

TOWN OF GREENFIELD, NEW HAMPSHIRE

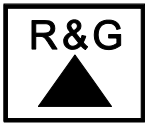
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

**TOWN OF GREENFIELD, NEW HAMPSHIRE
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Greenfield
Greenfield, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greenfield as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greenfield, as of December 31, 2017, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 9 and pension schedules on pages 35 – 37 be presented to supplement the

***Town of Greenfield
Independent Auditor's Report***

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 and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Greenfield's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Roberts & Greene, PLLC

Concord, New Hampshire
August 17, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the Town of Greenfield, we offer readers this narrative overview and analysis of the financial activities of the Town of Greenfield, New Hampshire for the year ended December 31, 2017.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The statement of net position presents information on all assets and liabilities, with the difference between the two reported as net position. This is a change in terms from "net assets" to "net position" as outlined in GASB 54. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities include general government, public safety, highways and streets, sanitation, welfare, culture and recreation, and economic development.

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

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

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

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

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial

statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by the *Governmental Accounting Standards Board (GASB)*.

In 2015, GASB Statement No. 68 went into effect. GASB's stated intent is to increase transparency, consistency, and comparability of pension information across governments. GASB 68 impacts financial reporting for participating employers of the New Hampshire Retirement System (NHRS). The change in standard will change the way that pension plan financial information is reported, however it does not change the funding mechanism of the town's contribution to NHRS, which is set by statute.

GASB 68 is a change in financial reporting for accounting purposes, and the Town of Greenfield adopted GASB 68, on schedule, for the year ending 2015. The result was a significant change in how the net position of the town is reflected. The 2016 financial statements reflect this change in net position, and interested parties can refer to the 2015 financial statements for more information.

B. FINANCIAL HIGHLIGHTS

- The town's net position for 2017 is \$3,241,726, an increase of \$128,320 for 2017.
- Budget for the 2017 year totaled \$2,280,123.
- During the year, the Town had net expenses of \$1,902,354 for governmental activities
- The Board of Selectmen used \$200,000 (\$1.44 on the local tax rate) of fund balance to offset taxes.
- The Town contributed a combination of revenues higher than conservatively forecast, and savings generated from the operating budget to fund balance during 2017.
- The Town's unassigned fund balance decreased from the previous year. Unassigned fund balance for the general fund on a non-GAAP, budgetary basis decreased slightly from \$664,052 (restated) to \$656,548 at year end, a change of (\$7,504) in comparison with the prior year.
- A total of \$156,419 of revenue surplus and unexpended balance of appropriations were weighted against use of fund balance by the Selectmen to reduce taxes in the amount of (\$200,000).

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Statement of Net Position As of December 31, 2017

Governmental Activities

	<u>2017</u>	<u>2016</u>
Current & other Assets	2,913,149	2,620,517
Capital assets	<u>3,223,495</u>	<u>3,214,867</u>
Total assets	6,136,644	5,835,384
Deferred Outflows of resources	305,204	298,957
Long-term liabilities	1,690,972	1,702,388
Other liabilities	<u>1,470,056</u>	<u>1,292,338</u>
Total liabilities	2,867,578	2,994,726
Deferred Inflows of resources	39,094	26,209
Net Position:		
Net investment in capital assets	2,685,477	2,599,910
Restricted for:		
Permanent Funds:		
Nonexpendable	139,513	143,518
Expendable	19,466	7,963
Other purposes	1,839	2,211
Unrestricted	<u>395,431</u>	<u>359,804</u>
Total net position	<u>3,241,726</u>	<u>3,113,406</u>

Governmental Activities

The Town's combined net position increased to \$3,241,726 from \$3,113,406 or an increase of 4.12%.

