837)
<b>TOTAL NET POSITION.....</b>	<b>\$ 1,290,832</b>	<b>\$ 3,917,512</b>	<b>\$ (556,591)</b>	<b>\$ 4,651,753</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	GCET	Total
<b>OPERATING REVENUES:</b>				
Charges for services.....	\$ 2,007,659	\$ 2,787,507	\$ 615,718	\$ 5,410,884
<b>OPERATING EXPENSES:</b>				
Cost of services and administration.....	2,242,025	3,074,378	428,141	5,744,544
Salaries and wages.....	623,069	737,893	369,439	1,730,401
Depreciation.....	378,230	481,909	258,147	1,118,286
<b>TOTAL OPERATING EXPENSES.....</b>	<b>3,243,324</b>	<b>4,294,180</b>	<b>1,055,727</b>	<b>8,593,231</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(1,235,665)</b>	<b>(1,506,673)</b>	<b>(440,009)</b>	<b>(3,182,347)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income.....	485	306	-	791
Interest expense.....	(85,165)	(187,541)	(45,833)	(318,539)
Intergovernmental - subsidy.....	-	148,058	-	148,058
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(84,680)</b>	<b>(39,177)</b>	<b>(45,833)</b>	<b>(169,690)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>(1,320,345)</b>	<b>(1,545,850)</b>	<b>(485,842)</b>	<b>(3,352,037)</b>
<b>TRANSFERS:</b>				
Transfers in.....	131,720	164,492	-	296,212
<b>CHANGE IN NET POSITION.....</b>	<b>(1,188,625)</b>	<b>(1,381,358)</b>	<b>(485,842)</b>	<b>(3,055,825)</b>
<b>NET POSITION AT BEGINNING OF YEAR, AS RESTATED.....</b>	<b>2,479,457</b>	<b>5,298,870</b>	<b>(70,749)</b>	<b>7,707,578</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 1,290,832</b>	<b>\$ 3,917,512</b>	<b>\$ (556,591)</b>	<b>\$ 4,651,753</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	GCET	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users.....	\$ 1,611,092	\$ 2,511,194	\$ 838,701	\$ 4,960,987
Payments to vendors.....	(530,961)	(942,875)	(426,262)	(1,900,098)
Payments to employees.....	(730,771)	(876,826)	(349,041)	(1,956,638)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>349,360</b>	<b>691,493</b>	<b>63,398</b>	<b>1,104,251</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in.....	131,720	164,492	-	296,212
Advances from other funds.....	-	-	141,897	141,897
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>131,720</b>	<b>164,492</b>	<b>141,897</b>	<b>438,109</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from the issuance of bonds and notes.....	660,750	1,861,714	5,000,000	7,522,464
Capital contributions.....	-	148,058	-	148,058
Acquisition and construction of capital assets.....	-	(276,642)	(190,669)	(467,311)
Principal payments on bonds and notes.....	(997,000)	(2,695,600)	(5,000,000)	(8,692,600)
Interest expense.....	(68,646)	(180,979)	(45,834)	(295,459)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(404,896)</b>	<b>(1,143,449)</b>	<b>(236,503)</b>	<b>(1,784,848)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income.....	485	306	-	791
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>76,669</b>	<b>(287,158)</b>	<b>(31,208)</b>	<b>(241,697)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	745,880	397,081	31,208	1,174,169
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 822,549	\$ 109,923	\$ -	\$ 932,472
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>				
<b>FROM OPERATING ACTIVITIES:</b>				
Operating income (loss).....	\$ (1,235,665)	\$ (1,506,673)	\$ (440,009)	\$ (3,182,347)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	378,230	481,909	258,147	1,118,286
Deferred (outflows)/inflows related to pensions.....	(260,553)	(313,211)	-	(573,764)
Deferred (outflows)/inflows related to other postemployment benefits.....	(75,626)	(82,516)	-	(158,142)
Changes in assets and liabilities:				
Liens - user charges.....	6,379	20,229	-	26,608
User charges.....	(138,095)	(315,672)	(41,868)	(495,635)
Due from other funds.....	(264,851)	19,130	-	(245,721)
Other assets.....	-	-	4,000	4,000
Warrants payable.....	71,443	27,454	(2,121)	96,776
Accrued payroll.....	(11,914)	(15,508)	-	(27,422)
Due to other funds.....	-	-	264,851	264,851
Compensated absences.....	(20,162)	(40,909)	20,398	(40,673)
Net pension liability.....	1,201,336	1,477,042	-	2,678,378
Other postemployment benefits.....	698,838	940,218	-	1,639,056
Total adjustments.....	1,585,025	2,198,166	503,407	4,286,598
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 349,360</b>	<b>\$ 691,493</b>	<b>\$ 63,398</b>	<b>\$ 1,104,251</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 1,483,817	\$ 774,910	\$ 96,018
Investments:			
Investments in Pension Reserve Investment Trust.....	66,669,301	-	-
Equity securities.....	292,592	-	-
Mutual funds.....	469,145	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	1,078,357	-	-
<b>TOTAL ASSETS.....</b>	<b>69,993,212</b>	<b>774,910</b>	<b>96,018</b>
<b>LIABILITIES</b>			
Warrants payable.....	-	700	9,323
Liabilities due depositors.....	-	6,408	460
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>7,108</b>	<b>9,783</b>
<b>NET POSITION</b>			
Restricted for pensions.....	68,583,876	-	-
Restricted for other postemployment benefits.....	1,409,336	-	-
Held in trust for other purposes.....	-	767,802	86,235
<b>TOTAL NET POSITION.....</b>	<b>\$ 69,993,212</b>	<b>\$ 767,802</b>	<b>\$ 86,235</b>

(1) The Pension Trust Fund is as of December 31, 2018.

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2019

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 4,748,600	\$ -
Employer contributions for other postemployment benefit payments....	2,485,414	-
Member contributions.....	1,819,160	-
Transfers from other systems.....	168,039	-
3(8)c contributions from other systems.....	241,667	-
Workers compensation settlements.....	1,212	-
State COLA reimbursements.....	58,730	-
Member makeup payments and redeposits.....	46,758	-
Private donations.....	-	1,823
	<u>9,569,580</u>	<u>1,823</u>
Total contributions.....		
Net investment income:		
Investment income.....	(1,170,813)	(12,199)
Less: investment expense.....	<u>(365,998)</u>	<u>-</u>
Net investment income (loss).....	<u>(1,536,811)</u>	<u>(12,199)</u>
	<u>8,032,769</u>	<u>(10,376)</u>
TOTAL ADDITIONS.....		
<b>DEDUCTIONS:</b>		
Administration.....	157,592	-
Transfers to other systems.....	245,220	-
3(8)c transfer to other systems.....	455,973	-
Retirement benefits and refunds.....	7,137,309	-
Other postemployment benefit payments.....	2,485,414	-
Educational scholarships.....	-	11,350
	<u>10,481,508</u>	<u>11,350</u>
TOTAL DEDUCTIONS.....		
NET INCREASE (DECREASE) IN NET POSITION.....	(2,448,739)	(21,726)
NET POSITION AT BEGINNING OF YEAR.....	<u>72,441,951</u>	<u>789,528</u>
NET POSITION AT END OF YEAR.....	<u>\$ 69,993,212</u>	<u>\$ 767,802</u>

(1) The Pension Trust Fund is as of December 31, 2018.

See notes to basic financial statements.

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

The accompanying basic financial statements of the City of Greenfield, Massachusetts (City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**A. Reporting Entity**

The City is a municipal corporation that is governed by an elected Mayor and City Council.

For financial reporting purposes, the City has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the City (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

*Component Unit Presented as a Fiduciary Fund* – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the City and the component unit:

The Greenfield Contributory Retirement System (GCRS) was established to provide retirement benefits to City employees and their beneficiaries. The GCRS is governed by a five-member board comprised of the Finance Director (ex-officio), one member appointed by the Mayor, two elected members, and two members appointed by board members. The GCRS is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

**Availability of Financial Information for Component Units**

The System issues publicly available audited financial statements in accordance with GAAP and a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). Those reports may be obtained by contacting the System located at City Hall, 14 Court Square, Greenfield, Massachusetts 01301.

***Joint Ventures***

The City is a member of the Franklin County Technical School that serves the members' students seeking an education in academic and technical studies. The Members share in the operations of the Franklin County Technical School and each member is responsible for its proportionate share of the operational and capital cost of the Franklin County Technical School, which are paid in the form of assessments. The City does not have any equity interest in the Franklin County Technical School and the 2019 assessment was \$1,152,518.

## B. Government-Wide and Fund Financial Statements

### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

*Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

### *Fund Financial Statements*

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

#### *Major Fund Criteria*

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

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

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

Fiduciary funds are reported by fund type.

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

### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the 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.

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions restricted to meeting the capital requirements of a particular function or segment.

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

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

#### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community development block grant (CDBG) program income fund* accounts for funds received for the repayment of housing rehab loans. Funds can be spent on CDBG eligible activities only.

The *capital outlay orders fund* is used to account for all expenditures authorized by the capital improvement program.

The *parking garage capital project fund* is used to account for all construction and other initial operating costs related to the building of a new parking garage.

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent nonexpendable fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

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

The *water enterprise fund* is used to account for operations related to providing the City's water services and supporting infrastructure.

The sewer enterprise fund is used to account for operations of the City's wastewater treatment facility and supporting infrastructure.

The *Greenfield community energy and technology (GCET) enterprise fund* is used to account for municipal broadband and television operations and supporting infrastructure.

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

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* is used to account for other postemployment benefit (OPEB), which accumulate resources to provide funding for future OPEB liabilities.

The *pension trust fund* is used to account for the activities of the GCRS, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

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. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings.

The *agency funds* account for assets held by the City 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 Investments

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

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

## E. Fair Value Measurement

The City reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the City's and Retirement System financial instruments, see Note 2 – Cash and Investments.

## F. Accounts Receivable

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

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

The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

### ***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> 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 year of the levy.

One day after the final tax bill is due, 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 delinquent taxpayers' property. The City has an ultimate right to foreclose on property for unpaid taxes.

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

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

### ***Motor Vehicle and Other Excise Taxes***

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

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

### ***Loans Receivable***

Loans receivable represents various deferred payment loans made to residents through the City's Federal Community Development Block Grant programs.

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

### ***User Fees***

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Liens are processed in December of every year and included as a lien on the property owner's tax bill. These charges and liens are recorded as receivables in the year of the levy.

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

**Departmental and Other**

Departmental and other receivables consist primarily of parking tickets, trash fees, police details and ambulance services and are recorded as receivables in the year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

**Intergovernmental**

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

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

G. Inventories

*Government-Wide and Fund Financial Statements*

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets

*Government-Wide and Proprietary Fund Financial Statements*

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

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

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Machinery and equipment.....	10
Vehicles.....	6-10
General infrastructure.....	20-50
Buildings and improvements.....	30-50
Enterprise fund infrastructure.....	50

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

#### *Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

#### I. Deferred Outflows/Inflows of Resources

##### *Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflow of resources related to pensions and other postemployment benefits in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions and other postemployment benefits in this category.

##### *Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The City has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

#### J. Interfund Receivables and Payables

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

##### *Government-Wide Financial Statements*

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

##### *Fund Financial Statements*

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

### K. Interfund Transfers

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

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

### L. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

### M. Net Position and Fund Equity

#### *Government-Wide Financial Statements (Net Position)*

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been "restricted for" the following:

"Permanent funds – expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

"Permanent funds – nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

"Gifts and Grants" – represent restrictions placed on assets from outside parties.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption

must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have depleted before unrestricted – net position is applied.

#### *Fund Financial Statements (Fund Balances)*

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Approval by the City Council is the highest level of decision making authority for the government that can, by approval of a council order prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the order remains in place until a similar action is taken to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Finance Director has the authority to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current years' appropriation. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of the assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that can report a positive unassigned fund balance.

The City's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

#### N. Pensions

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

### O. Long-term debt

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

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

#### *Governmental Fund Financial Statements*

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

### P. Investment Income

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

Investment income from proprietary funds is retained by that fund.

### Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

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

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

#### *Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

### R. Use of Estimates

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

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

### S. Individual Fund Deficits

Individual fund deficits exist within the capital outlay orders fund, the parking garage capital project fund and the nonmajor funds. These deficits will be funded with future bond proceeds, grant proceeds and other available funds.

T. Total Column*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**NOTE 2 - CASH AND INVESTMENTS**

A cash and investment pool that is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Pension Reserves Investment Management (PRIM) Board is charged with the general supervision of the Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund is a pooled investment fund established to invest the pension funds of the Massachusetts State Employees' and Teachers' Retirement Systems, and the assets of the county, authority, district, and municipal retirement systems that choose to invest in the Fund. The PRIT Fund was created in December 1983 by the Legislature (Chapter 661, Acts 1983) with a mandate to accumulate the assets through investment earnings and other revenue sources in order to reduce the Commonwealth's significant unfunded pension liability, and to assist local participating retirement systems in meeting their future pension obligations.

Investments

The City had the following investments, with their respective maturities, at June 30, 2019:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities Under 1 Year</u>
<u>Debt securities:</u>		
Government sponsored enterprises.....	\$ 499,448	\$ <u>499,448</u>
<u>Other investments:</u>		
Equity securities.....	1,100,196	
Mutual funds.....	469,145	
Money market mutual funds.....	1,084,738	
MMDT - Cash portfolio.....	<u>1,261</u>	
Total investments.....	\$ <u>3,154,788</u>	

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial risk is to place funds in institutions that provide the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield and by limiting deposits to no more than 5% of the institution's assets or 10% of the City's cash balance. At year-end, the carrying amount of deposits totaled \$12,833,280 and the bank balance totaled \$13,644,982. Of the bank balance, \$3,258,911 was covered by Federal Depository Insurance, \$2,498,043 was covered by Depositors Insurance Fund Insurance, \$14,839 was covered by Share Insurance Fund, and \$7,873,189 was collateralized.

At December 31, 2018, the carrying amount of deposits for the System totaled \$836,218 and the bank balance of \$869,654 is covered by Federal Depository Insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The City's investments of \$499,448 in government sponsored enterprises, and \$1,100,196 in equity securities have custodial credit risk exposure of \$1,599,644 because the related securities are uninsured, unregistered and held by the counterparty. The City's policy for custodial credit risk is to invest its funds in financial institutions included on a list produced annually by the Commonwealth Division of Banks. The policy also states that no more than 10% of the City's investments shall be invested in a single financial institution.

At December 31, 2018, the System's investments of \$66,669,301 in the PRIT Fund do not have any associated custodial credit risk.

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. The City's policy 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.

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

The City's investments in government sponsored enterprises of \$499,448 are rated AA+ by Standard & Poor's and the investments in mutual funds are unrated.

The System's investments in PRIT are unrated.

Concentration of Credit Risk

The City policy states that no more than 10% of the City's investments shall be invested in a single financial institution. The City 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 System may invest in any one issuer or security type with the exception of the PRIT fund, which the System is invested in.

Fair Value of Investments

The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active market for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City chooses a tabular format for disclosing levels within the fair value hierarchy.