Changes in Net Position for fiscal year ended Dec. 31, 2017

Changes in Net Position

For the Fiscal Year Ended December 31, 2017

Governmental

Activities

	<u>2017</u>	<u>2016</u>
REVENUES		
Program Revenues:		
Charges for services	87,267	52,655
Operating grants & contr.	158,875	90,872
General Revenues:		
Property Taxes	1,195,222	1,463,280
Other Taxes	339,454	74,246
Intergovernmental	94,074	93,956
Other	71,128	426,738
Total Revenue	2,276,816	2,201,747
EXPENSES		
General government	792,882	701,655
Public safety	515,560	434,958
Highways and streets	570,650	540,943
Sanitation	114,159	114,099
Health & Welfare	33,781	25,825
Culture & recreation	91,217	171,339
Conservation	5,884	6,406
Interest on long-term debt	21,777	24,431
Capital outlay	65,586	11,042
Total expenses	2,148,496	2,030,698
Change in net position	128,320	171,049
Beginning net position	3,113,406	2,942,357
Ending net position	<u>3,241,726</u>	<u>3,113,406</u>

The change in net position of governmental activities (restated elsewhere) was \$128,320 resulting primarily from revenues above those conservatively projected, and savings generated from the operating budget over the course of the year.

Governmental Type Funds

As of year-end, the governmental funds reported an unassigned fund balance of \$ 656,548, which is slightly less than at the beginning of the year. The following chart shows the schedule of changes in the unassigned Fund Balance on a budgetary basis. In 2011, GASB Statement #54 implementation was required in order to show the difference in categories of the fund balance within the General Fund. Governmental Fund Type definitions were upgraded to include the

following classifications: Nonspendable fund balance, Restricted fund balance, Committed fund balance, Assigned fund balance, and Unassigned fund balance. Unassigned fund balance are amounts that can be used for any purpose. For reporting purposes this report will confine itself to a discussion of Unassigned fund balance.

Schedule of changes in unassigned fund balance
(Non-GAAP budgetary basis)
as of December 31, 2017

Unassigned Fund Balance, Beginning	\$664,052
Changes:	
Unreserved fund balance used to reduce tax rate	(200,000)
Budget Summary:	
Revenue Surplus	\$67,144
Unexpended balance of appropriations	<u>89,275</u>
Budget Surplus	156,419
Decrease in nonspendable fund balance	36,077
Unassigned fund balance ending	<u><u>\$656,548</u></u>

Because the timing of revenues and expenditures may be categorized differently under the Generally Accepted Accounting Principles (GAAP) basis of accounting than under the budgetary basis of accounting, a comparison of the two reports can provide information that can help with the interpretation of the budget. In GAAP accounting, revenues are recognized in governmental funds as soon as they are both "measurable" and "available". The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Under the budgetary basis of accounting, the Town considers property tax revenue available when committed. In this outline it's important to note that deferred tax revenue may be collected at a much later date. It is significant to note that GAAP Basis has improved significantly over the past few years. However, GAAP Basis in 2017 was (\$37,559) lower than for 2016. GAAP Basis is measured by the Town as an indicator supportive of cash-flow. In general the more support for cash flow, the less likely it is the municipality will have to borrow Tax Anticipation Notes (TAN).

Reconciliation of General Fund Budgetary Basis to GAAP

Fund Balances:	\$656,548
Adjustments	
Basis difference:	
Deferred tax revenue, 60-day rule	<u>(317,010)</u>
GAAP Basis	<u><u>\$339,538</u></u>

General Fund Budgetary Highlights

Amendments to the General Fund include appropriations that were approved at the March 2017 Town Meeting. Those appropriations included:

- \$ 10,000 to be placed in an Assessment Capital Reserve Fund.
- \$ 40,000 to be placed in the Fire/Rescue Apparatus Capital Reserve Fund for the Fire Department.
- \$40,000 to be placed in the Highway Equipment Capital Reserve Fund
- \$10,000 to be placed in the Police Vehicle Capital Reserve Fund
- \$ 7,500 to be placed in the Fire Department Non-Apparatus Capital Reserve Fund
- \$25,000 to be placed in the Town Buildings Capital Reserve Fund
- \$27,876 for the payment of the next loan installment associated with a 10 Wheel Dump Truck for the Department of Public Works. Total over the life of the lease purchase equals \$176,194.00.
- \$85,000 for the purpose of providing road reconstruction on Town roads.