The City has the following recurring fair value measurements as of June 30, 2019:

Investment Type	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
Government sponsored enterprises.....	\$ 499,448	\$ 499,448	\$ -	\$ -
<u>Other investments:</u>				
Equity securities.....	1,100,196	1,100,196	-	-
Mutual funds.....	469,145	469,145	-	-
Money market mutual funds.....	1,084,738	1,084,738	-	-
Total other investments.....	2,654,079	2,654,079	-	-
Total investments measured at fair value.....	3,153,527	\$ 3,153,527	\$ -	\$ -
<b>Investments measured at amortized cost:</b>				
MMDT - Cash portfolio.....	1,261			
Total investments.....	\$ 3,154,788			

Government sponsored enterprises, equities, mutual funds and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

Retirement System

As of December 31, 2018, the System had \$66,669,301 invested in PRIT. PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool’s shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

**NOTE 3 - RECEIVABLES**

At June 30, 2019, receivables for the individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 501,323	\$ (27,067)	\$ 474,256
Tax liens.....	609,454	-	609,454
Motor vehicle and other excise taxes.....	415,662	(127,866)	287,796
Departmental and other.....	384,322	-	384,322
Intergovernmental - other.....	1,594,615	-	1,594,615
Loans.....	3,423,959	-	3,423,959
 Total.....	 \$ <u>6,929,335</u>	 \$ <u>(154,933)</u>	 \$ <u>6,774,402</u>

At June 30, 2019, receivables for the water and sewer enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 23,872	\$ -	\$ 23,872
Water user charges.....	744,551	-	744,551
Sewer liens - user charges.....	25,754	-	25,754
Sewer user charges.....	1,089,753	-	1,089,753
GCET user charges.....	41,868	-	41,868
 Total.....	 \$ <u>1,925,798</u>	 \$ <u>-</u>	 \$ <u>1,925,798</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 540,496	\$ -	\$ 540,496
Tax liens.....	609,454	-	609,454
Motor vehicle and other excise taxes.....	287,796	-	287,796
Departmental and other.....	243,852	140,470	384,322
Intergovernmental - highway improvements.....	-	15,731	15,731
Community development block grants.....	-	3,423,959	3,423,959
Tax foreclosures.....	596,745	-	596,745
 Total.....	 \$ <u>2,278,343</u>	 \$ <u>3,580,160</u>	 \$ <u>5,858,503</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 13,383,794	\$ -	\$ -	\$ 13,383,794
Construction in progress.....	1,069,700	4,259,616	(1,069,699)	4,259,617
Total capital assets not being depreciated....	<u>14,453,494</u>	<u>4,259,616</u>	<u>(1,069,699)</u>	<u>17,643,411</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	137,612,286	1,062,200	-	138,674,486
Machinery and equipment.....	11,079,002	338,570	(121,360)	11,296,212
Infrastructure.....	18,653,858	1,288,352	-	19,942,210
Total capital assets being depreciated.....	<u>167,345,146</u>	<u>2,689,122</u>	<u>(121,360)</u>	<u>169,912,908</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(43,115,176)	(3,677,539)	-	(46,792,715)
Machinery and equipment.....	(8,568,604)	(614,971)	121,360	(9,062,215)
Infrastructure.....	(11,421,883)	(648,504)	-	(12,070,387)
Total accumulated depreciation.....	<u>(63,105,663)</u>	<u>(4,941,014)</u>	<u>121,360</u>	<u>(67,925,317)</u>
Total capital assets being depreciated, net.....	<u>104,239,483</u>	<u>(2,251,892)</u>	<u>-</u>	<u>101,987,591</u>
Total governmental activities capital assets, net....	<u>\$ 118,692,977</u>	<u>\$ 2,007,724</u>	<u>\$ (1,069,699)</u>	<u>\$ 119,631,002</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress.....	38,573	-	(38,573)	-
Total capital assets not being depreciated....	<u>88,573</u>	<u>-</u>	<u>(38,573)</u>	<u>50,000</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	15,449,219	190,670	-	15,639,889
Machinery and equipment.....	1,448,786	224,453	-	1,673,239
Infrastructure.....	18,447,292	90,761	-	18,538,053
Total capital assets being depreciated.....	<u>35,345,297</u>	<u>505,884</u>	<u>-</u>	<u>35,851,181</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(3,767,447)	(467,686)	-	(4,235,133)
Machinery and equipment.....	(972,763)	(76,106)	-	(1,048,869)
Infrastructure.....	(9,416,624)	(574,494)	-	(9,991,118)
Total accumulated depreciation.....	<u>(14,156,834)</u>	<u>(1,118,286)</u>	<u>-</u>	<u>(15,275,120)</u>
Total capital assets being depreciated, net.....	<u>21,188,463</u>	<u>(612,402)</u>	<u>-</u>	<u>20,576,061</u>
Total business-type activities capital assets, net....	<u>\$ 21,277,036</u>	<u>\$ (612,402)</u>	<u>\$ (38,573)</u>	<u>\$ 20,626,061</u>

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

<b>Governmental Activities:</b>	
General government.....	\$ 419,968
Public safety.....	452,809
Education.....	2,982,613
Public works.....	772,587
Health and human services.....	107,332
Culture and recreation.....	<u>205,705</u>
Total depreciation expense - governmental activities.....	\$ <u>4,941,014</u>
<b>Business-Type Activities:</b>	
Water.....	\$ 378,230
Sewer.....	481,909
GCET.....	<u>258,147</u>
Total depreciation expense - business-type activities.....	\$ <u>1,118,286</u>

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables between funds at June 30, 2019, are summarized as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor fund.....	Parking garage capital project fund.....	\$ <u>173,988</u>
Water enterprise fund.....	GCET fund.....	\$ <u>264,851</u>

Interfund transfers for the year ended June 30, 2019, are summarized as follows:

Transfers Out:	Transfers In:						Total	
	General fund	Capital outlay orders fund	Parking garage capital project	Nonmajor governmental funds	Water enterprise fund	Sewer enterprise fund		
General fund.....	\$ -	\$ 1,500	\$ 6,500	\$ 444,236	\$ 131,720	\$ 164,492	\$ 748,448	(1)
Nonmajor governmental funds...	<u>813,582</u>	-	-	<u>155,000</u>	-	-	<u>968,582</u>	(2)
Total.....	\$ <u>813,582</u>	\$ <u>1,500</u>	\$ <u>6,500</u>	\$ <u>599,236</u>	\$ <u>131,720</u>	\$ <u>164,492</u>	\$ <u>1,717,030</u>	

- (1) Represents budgeted transfers from the general fund to the capital outlay orders fund, the parking garage capital project fund, nonmajor capital project funds and the water and sewer enterprise funds.
- (2) Represents a budgeted transfer from other available funds and transfers between nonmajor funds.

**NOTE 6 – CAPITAL LEASE**

The City is the lessee of certain equipment under capital leases expiring in 2025. Future minimum lease payments consist of the following as of June 30, 2019:

<u>Years ending June 30:</u>	<u>Governmental Activities</u>
2020.....	\$ 132,175
2021.....	92,149
2022.....	57,989
2023.....	57,989
2024.....	57,989
2025.....	<u>57,989</u>
 Total minimum lease payments.....	 456,280
 Less: amounts representing interest.....	 <u>(37,676)</u>
 Present value of minimum lease payments... \$	 <u><u>418,604</u></u>

The gross amount of assets acquired under capital leases, by major asset class, are show below:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment.....	\$ 713,286
Less: accumulated depreciation.....	<u>(359,534)</u>
 Total.....	 \$ <u><u>353,752</u></u>

**NOTE 7 - SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and each applicable enterprise fund. Details related to the short-term debt activity for the year ended June 30, 2019, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2018	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2019
<b>Governmental Funds:</b>							
BAN	Municipal Purpose.....	1.95%	12/3/2018	\$ 44,400	\$ -	\$ (44,400)	\$ -
BAN	Municipal Purpose.....	1.75%	5/31/2019	11,623,000	-	(11,623,000)	-
BAN	Municipal Purpose.....	2.50%	8/16/2019	-	11,479,000	-	11,479,000
	Sub-total.....			11,667,400	11,479,000	(11,667,400)	11,479,000
	General Obligation Bonds Issued After Year-end.....				(10,402,000)		(10,402,000)
	Total Governmental Funds.....			\$ 11,667,400	\$ 1,077,000	\$ (11,667,400)	\$ 1,077,000
<b>Water Enterprise Fund:</b>							
BAN	Municipal Purpose.....	1.75%	5/31/2019	\$ 722,000	\$ -	\$ (722,000)	\$ -
BAN	Municipal Purpose.....	2.50%	8/16/2019	-	660,750	-	660,750
	Sub-total.....			722,000	660,750	(722,000)	660,750
	General Obligation Bonds Issued After Year-end.....				(547,000)		(547,000)
	Total Water Enterprise Fund.....			722,000	113,750	(722,000)	113,750
<b>Sewer Enterprise Fund:</b>							
BAN	Municipal Purpose.....	1.75%	5/31/2019	1,970,000	-	(1,970,000)	-
BAN	Municipal Purpose.....	2.50%	8/16/2019	-	1,861,714	-	1,861,714
	Sub-total.....			1,970,000	1,861,714	(1,970,000)	1,861,714
	General Obligation Bonds Issued After Year-end.....				(1,831,000)		(1,831,000)
	Total Sewer Enterprise Fund.....			1,970,000	30,714	(1,970,000)	30,714
<b>GCET Enterprise Fund:</b>							
BAN	Municipal Purpose.....	1.70%	10/1/2018	5,000,000	-	(5,000,000)	-
BAN	Municipal Purpose.....	3.00%	10/1/2019	-	5,000,000	-	5,000,000
	Total GCET Enterprise Fund.....			5,000,000	5,000,000	(5,000,000)	5,000,000
	Total Enterprise Funds.....			\$ 2,692,000	\$ 5,144,464	\$ (2,692,000)	\$ 5,144,464

On August 16, 2019, \$14,001,464 of BAN's matured of which \$12,780,000 were redeemed through the issuance of general obligation bonds and in accordance with GAAP have been reclassified as long-term debt. The remaining balance of \$1,221,464 was redeemed with available funds.