D: CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017 the Town had invested in a broad range of capital assets, including public works equipment/supplies, roads, and storm water drainage structures. This amount represents a net increase (including additions and deductions) over last year.

Debt

At the beginning of 2017, the Town of Greenfield had outstanding debt, not including net pension liability under GASB 68, in the amount of \$614,957. The total amounts of lease and loan repayments were \$115,034.

Highway Department:

The Department of Public Works is a significant portion of the overall budget. 2017 was the second year that the department included a separate accounting for a separate Buildings and Grounds budget within the overall DPW budget. During the year a payment was made on the 2014 Mack truck lease for 2017. This was the fifth of seven payments due.

Police Department:

The Police Department is another significant portion of the general budget. The department generated a little over \$15,628 in revenue through State grants. Although negligible in overall impact, changes in law reduced the pistol permit revenue significantly. Other revenue sources include criminal and motor vehicle reports and parking violations. The Town provided cash flow coverage for \$42,719 in police detail payments. These payments are reimbursed by the detail providers.

Other Obligations:

Other obligations of the Town include payments to ConVal Regional High school and Hillsborough County.

E: ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town has a three person elected Selectboard. They are responsible for the financial well being of the town. This job considers many factors when approving budgets, tax rates and revenues. Greenfield does not have an abundance of industry, nor does it have much commercial property, thus the majority of taxes raised are from the property tax. The town includes 30% + of tax-exempt properties, which places an additional disproportionate burden on the residents.

The Town issued 76 building permits in 2017 primarily for work on existing homes. Six of the permits were for new homes.

Wage adjustments and some wage increases were taken into consideration for town employees when setting the budget. The economy has had a direct and long term impact on revenues the town collects. However, revenues last year in the form of vehicle registrations were higher overall from the previous year. Because vehicle registrations can be a measure of a strong economy due to the purchase of higher-value and new vehicles, higher revenues in 2017 are a good sign. The amount of increase year over year was 7.5%, which is a clear indicator of continued strength in the economy. Changes to risk pool surplus retention guidelines mandated by the courts required the Town's insurance carriers to refund monies in previous years. In 2017 a payment holiday was provided by the health insurance carrier. In the future the Town may receive payment holidays, from time to time, as the insurance carriers manage their surplus. This will cause unexpended appropriations that will ultimately contribute to fund balance when they occur. As with previous years, it's important to note that the Town will need to continue its conservative approach to building its budget and forecasting revenues.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to further show the Town's accountability for the money it receives. If you have any questions about this report or need additional information, please contact any of the Selectmen or the Town Administrator, Aaron Patt, at the Town Office, PO BOX 256, Greenfield, NH 03047.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF GREENFIELD, NEW HAMPSHIRE
Statement of Net Position
December 31, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,971,527
Investments	529,558
Intergovernmental receivable	750
Other receivables, net of allowance for uncollectibles	399,820
Tax deeded property held for resale	11,494
Capital assets, not being depreciated:	
Land	1,065,610
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	587,930
Machinery, vehicles and equipment	436,609
Infrastructure	1,133,346
Total assets	<u>6,136,644</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>305,204</u>
 LIABILITIES	
Accounts payable	88,130
Accrued payroll and benefits	18,260
Accrued interest payable	9,062
Intergovernmental payable	1,354,604
Noncurrent obligations:	
Due within one year:	
Bonds and notes payable	73,400
Capital leases payable	40,693
Due in more than one year:	
Bonds and notes payable	379,721
Capital leases payable	44,204
Net pension liability	1,152,954
Total liabilities	<u>3,161,028</u>
 DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	9,737
Deferred amounts related to pensions	29,357
Total deferred inflows of resources	<u>39,094</u>
 NET POSITION	
Net investment in capital assets	2,685,477
Restricted for:	
Endowments:	
Nonexpendable	139,513
Expendable	19,466
Other purposes	1,839
Unrestricted	395,431
Total net position	<u>\$ 3,241,726</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2
TOWN OF GREENFIELD, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2017