On October 1, 2019, \$5,00,000 of BAN's matured of which \$147,060 were redeemed with available funds. The remaining balance of \$4,852,940 was renewed with an interest rate of 2.0% per annum and a maturity date of October 1, 2020.

**NOTE 8 - LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

Details related to the outstanding indebtedness at June 30, 2019, and the debt service requirements are as follows:

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Title V (part I) 2001.....	2020	\$ 17,125	0.00	\$ 892
Title V (part II) 2004.....	2025	62,270	0.00	21,131
Municipal Purpose Bonds of 2005.....	2021	11,948,000	2.90 - 5.00	95,000
Municipal Purpose Bonds of 2009.....	2025	3,844,000	2.00 - 3.50	480,500
Municipal Purpose Bonds of 2012.....	2027	5,288,800	2.00 - 2.55	975,000
Municipal Purpose Bonds of 2014.....	2039	28,422,000	3.00 - 5.00	22,590,000
Municipal Purpose Bonds of 2016.....	2042	7,381,000	3.00 - 3.50	4,465,000
Municipal Purpose Bonds of 2020.....	2039	13,485,000	2.00 - 5.00	10,402,000
Total Bonds Payable, net.....				<u>\$ 39,029,523</u>

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2020.....	\$ 1,833,146	\$ 1,059,380	\$ 2,892,526
2021.....	2,382,254	986,925	3,369,179
2022.....	2,243,754	916,451	3,160,205
2023.....	2,161,254	859,615	3,020,869
2024.....	2,085,254	803,832	2,889,086
2025.....	2,038,861	747,640	2,786,501
2026.....	1,960,000	704,207	2,664,207
2027.....	1,895,000	656,919	2,551,919
2028.....	1,875,000	604,119	2,479,119
2029.....	1,865,000	560,331	2,425,331
2030.....	1,860,000	515,500	2,375,500
2031.....	1,875,000	469,425	2,344,425
2032.....	1,910,000	416,325	2,326,325
2033.....	1,740,000	361,850	2,101,850
2034.....	1,775,000	313,800	2,088,800
2035.....	1,740,000	264,276	2,004,276
2036.....	1,785,000	210,688	1,995,688
2037.....	1,830,000	160,613	1,990,613
2038.....	1,805,000	109,738	1,914,738
2039.....	1,855,000	56,550	1,911,550
2040.....	475,000	1,050	476,050
2041.....	20,000	350	20,350
2042.....	20,000	-	20,000
Total.....	<u>\$ 39,029,523</u>	<u>\$ 10,779,584</u>	<u>\$ 49,809,107</u>

**Bonds and Notes Payable Schedule – Enterprise Funds**

Details related to the outstanding indebtedness at June 30, 2019, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
<b>Water Enterprise Fund</b>				
Municipal Purpose Bonds of 2000.....	2021	\$ 17,407,000	5.00 - 7.00	\$ 115,000
Municipal Purpose Bonds of 2005.....	2021	11,948,000	2.90 - 5.00	21,000
Municipal Purpose Bonds of 2009.....	2025	3,844,000	2.00 - 3.50	30,000
Municipal Purpose Bonds of 2012.....	2027	5,288,800	2.00 - 2.55	95,000
Municipal Purpose Bonds of 2014.....	2039	28,422,000	3.00 - 5.00	140,000
Municipal Purpose Bonds of 2016.....	2042	7,381,000	3.00 - 3.50	1,335,000
Municipal Purpose Bonds of 2020.....	2039	13,485,000	2.00 - 5.00	547,000
Sub-total.....				<u>2,283,000</u>
<b>Sewer Enterprise Fund</b>				
Municipal Purpose Bonds of 2005.....	2021	\$ 11,948,000	2.90 - 5.00	\$ 14,000
Municipal Purpose Bonds of 2009.....	2025	3,844,000	2.00 - 3.50	159,500
Municipal Purpose Bonds of 2012.....	2027	5,288,800	2.00 - 2.55	225,000
Municipal Purpose Bonds of 2014.....	2039	28,422,000	3.00 - 5.00	225,000
Municipal Purpose Bonds of 2016.....	2042	7,381,000	3.00 - 3.50	475,000
Municipal Purpose Bonds of 2020.....	2039	13,485,000	2.00 - 5.00	1,831,000
Sub-total.....				<u>2,929,500</u>
Total Business-Type Activities, net.....				<u>\$ 5,212,500</u>

Debt service requirements for principal and interest for enterprise fund bonds payable in future years are as follows:

Year	Principal	Interest	Total
2020.....	\$ 376,000	\$ 97,301	\$ 473,301
2021.....	371,000	82,537	453,537
2022.....	329,500	73,785	403,285
2023.....	322,000	69,628	391,628
2024.....	318,000	59,139	377,139
2025.....	306,000	51,723	357,723
2026.....	270,000	45,663	315,663
2027.....	260,000	41,263	301,263
2028.....	240,000	36,713	276,713
2029.....	240,000	32,813	272,813
2030.....	215,000	29,250	244,250
2031.....	210,000	26,350	236,350
2032.....	210,000	23,400	233,400
2033.....	205,000	20,450	225,450
2034.....	205,000	17,639	222,639
2035.....	200,000	14,614	214,614
2036.....	200,000	12,075	212,075
2037.....	175,000	9,975	184,975
2038.....	160,000	7,963	167,963
2039.....	155,000	6,125	161,125
2040.....	145,000	4,375	149,375
2041.....	50,000	2,625	52,625
2042.....	50,000	875	50,875
Total.....	<u>\$ 5,212,500</u>	<u>\$ 766,281</u>	<u>\$ 5,978,781</u>

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2019, the City had the following authorized and unissued debt:

Purpose	Amount
Student Transport Vehicle.....	\$ 70,000
Wireless Public Address.....	155,000
Community Center.....	100,000
SCADA.....	225,000
Camera System Cruisers and Station.....	120,000
Anaerobic Digester Study.....	60,000
Pickett Lane Sewer Main.....	150,000
Sewer Main Replacement.....	100,000
Green River Sand Filters.....	75,000
Replace Sand Filters- Water Equipment (Oak Hill).....	80,000
Green River School Windows and Roof.....	1,615,109
Federal Street School.....	4,950,000
Water Main Replacement.....	100,000
<b>Total.....</b>	<b>\$ 7,800,109</b>