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes in Net
	Expenses	Services	Contributions	Position
Governmental activities:				
General government	\$ 729,882	\$ 1,659	\$ 10,119	\$ (718,104)
Public safety	515,560	42,443	4,000	(469,117)
Highways and streets	570,650	-	142,143	(428,507)
Sanitation	114,159	42,015	2,137	(70,007)
Health	2,825	-	-	(2,825)
Welfare	30,956	-	-	(30,956)
Culture and recreation	91,217	1,150	-	(90,067)
Conservation	5,884	-	476	(5,408)
Interest on long-term debt	21,777	-	-	(21,777)
Capital outlay	65,586	-	-	(65,586)
Total primary government	<u>\$ 2,148,496</u>	<u>\$ 87,267</u>	<u>\$ 158,875</u>	<u>(1,902,354)</u>
General revenues:				
Property taxes				1,195,222
Other taxes				339,454
Licenses and permits				330,796
Grants and contributions not restricted to specific programs				94,074
Miscellaneous				71,128
Total general revenues				<u>2,030,674</u>
Change in net position				128,320
Net position, beginning				<u>3,113,406</u>
Net position, ending				<u>\$ 3,241,726</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3
TOWN OF GREENFIELD, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2017

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,823,111	\$ 20,589	\$ 127,827	\$ 1,971,527
Investments	-	375,787	153,771	529,558
Receivables, net of allowance for uncollectibles:				
Taxes	396,301	-	-	396,301
Accounts	1,369	-	2,150	3,519
Intergovernmental	750	-	-	750
Tax deeded property held for resale	11,494	-	-	11,494
Total assets	<u>\$ 2,233,025</u>	<u>\$ 396,376</u>	<u>\$ 283,748</u>	<u>\$ 2,913,149</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 87,130	\$ -	\$ 1,000	\$ 88,130
Accrued salaries and benefits	18,260	-	-	18,260
Intergovernmental payable	1,354,604	-	-	1,354,604
Total liabilities	<u>1,459,994</u>	<u>-</u>	<u>1,000</u>	<u>1,460,994</u>
Deferred inflows of resources:				
Deferred revenue	<u>326,747</u>	<u>-</u>	<u>1,691</u>	<u>328,438</u>
Fund balances:				
Nonspendable	11,494	-	139,513	151,007
Restricted	77,490	-	21,305	98,795
Committed	-	396,376	120,239	516,615
Assigned	17,762	-	-	17,762
Unassigned	339,538	-	-	339,538
Total fund balances	<u>446,284</u>	<u>396,376</u>	<u>281,057</u>	<u>1,123,717</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,233,025</u>	<u>\$ 396,376</u>	<u>\$ 283,748</u>	<u>\$ 2,913,149</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4
TOWN OF GREENFIELD, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2017

Total fund balances of governmental funds (Exhibit 3)		\$ 1,123,717
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 5,839,271	
Less accumulated depreciation	<u>(2,615,776)</u>	
		3,223,495
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue	\$ 317,010	
Deferred sewer rents	<u>1,691</u>	
		318,701
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(9,062)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 453,121	
Capital leases outstanding	84,897	
Net pension liability	<u>1,152,954</u>	
		(1,690,972)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 305,204	
Deferred inflows of resources related to pensions	<u>(29,357)</u>	
		275,847
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 3,241,726</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 5
TOWN OF GREENFIELD, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,498,434	\$ -	\$ 5,000	\$ 1,503,434
Licenses, permits and fees	330,796	-	-	330,796
Intergovernmental	250,812	-	2,137	252,949
Charges for services	65,172	-	22,585	87,757
Miscellaneous	38,970	3,560	28,598	71,128
Total revenues	<u>2,184,184</u>	<u>3,560</u>	<u>58,320</u>	<u>2,246,064</u>
Expenditures:				
Current:				
General government	624,626	-	5,319	629,945
Public safety	509,979	-	-	509,979
Highways and streets	524,673	-	-	524,673
Sanitation	103,805	-	10,354	114,159
Health	2,825	-	-	2,825
Welfare	30,956	-	-	30,956
Culture and recreation	115,248	-	13,065	128,313
Conservation	3,384	-	2,500	5,884
Debt service:				
Principal	65,000	-	5,000	70,000
Interest	16,581	-	2,155	18,736
Other debt service	7,035	-	-	7,035
Capital outlay	106,694	48,787	-	155,481
Total expenditures	<u>2,110,806</u>	<u>48,787</u>	<u>38,393</u>	<u>2,197,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,378</u>	<u>(45,227)</u>	<u>19,927</u>	<u>48,078</u>
Other financing sources (uses):				
Transfers in	9,330	134,500	300	144,130
Transfers out	(134,500)	(110)	(9,520)	(144,130)
Inception of capital lease	38,095	-	-	38,095
Total other financing sources and uses	<u>(87,075)</u>	<u>134,390</u>	<u>(9,220)</u>	<u>38,095</u>
Net change in fund balances	(13,697)	89,163	10,707	86,173
Fund balances, beginning, as restated, see Note III.D.2.	459,981	307,213	270,350	1,037,544
Fund balances, ending	<u>\$ 446,284</u>	<u>\$ 396,376</u>	<u>\$ 281,057</u>	<u>\$ 1,123,717</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 6
TOWN OF GREENFIELD, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balances of governmental funds (Exhibit 5)		\$ 86,173
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 251,451	
Depreciation expense	<u>(242,823)</u>	
		8,628
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (144,130)	
Transfers out	<u>144,130</u>	
		-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue	\$ 31,242	
Change in deferred sewer rents	<u>(490)</u>	
		30,752
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 current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Inception of capital lease	\$ (38,095)	
Repayment of bond and note principal	73,265	
Repayment of capital lease principal	<u>41,769</u>	
		76,939
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 governmental funds.		
Decrease in accrued interest expense		729
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 95,468	
Cost of benefits earned, net of employee contributions	<u>(170,369)</u>	
		(74,901)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 128,320</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 7
TOWN OF GREENFIELD, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,536,016	\$ 1,529,677	\$ (6,339)
Licenses, permits and fees	284,342	330,796	46,454
Intergovernmental	264,161	250,812	(13,349)
Charges for services	34,500	65,172	30,672
Miscellaneous	28,304	38,970	10,666
Total revenues	<u>2,147,323</u>	<u>2,215,427</u>	<u>68,104</u>
EXPENDITURES			
Current:			
General government	708,006	646,126	61,880
Public safety	457,711	478,354	(20,643)
Highways and streets	534,965	530,435	4,530
Sanitation	115,112	103,805	11,307
Health	2,825	2,825	-
Welfare	30,165	30,956	(791)
Culture and recreation	119,546	115,248	4,298
Conservation	4,050	3,384	666
Debt service:			
Principal	65,000	65,000	-
Interest on long-term debt	20,355	16,581	3,774
Interest on tax anticipation note	1	-	1
Other debt service	3,265	7,035	(3,770)
Capital outlay	162,112	134,089	28,023
Total expenditures	<u>2,223,113</u>	<u>2,133,838</u>	<u>89,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75,790)</u>	<u>81,589</u>	<u>157,379</u>
Other financing sources (uses):			
Transfers in	10,290	9,330	(960)
Transfers out	(134,500)	(134,500)	-
Total other financing sources and uses	<u>(124,210)</u>	<u>(125,170)</u>	<u>(960)</u>
Net change in fund balance	<u>\$ (200,000)</u>	<u>(43,581)</u>	<u>\$ 156,419</u>
Decrease in nonspendable fund balance		36,077	
Unassigned fund balance, beginning, as restated		664,052	
Unassigned fund balance, ending		<u>\$ 656,548</u>	

The notes to the financial statements are an integral part of this statement.