**Changes in Long-term Liabilities**

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 31,310,669	\$ 10,402,000	\$ (2,683,146)	\$ -	\$ -	\$ 39,029,523	\$ 1,833,146
Capital lease obligations.....	440,375	-	-	97,696	(119,467)	418,604	118,891
Landfill closure.....	176,400	-	-	-	(22,050)	154,350	22,050
Compensated absences.....	1,701,595	-	-	221,279	(62,439)	1,860,435	905,155
Net pension liability.....	39,796,719	-	-	9,417,281	(3,852,000)	45,362,000	-
Net other postemployment benefits liability..	80,243,481	-	-	10,449,508	(2,360,785)	88,332,204	-
<b>Total governmental activity long-term liabilities.....</b>	<b>\$ 153,669,239</b>	<b>\$ 10,402,000</b>	<b>\$ (2,683,146)</b>	<b>\$ 20,185,764</b>	<b>\$ (6,416,741)</b>	<b>\$ 175,157,116</b>	<b>\$ 2,879,242</b>
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 3,835,100	\$ 2,378,000	\$ (1,000,600)	\$ -	\$ -	\$ 5,212,500	\$ 376,000
Compensated absences.....	108,447	-	-	47,350	(88,024)	67,773	55,010
Net pension liability.....	1,477,621	-	-	2,990,379	(312,000)	4,156,000	-
Net other postemployment benefits liability..	4,229,544	-	-	558,275	(124,629)	4,663,190	-
<b>Total business-type activity long-term liabilities.....</b>	<b>\$ 9,650,712</b>	<b>\$ 2,378,000</b>	<b>\$ (1,000,600)</b>	<b>\$ 3,596,004</b>	<b>\$ (524,653)</b>	<b>\$ 14,099,463</b>	<b>\$ 431,010</b>

**NOTE 9 – LANDFILL**

State and Federal laws and regulation require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$154,350 reported as landfill post closure care liability at June 30, 2019, represents the remaining estimated post closure maintenance costs. The amounts are based on what it would cost to perform all post closure care in 2019. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

**NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end the balances of the general stabilization, capital stabilization, contractual stabilization, building maintenance stabilization, and special education stabilization funds were \$1,838,667, \$21,343, \$228,011, \$95,182 and \$168,570, respectively. All are reported as unassigned fund balance within the General Fund.

The GASB provides for two major types of fund balance, which are Nonspendable and Spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City has reported principal portion of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

As of June 30, 2019, the governmental fund balances consisted of the following:

	General	CDBG Program Income Fund	Capital Outlay Orders Projects	Parking Garage Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 48,692	\$ 48,692
<b>Restricted for:</b>						
CDBG program income fund.....	-	19,981	-	-	-	19,981
Capital outlay orders fund.....	-	-	469,299	-	-	469,299
School lunch.....	-	-	-	-	481,049	481,049
Circuit breaker.....	-	-	-	-	889,421	889,421
School choice.....	-	-	-	-	741,859	741,859
School revolving tuition.....	-	-	-	-	1,190,009	1,190,009
Franklin Hampshire Employment and Training Consortium.....	-	-	-	-	275,116	275,116
Bond premiums.....	-	-	-	-	147,039	147,039
Town federal and state grants.....	-	-	-	-	58,929	58,929
Town gifts.....	-	-	-	-	127,128	127,128
School gifts.....	-	-	-	-	38,011	38,011
Other.....	-	-	-	-	1,595,960	1,595,960
Other capital project funds.....	-	-	-	-	68,182	68,182
Permanent expendable fund.....	-	-	-	-	429,747	429,747
Conservation permanent fund.....	-	-	-	-	4,248	4,248
<b>Committed to:</b>						
Building maintenance stabilization fund.....	95,182	-	-	-	-	95,182
Capital stabilization fund.....	21,343	-	-	-	-	21,343
Contractual agreements stabilization fund.....	228,011	-	-	-	-	228,011
School special education stabilization fund.....	168,570	-	-	-	-	168,570
Free cash used for subsequent year budget.....	276,530	-	-	-	-	276,530
<b>Assigned to:</b>						
<b>Encumbrances:</b>						
General government.....	15,749	-	-	-	-	15,749
Education.....	23,143	-	-	-	-	23,143
Public works.....	39,410	-	-	-	-	39,410
Unassigned.....	3,634,266	-	-	(209,911)	(174,809)	3,249,546
<b>Total Fund Balances.....</b>	<b>\$ 4,502,204</b>	<b>\$ 19,981</b>	<b>\$ 469,299</b>	<b>\$ (209,911)</b>	<b>\$ 5,920,581</b>	<b>\$ 10,702,154</b>

**NOTE 11 - RISK FINANCING**

The City 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 City carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The City is also a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. Workers' compensation activities are accounted for in the general fund. The City's estimated liability for workers compensation claims was not material to the City's financial position and therefore has not been reported.

**NOTE 12 - PENSION PLAN**

*Plan Descriptions*

The City is a member of the Greenfield Contributory Retirement System (GCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the three member units. The GCRS is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit

provisions of the plan. The GCRS is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements. See Note 1 for more information.

The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the 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 the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

#### *Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2018. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$3,939,308 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the City is \$38,873,911 as of the measurement date.

#### *Benefits Provided*

Both Systems provide retirement, deferred allowances, and death and disability benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

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

There were no changes of benefit term that affected the total pension liability at December 31, 2018.

At December 31, 2018, the GCRS’s membership consists of the following:

Retired plan members or beneficiaries currently receiving benefits.....	295
Inactive plan members entitled to a return of employee contribution.....	227
Inactive plan members with a vested right to deferred or immediate benefit.....	17
Active plan members.....	<u>442</u>
Total.....	<u><u>981</u></u>

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the GCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2018, was \$4,649,000, 25.20% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City’s proportionate share of the required contribution was \$4,164,000, which equaled its actual contribution.

*Pension Liabilities*

The components of the net pension liability of the participating member units at June 30, 2019 were as follows:

Total pension liability.....	\$ 123,967,000
Total pension plan's fiduciary net position.....	<u>(68,584,000)</u>
Total net pension liability.....	<u><u>\$ 55,383,000</u></u>
 The pension plan's fiduciary net position as a percentage of the total pension liability.....	 55.32%

At June 30, 2019, the City reported a liability of \$49,518,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2018, the City’s proportion was 89.41%, which changed from the prior year proportion of 89.76%.

*Pension Expense*

For the year ended June 30, 2019, the City recognized pension expense of \$7,287,000. At June 30, 2019, the City reported deferred outflows of resources related to pensions of \$8,744,000, and reported deferred inflows of resources related to pensions of \$656,000.

The balance of deferred outflows and inflows at June 30, 2019 consisted of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,725,000	\$ (537,000)	\$ 1,188,000
Difference between projected and actual earnings, net.....	2,507,000	-	2,507,000
Changes in assumptions.....	4,512,000	-	4,512,000
Changes in proportion and proportionate share of contributions...	-	(119,000)	(119,000)
Total deferred outflows/(inflows) of resources.....	\$ 8,744,000	\$ (656,000)	\$ 8,088,000

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

Year ended June 30:

2020.....	\$ 3,014,000
2021.....	1,691,000
2022.....	1,514,000
2023.....	1,869,000
Total deferred outflows/(inflows) of resources.....	\$ 8,088,000

*Actuarial Assumptions*

The total pension liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2018:

Valuation date.....	January 1, 2019
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Total payments increase 10.0% for one year and then 7.26% per year until FY34 with a final amortization payment in FY35.
Remaining amortization period.....	16 years from July 1, 2019.
Asset valuation method.....	Market value for GASB 67/68. For funding purposes, gains and losses each year are recognized over 5 years.
Inflation rate.....	Not explicitly assumed.
Salary increases.....	Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.
Cost of living allowances.....	3% of first \$14,000.
Investment rate of return/Discount rate.....	7.25% net of pension plan investment expense, including inflation.

Mortality Rates..... Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct).

Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct).

For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2018 (gender distinct).

*Investment policy*

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2018, are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity:		
Domestic equity.....	17.50%	7.62%
International equity.....	15.50%	7.80%
Emerging international equities.....	6.00%	9.31%
Core fixed income.....	12.00%	11.87%
Value added fixed income.....	10.00%	7.58%
Private equity.....	12.00%	11.15%
Real estate.....	10.00%	6.59%
Timberland.....	4.00%	7.00%
Hedge funds and portfolio completion....	13.00%	6.83%
	100.00%	

*Rate of return*

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate*

The discount rate used to measure the total pension liability was 7.25%, previously 7.40%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net position liability to changes in the discount rate*

The table on the following page presents the net position liability, calculated using the discount rate of 7.25%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
The City's proportionate share of the net pension liability..... \$	61,355,000	49,518,000	39,484,000
GCRS total net pension liability..... \$	<u>68,623,000</u>	<u>55,383,000</u>	<u>44,160,000</u>

*Changes of Assumptions* – The long-term investment rate of return was reduced from 7.40% to 7.25% and the mortality assumption was revised to reflect a recent PERAC study.