EXHIBIT 8
TOWN OF GREENFIELD, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Private Purpose Trust
Assets:	
Cash and cash equivalents	\$ 1,644
Investments	91,758
Total assets	93,402
Liabilities	-
Net position:	
Held in trust for specific purposes	\$ 93,402

The notes to the financial statements are an integral part of this statement.

EXHIBIT 9
TOWN OF GREENFIELD, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2017

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest and dividends	\$ 1,786
Net change in fair value of investments	<u>6,760</u>
Total additions	8,546
Deductions:	
Trust distributions	<u>1,400</u>
Change in net position	7,146
Net position, beginning	<u>86,256</u>
Net position, ending	<u><u>\$ 93,402</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Greenfield (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2017.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

The Town of Greenfield is a municipal corporation governed by a three-member board of selectmen elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

I.B.2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The major individual, governmental funds are reported in separate columns with composite columns for nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year, and defers any not received by that date. When calculating fund balance used to set the tax rate, unavailable tax revenues are not deferred in accordance with the directions of the New Hampshire Department of Revenue Administration. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

I.B.4. Fund Types and Major Funds

Governmental Funds

The Town reports the following major governmental funds:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

Expendable Trust Fund – Reports as a Capital Projects Fund and is used to account for the financial resources of funds in the custody of the trustees of trust funds, which were established by Town Meeting for future capital outlay purposes.

The Town also reports six nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

I.C. Assets, Liabilities, and Net Position or Fund Equity

I.C.1. Cash and Investments

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383.22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices.

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

I.C.2. *Capital Assets and Depreciation*

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Buildings and building improvements	100
Machinery, vehicles and equipment	10-25
Infrastructure	30-50

I.C.3. *Long-Term Debt*

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

I.C.4. *Equity*

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, nonexpendable, which consists of the principal balance of the permanent fund that must be permanently invested for cemetery care and other Town purposes.

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

- Restricted for endowments, expendable, which consists of the balance of the permanent fund's income that must be used for specific Town purposes.
- Restricted for other purposes, which consists of the library fund whose use is restricted by State law for the support of the Library.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent fund, and the tax deeded property held for resale in the general fund.
- Restricted, which represents the expendable income from permanent funds, and the library fund, whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed, and assigned balances.

Fund Balance Policy

The Town's policy is that it should maintain a minimum unassigned fund balance of 8% of the annual total budgeted expenditures, including town, county, school, and state amounts. Further, the policy states that the Town should plan to maintain a targeted unassigned fund balance level between 8% and 11% of that amount. The target level of the unassigned fund balance may be achieved by conservatively estimating revenues and by refraining from using any portion of the unassigned target balance to reduce the tax rate. Furthermore, attaining a target fund balance of 8% may also be achieved by adding a line item to the budget for the sole purpose of building the fund balance.

TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

I.D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2017, \$200,000 of the fund balance of the General Fund from 2016 was so used.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

II.B. Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 2,224,757
Adjustments:	
Basis difference:	
Capital lease inception	38,095
Tax revenue deferred in the prior year	285,767
Tax revenue deferred in the current year	(317,010)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,231,609</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 2,268,338
Adjustments:	
Basis difference:	
Encumbrances, beginning	34,125
Encumbrances, ending	(95,252)
Capital lease inception	38,095
Per Exhibit 5 (GAAP basis)	<u>\$ 2,245,306</u>

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 656,548
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(317,010)
Per Exhibit 3 (GAAP basis)	<u>\$ 339,538</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2016 property taxes on June 15th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Contoocook Valley Regional School District, and Hillsborough County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2017, upon which the 2017 property tax levy was based was:

For the New Hampshire education tax	\$ 135,567,000
For all other taxes	\$ 138,700,700