*Changes in Plan Provisions* – None.

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The City of Greenfield administers a single-employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the City and the unions representing City employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

*Summary of Significant Accounting Policies* – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investments contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

*Funding Policy* – Contribution requirements are also negotiated between the City and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The plan members contribute 20% to 40%, based on the plan selected. Surviving spouses contribute 50% of premiums regardless of the plan selected. The City contributes the remainder of the premium. For the year ended June 30, 2019, the City’s average contribution rate was 11.16% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2019, the City pre-funded future OPEB liabilities totaling \$100,000 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2019, the net position of the OPEB trust fund totaled \$1,409,336.

*Investment policy* – The City’s policy regarding the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City’s investment policy.

*Plan Membership* - The following table represents the Plan’s membership at June 30, 2019:

Active members.....	518
Inactive members currently receiving benefits.....	<u>404</u>
Total.....	<u><u>922</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2019:

Total OPEB liability.....	\$ 94,404,730
Less: OPEB plan’s fiduciary net position.....	<u>(1,409,336)</u>
Net OPEB liability.....	<u><u>\$ 92,995,394</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	1.49%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, that was rolled forward to June 30, 2019 to be in accordance with GASB #74 and GASB #75 as follows:

Valuation date.....	July 1, 2017
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Discount rate.....	3.51%, previously 3.87%
Inflation rate.....	2.60%, previously 3.00%
Projected salary increases.....	2.60%, previously 3.50%
Healthcare cost trend rates.....	7.60% in 2017, reducing by 0.5% each year to an ultimate rate of 4.60% per year rate for 2023 and later.
Mortality rates.....	RP-2014 Adjusted to 2006 Total Dataset (Blue Collar for Police and Fire) Morality Table projected to valuation date with Scale MP-2018. Projected to date of decrement using Scale MP-2018 (generational).

*Rate of return* – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was -0.09%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2019, are summarized in the following table below:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity		
Large cap equities.....	53.00%	4.50%
Small/mid cap equities.....	4.00%	5.00%
International equities.....	6.00%	5.25%
Money Market.....	37.00%	0.25%
Total.....	<u>100.00%</u>	

*Discount rate* – The discount rate used to measure the total OPEB liability was 3.51% as of June 30, 2019 and 3.87% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the municipal bond rate is based on the Bond Buyer GO 20-Bond Municipal index rate as of June 30, 2019, which was applied to all periods to determine the total OPEB liability.

*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018.....	\$ 85,783,605	\$ 1,310,580	\$ 84,473,025
Changes for the year:			
Service cost.....	3,309,237	-	3,309,237
Interest.....	3,396,387	-	3,396,387
Differences between expected and actual experience.....	(621,522)	-	(621,522)
Changes in assumptions and other inputs.....	5,022,437	-	5,022,437
Benefit payments.....	(2,485,414)	(2,485,414)	-
Contributions - employer.....	-	2,585,414	(2,585,414)
Net investment income (loss).....	-	(1,244)	1,244
Net change.....	<u>8,621,125</u>	<u>98,756</u>	<u>8,522,369</u>
Balances at June 30, 2019.....	<u>\$ 94,404,730</u>	<u>\$ 1,409,336</u>	<u>\$ 92,995,394</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.51%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current rate.

	Current		
	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Net OPEB liability.....	<u>\$ 109,499,347</u>	<u>\$ 92,995,394</u>	<u>\$ 80,019,165</u>

*Sensitivity of the net OPEB liability to changes in the healthcare trend* – The following table presents the net other postemployment benefit liability, calculated the health care trend rate if it was is 1–percentage-point lower or 1–percentage-point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	<u>\$ 77,542,403</u>	<u>\$ 92,995,394</u>	<u>\$ 113,247,141</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the City recognized OPEB expense of \$6,341,343. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience..... \$	-	\$ (557,693)	\$ (557,693)
Difference between projected and actual earnings, net....	27,800	-	27,800
Changes in assumptions.....	4,361,590	(4,453,269)	(91,679)
Total deferred outflows/(inflows) of resources..... \$	4,389,390	\$ (5,010,962)	\$ (621,572)

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

Year ended June 30:

2020.....	\$ (213,562)
2021.....	(213,562)
2022.....	(213,562)
2023.....	(208,974)
2024.....	(219,365)
Thereafter.....	447,453
Total deferred outflows/(inflows) of resources..... \$	(621,572)

*Changes of Assumptions* – The discount rate was reduced from 3.87% to 3.51%. The inflation rate was reduced from 3.00% to 2.60%. The rate of compensation increase was reduced from 3.50% to 2.60%. The mortality assumptions were updated to reflect the latest published pension mortality study released by the Society of Actuaries.

*Changes in Plan Provisions* – None.

**NOTE 14 –CONTINGENCIES**

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2019, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

**NOTE 15 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS**

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2018)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 836,218	\$ 647,599	\$ 1,483,817
Investments:			
Investments in Pension Reserve Investment Trust.....	66,669,301	-	66,669,301
Equity securities.....	-	292,592	292,592
Mutual funds.....	-	469,145	469,145
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	1,078,357	-	1,078,357
<b>TOTAL ASSETS.....</b>	<b>68,583,876</b>	<b>1,409,336</b>	<b>69,993,212</b>
<b>NET POSITION</b>			
Restricted for pensions.....	68,583,876	-	68,583,876
Restricted for other postemployment benefits.....	-	1,409,336	1,409,336
<b>TOTAL NET POSITION.....</b>	<b>\$ 68,583,876</b>	<b>\$ 1,409,336</b>	<b>\$ 69,993,212</b>

	Pension Trust Fund (as of December 31, 2018)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer contributions.....	\$ 4,648,600	\$ 100,000	\$ 4,748,600
Employer contributions for other postemployment benefit payments.....	-	2,485,414	2,485,414
Member contributions.....	1,819,160	-	1,819,160
Transfers from other systems.....	168,039	-	168,039
3(8)c contributions from other systems.....	241,667	-	241,667
Workers compensation settlements.....	1,212	-	1,212
State COLA reimbursements.....	58,730	-	58,730
Member makeup payments and redeposits.....	46,758	-	46,758
<b>Total contributions.....</b>	<b>6,984,166</b>	<b>2,585,414</b>	<b>9,569,580</b>
Net investment income:			
Investment income.....	(1,169,569)	(1,244)	(1,170,813)
Less: investment expense.....	(365,998)	-	(365,998)
<b>Net investment income (loss).....</b>	<b>(1,535,567)</b>	<b>(1,244)</b>	<b>(1,536,811)</b>
<b>TOTAL ADDITIONS.....</b>	<b>5,448,599</b>	<b>2,584,170</b>	<b>8,032,769</b>
<b>DEDUCTIONS:</b>			
Administration.....	157,592	-	157,592
Transfers to other systems.....	245,220	-	245,220
3(8)c transfer to other systems.....	455,973	-	455,973
Retirement benefits and refunds.....	7,137,309	-	7,137,309
Other postemployment benefit payments.....	-	2,485,414	2,485,414
<b>TOTAL DEDUCTIONS.....</b>	<b>7,996,094</b>	<b>2,485,414</b>	<b>10,481,508</b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b>(2,547,495)</b>	<b>98,756</b>	<b>(2,448,739)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>71,131,371</b>	<b>1,310,580</b>	<b>72,441,951</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 68,583,876</b>	<b>\$ 1,409,336</b>	<b>\$ 69,993,212</b>

**NOTE 16 – RESTATEMENT OF NET POSITION/FUND BALANCE PREVIOUSLY REPORTED**

Beginning net position/fund balance of the governmental activities and business-type activities has been restated as a result of the City Council establishing the GCET fund which was reclassified as an enterprise fund at the start of the fiscal year. Net position/fund balance previously reported has been restated as follows:

	Governmental Activities	Business-type Activities		
<b>Entity-Wide Financial Statements</b>				
Net position previously reported.....	\$ (29,451,855)	\$ 7,778,327		
Restatements:				
Reclassify GCET fixed assets to enterprise fund.....	(3,356,908)	3,356,908		
Reclassify GCET operating fund to enterprise fund.....	(141,897)	141,897		
Reclassify GCET capital fund to enterprise fund.....	4,972,259	(4,972,259)		
To record fiscal 2018 capital assets.....	-	1,402,705		
Net position at beginning of year - as restated.....	<u>\$ (27,978,401)</u>	<u>\$ 7,707,578</u>		
<b>Fund-Based Financial Statements</b>				
Net position/fund balance previously reported.....	\$ (4,972,259)	\$ 6,288,249	\$ -	
Restatements:				
Reclassify GCET fixed assets to enterprise fund.....	-	-	3,356,908	
Reclassify GCET operating fund to enterprise fund.....	-	(141,897)	141,897	
Reclassify GCET capital fund to enterprise fund.....	4,972,259	-	(4,972,259)	
To record fiscal 2018 capital assets.....	-	-	1,402,705	
Net position/fund balance at beginning of year - as restated...	<u>\$ -</u>	<u>\$ 6,146,352</u>	<u>\$ (70,749)</u>	

**NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 10, 2020, which is the date the financial statements were available to be issued.

**NOTE 18 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2019, the following GASB pronouncements were implemented:

- GASB Statement #83, *Certain Asset Retirement Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.

- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.

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

## ***Required Supplementary Information***

# ***General Fund Budgetary Schedule***

The General Fund is the general operating fund of the City. It is used to account for all the financial resources, except those required to be accounted for in another fund.

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 32,764,096	\$ 32,764,096	\$ 32,764,097	\$ 32,238,856	\$ -	\$(525,241)
Penalties, interest and other taxes.....	-	880,000	880,000	885,000	1,117,998	-	232,998
Motor vehicle and other excise taxes.....	-	1,590,000	1,590,000	1,615,000	1,645,217	-	30,217
Charges for services.....	-	1,195,000	1,195,000	1,144,000	1,171,327	-	27,327
Licenses and permits.....	-	550,000	550,000	441,000	340,209	-	(100,791)
Intergovernmental - School Building Authority.....	-	924,757	924,757	924,757	924,757	-	-
Intergovernmental - other.....	-	16,396,921	16,396,921	16,498,087	16,553,833	-	55,746
Investment income.....	-	15,000	15,000	15,000	133,912	-	118,912
Miscellaneous.....	-	-	-	-	23,062	-	23,062
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>54,315,774</b>	<b>54,315,774</b>	<b>54,286,941</b>	<b>54,149,171</b>	<b>-</b>	<b>(137,770)</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....	153,060	3,978,233	4,131,293	4,326,171	4,111,302	15,749	199,120
Public safety.....	-	6,541,951	6,541,951	6,678,077	6,419,734	-	258,343
Education.....	66,339	19,745,519	19,811,858	19,811,858	19,858,996	23,143	(70,281)
Public works.....	5,376	2,699,531	2,704,907	2,746,741	2,462,479	39,410	244,852
Health and human services.....	-	842,854	842,854	844,205	710,111	-	134,094
Culture and recreation.....	-	809,060	809,060	837,025	830,043	-	6,982
Pension benefits.....	-	3,945,188	3,945,188	3,945,188	3,899,073	-	46,115
Employee benefits.....	22,500	8,128,430	8,150,930	8,250,930	8,417,865	-	(166,935)
State and county charges.....	-	4,430,911	4,430,911	4,525,796	4,142,865	-	382,931
Debt service:							
Principal.....	-	2,797,000	2,797,000	2,982,000	2,913,000	-	69,000
Interest.....	-	1,182,386	1,182,386	1,484,236	1,429,849	-	54,387
<b>TOTAL EXPENDITURES.....</b>	<b>247,275</b>	<b>55,101,063</b>	<b>55,348,338</b>	<b>56,432,227</b>	<b>55,195,317</b>	<b>78,302</b>	<b>1,158,608</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(247,275)</b>	<b>(785,289)</b>	<b>(1,032,564)</b>	<b>(2,145,286)</b>	<b>(1,046,146)</b>	<b>(78,302)</b>	<b>1,020,838</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	-	1,057,841	1,057,841	1,924,770	1,924,750	-	(20)
Transfers out.....	-	(121,024)	(121,024)	(906,330)	(906,330)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>936,817</b>	<b>936,817</b>	<b>1,018,440</b>	<b>1,018,420</b>	<b>-</b>	<b>(20)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(247,275)</b>	<b>151,528</b>	<b>(95,747)</b>	<b>(1,126,846)</b>	<b>(27,726)</b>	<b>(78,302)</b>	<b>1,020,818</b>
<b>BUDGETARY FUND BALANCE, Beginning of year..</b>	<b>-</b>	<b>1,958,379</b>	<b>1,958,379</b>	<b>1,958,379</b>	<b>1,958,379</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (247,275)</b>	<b>\$ 2,109,907</b>	<b>\$ 1,862,632</b>	<b>\$ 831,533</b>	<b>\$ 1,930,653</b>	<b>\$ (78,302)</b>	<b>\$ 1,020,818</b>

See notes to required supplementary information.

# ***Pension Plan Schedules Retirement System***

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
GREENFIELD CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
<b>Total pension liability:</b>					
Service cost.....	\$ 2,134,000	\$ 2,344,000	\$ 2,450,000	\$ 2,855,000	\$ 2,983,000
Interest.....	7,202,000	7,309,000	7,869,000	7,942,000	8,617,000
Differences between expected and actual experience.....	-	133,000	-	3,049,000	(754,000)
Changes in assumptions.....	-	4,200,000	-	2,330,000	3,300,000
Benefit payments.....	(5,939,000)	(6,651,000)	(6,797,000)	(7,075,000)	(7,293,000)
Net change in total pension liability.....	3,397,000	7,335,000	3,522,000	9,101,000	6,853,000
Total pension liability - beginning.....	93,759,000	97,156,000	104,491,000	108,013,000	117,114,000
Total pension liability - ending (a).....	<u>\$ 97,156,000</u>	<u>\$ 104,491,000</u>	<u>\$ 108,013,000</u>	<u>\$ 117,114,000</u>	<u>\$ 123,967,000</u>
<b>Plan fiduciary net position:</b>					
Employer contributions.....	\$ 3,545,000	\$ 3,740,000	\$ 3,977,000	\$ 4,226,000	\$ 4,649,000
Member contributions.....	1,572,000	2,039,000	1,759,000	1,762,000	1,786,000
Other contributions.....	17,000	35,000	41,000	6,000	5,000
Net investment income (loss).....	4,172,000	426,000	4,278,000	10,341,000	(1,536,000)
Administrative expenses.....	(133,000)	(138,000)	(178,000)	(148,000)	(158,000)
Retirement benefits and refunds.....	(5,939,000)	(6,651,000)	(6,797,000)	(7,075,000)	(7,293,000)
Net increase (decrease) in fiduciary net position.....	3,234,000	(549,000)	3,080,000	9,112,000	(2,547,000)
Fiduciary net position - beginning of year.....	56,254,000	59,488,000	58,939,000	62,019,000	71,131,000
Fiduciary net position - end of year (b).....	<u>\$ 59,488,000</u>	<u>\$ 58,939,000</u>	<u>\$ 62,019,000</u>	<u>\$ 71,131,000</u>	<u>\$ 68,584,000</u>
<b>Net pension liability - ending (a)-(b).....</b>	<u>\$ 37,668,000</u>	<u>\$ 45,552,000</u>	<u>\$ 45,994,000</u>	<u>\$ 45,983,000</u>	<u>\$ 55,383,000</u>
Plan fiduciary net position as a percentage of the total pension liability.....	61.23%	56.41%	57.42%	60.74%	55.32%
Covered payroll.....	\$ 14,907,000	\$ 16,071,000	\$ 16,392,420	\$ 18,545,000	\$ 18,451,000
Net pension liability as a percentage of covered payroll.....	252.69%	283.44%	280.58%	247.95%	300.16%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS**  
**GREENFIELD CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2018.....	\$ 4,649,000	\$ (4,649,000)	\$ -	\$ 18,451,000	25.20%
December 31, 2017.....	4,226,000	(4,226,000)	-	18,545,000	22.79%
December 31, 2016.....	3,977,000	(3,977,000)	-	16,392,420	24.26%
December 31, 2015.....	3,740,000	(3,740,000)	-	16,071,000	23.27%
December 31, 2014.....	3,545,000	(3,545,000)	-	14,907,000	23.78%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**GREENFIELD CONTRIBUTORY RETIREMENT SYSTEM**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2018.....	-2.24%
December 31, 2017.....	17.21%
December 31, 2016.....	7.47%
December 31, 2015.....	0.66%
December 31, 2014.....	7.62%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Pension Plan Schedules***

## ***City***

The Schedule of the City's Proportionate Share of the Net Pension Liability presents multi-year trend information on the City's net pension liability and related ratios.

The Schedule of City's Contributions presents multi-year trend information on the City's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
GREENFIELD CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2018.....	89.41%	\$ 49,518,000	\$ 16,497,000	300.16%	55.32%
December 31, 2017.....	89.76%	41,274,000	16,646,000	247.95%	60.74%
December 31, 2016.....	89.65%	41,234,000	14,408,000	286.19%	57.42%
December 31, 2015.....	89.24%	40,651,000	14,342,000	283.44%	56.41%
December 31, 2014.....	88.69%	33,408,000	13,221,000	252.69%	61.23%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S CONTRIBUTIONS  
GREENFIELD CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2019.....	\$ 4,164,000	\$ (4,164,000)	\$ -	\$ 16,827,000	24.75%
June 30, 2018.....	3,793,000	(3,793,000)	-	16,979,000	22.34%
June 30, 2017.....	3,569,000	(3,569,000)	-	14,696,000	24.29%
June 30, 2016.....	3,343,000	(3,343,000)	-	14,629,000	22.85%
June 30, 2015.....	3,144,000	(3,144,000)	-	13,485,000	23.31%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2019.....	\$ 38,873,911	\$ 3,939,308	54.84%
2018.....	37,788,139	3,944,058	54.25%
2017.....	37,077,090	3,782,106	52.73%
2016.....	33,416,206	2,710,352	55.38%
2015.....	25,435,175	1,767,102	61.64%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Other Postemployment Benefits Plan Schedules***

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the City's Contributions presents multi-year trend information on the City's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE  
CITY'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019
<b>Total OPEB Liability</b>			
Service Cost.....	\$ 1,893,385	\$ 3,260,044	\$ 3,309,237
Interest.....	3,505,423	3,219,253	3,396,387
Differences between expected and actual experience....	44,908	(24,362)	(621,522)
Changes of assumptions.....	21,983,665	(6,043,723)	5,022,437
Benefit payments.....	<u>(2,595,705)</u>	<u>(2,559,184)</u>	<u>(2,485,414)</u>
Net change in total OPEB liability.....	24,831,676	(2,147,972)	8,621,125
Total OPEB liability - beginning.....	<u>63,099,901</u>	<u>87,931,577</u>	<u>85,783,605</u>
Total OPEB liability - ending (a).....	<u>\$ 87,931,577</u>	<u>\$ 85,783,605</u>	<u>\$ 94,404,730</u>
<b>Plan fiduciary net position</b>			
Employer contributions.....	\$ -	\$ -	\$ 100,000
Employer contributions for OPEB payments.....	2,695,705	2,559,184	2,485,414
Net investment income.....	122,946	67,454	(1,244)
Benefit payments.....	<u>(2,595,705)</u>	<u>(2,559,184)</u>	<u>(2,485,414)</u>
Net change in plan fiduciary net position.....	222,946	67,454	98,756
Plan fiduciary net position - beginning of year.....	<u>1,020,180</u>	<u>1,243,126</u>	<u>1,310,580</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 1,243,126</u>	<u>\$ 1,310,580</u>	<u>\$ 1,409,336</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u>\$ 86,688,451</u>	<u>\$ 84,473,025</u>	<u>\$ 92,995,394</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.41%	1.53%	1.49%
Covered-employee payroll.....	\$ 22,740,011	\$ 21,700,315	\$ 22,264,523
Net OPEB liability as a percentage of covered-employee payroll.....	381.22%	389.27%	417.68%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2019.....	\$ 6,672,500	\$ (2,485,414)	\$ 4,187,086	\$ 22,264,523	11.16%
June 30, 2018.....	5,995,000	(2,559,184)	3,435,816	21,700,315	11.79%
June 30, 2017.....	5,938,000	(2,695,705)	3,242,295	22,740,011	11.85%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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Year	Annual money-weighted rate of return, net of investment expense
June 30, 2019.....	-0.09%
June 30, 2018.....	5.43%
June 30, 2017.....	11.50%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**NOTE A - BUDGETARY BASIS OF ACCOUNTING**

1. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Mayor and the City Council (the Council). The Mayor presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted by categories that are broken down by personal services, expenses, debt service and capital outlay, which are mandated by Municipal Law. The Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Council approval via a supplemental appropriation or Council order.

The majority of the City’s appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

Generally, expenditures may not exceed the legal level of spending authorized (functional level). However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Council.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2019 budget authorized \$55.5 million in appropriations and other amounts to be raised; which includes \$247,000 of amounts carried forward from prior year. During 2019, the Council also approved supplemental appropriations totaling \$1.9 million. The most significant increases relate to transfers to the general stabilization fund, capital project funds and debt principal and interest. The Finance Director has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation basis. Budgetary control is exercised through the City’s accounting system.

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2019, is presented below:

Net change in fund balance - budgetary basis.....	\$ (27,726)
<u>Perspective differences:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	(204,905)
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	11,491
Net change in recording accrued expenditures.....	622,661
Recognition of revenue for on-behalf payments.....	3,939,308
Recognition of expenditures for on-behalf payments.....	<u>(3,939,308)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 401,521</u>

### 3. Appropriation Deficits

During 2019, expenditures exceeded budgeted appropriations for education and employee benefits. These over-expenditures will be funded through tax levy and available funds in 2020.

## **NOTE B – PENSION PLAN**

### ***Pension Plan Schedules – Retirement System***

#### A. Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

#### B. Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

#### C. Schedule of Investment Returns

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

### ***Pension Plan Schedules - City***

#### A. Schedule of the City's Proportionate Share of the Net Pension Liability

The Schedule of the City's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

#### B. Schedule of City's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The City may choose to pay the entire appropriation in July

at a discounted rate. Accordingly, actual City contributions may be less than the “total appropriation”. The pension fund appropriation is allocated to the City based on covered payroll.

#### C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the City; the portion of the collective pension expense as both revenue and pension expense recognized by the City; and the Plan's fiduciary net position as a percentage of the total liability.

#### D. Changes of Assumptions

The long-term investment rate of return was reduced from 7.40% to 7.25% and the mortality assumption was revised to reflect a recent PERAC study.

#### E. Changes in Plan Provisions – None.

### **NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The City administers a single employer defined benefit healthcare plan (“The Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City's health and life insurance plans, which covers both active and retired members, including teachers.

#### **The Other Postemployment Benefit Plan**

##### A. The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

##### B. Schedule of the City's Contributions

The Schedule of the City's Contributions includes the City's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The City is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Methods and assumptions used to determine contribution rates are shown on the following page.

Valuation date.....	July 1, 2017
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Discount rate.....	3.51%, previously 3.87%
Inflation rate.....	2.60%, previously 3.00%
Projected salary increases.....	2.60%, previously 3.50%
Healthcare cost trend rates.....	7.60% in 2017, reducing by 0.5% each year to an ultimate rate of 4.60% per year rate for 2023 and later.
Mortality rates.....	RP-2014 Adjusted to 2006 Total Dataset (Blue Collar for Police and Fire) Morality Table projected to valuation date with Scale MP-2018. Projected to date of decrement using Scale MP-2018 (generational).

C. Schedule of Investment Returns

The Schedule of Investment Return includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

D. Changes of Assumptions

The discount rate was reduced from 3.87% to 3.51%. The inflation rate was reduced from 3.00% to 2.60%. The rate of compensation increase was reduced from 3.50% to 2.60%. The mortality assumptions were updated to reflect the latest published pension mortality study released by the Society of Actuaries.

E. Changes in Provisions

None.