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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The tax rates and amounts assessed for the year ended December 31, 2017 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$9.12	\$ 1,265,273
School portion:		
State of New Hampshire	\$2.46	333,453
Local	\$17.00	2,358,123
County portion	\$1.39	192,302
Total property taxes assessed		<u>\$ 4,149,151</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2017	\$ 270,761
Unredeemed (under tax lien):	
Levy of 2016	94,978
Levy of 2015	42,815
Levy of 2014	20,983
Levies of 2013 and prior	10,457
Land use change	3,790
Timber	717
Less: allowance for estimated uncollectible taxes	(48,200)
Net taxes receivable	<u>\$ 396,301</u>

Deferred Revenue

Deferred revenue at December 31, 2017 represents \$317,010 for 2017 property taxes that were not collected within sixty days of the year-end, and \$9,737 for prepayments of 2018 taxes and sewer rents. In the Governmental Activities, only the prepayments are reported as unearned.

The notes continue on the following page.

TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

III.A.2. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 1,065,610	\$ -	\$ -	\$ 1,065,610
Being depreciated:				
Buildings and building improvements	1,621,375	77,142	-	1,698,517
Machinery, vehicles and equipment	1,407,301	89,820	(123,305)	1,373,816
Infrastructure	1,616,839	84,489	-	1,701,328
Total capital assets being depreciated	4,645,515	251,451	(123,305)	4,773,661
Total all capital assets	5,711,125	251,451	(123,305)	5,839,271
Less accumulated depreciation:				
Buildings and building improvements	(1,036,294)	(74,293)	-	(1,110,587)
Machinery, vehicles and equipment	(958,579)	(101,933)	123,305	(937,207)
Infrastructure	(501,385)	(66,597)	-	(567,982)
Total accumulated depreciation	(2,496,258)	(242,823)	123,305	(2,615,776)
Net book value, capital assets being depreciated	2,149,257	8,628	-	2,157,885
Net book value, all capital assets	\$ 3,214,867	\$ 8,628	\$ -	\$ 3,223,495

Depreciation Expense

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

Governmental activities:	
General government	\$ 25,036
Public safety	47,275
Highways and streets	130,466
Culture and recreation	40,046
Total depreciation expense	<u>\$ 242,823</u>

TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

III.B. Liabilities

III.B.1 Intergovernmental Payable

The amount due to other governments at December 31, 2017 consists of \$1,354,604 due to the Contoocook Valley Regional School District for the balance of the 2017-2018 district assessment.

III.B.2. Long-Term Debt

General obligation debt is approved by the voters and repaid with general revenues (property taxes). Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2017	Current Portion
General obligation bonds/notes payable:						
Revitalization	\$ 1,306,000	2003	2022	4.50-5.00	\$ 320,000	\$ 65,000
Rural Development loan	\$ 119,800	2005	2035	4.125	45,000	5,000
Wastewater project	\$ 118,582	2007	2026	3.00-5.00	88,121	3,400
					<u>453,121</u>	<u>73,400</u>
Capital leases payable:						
Mack truck	\$ 176,194	2013	2019	3.60	50,340	25,170
Compactor	\$ 19,591	2016	2018	0.00	6,531	6,531
Cruiser	\$ 38,095	2017	2020	3.84	28,026	8,992
					<u>84,897</u>	<u>40,693</u>
Net pension liability					<u>1,152,954</u>	<u>-</u>
					<u>\$ 1,690,972</u>	<u>\$ 114,093</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2017:

	General Obligation Bonds and Notes Payable	Capital Leases Payable	Net Pension Liability	Total
Balance, beginning	\$ 526,386	\$ 88,571	\$ 1,087,431	\$ 1,702,388
Additions	-	38,095	65,523	103,618
Reductions	(73,265)	(41,769)	-	(115,034)
Balance, ending	<u>\$ 453,121</u>	<u>\$ 84,897</u>	<u>\$ 1,152,954</u>	<u>\$ 1,690,972</u>

TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bonds and notes outstanding as of year-end are as follow:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 73,400	\$ 21,479	\$ 94,879
2019	73,540	18,123	91,663
2020	73,686	14,496	88,182
2021	73,838	10,863	84,701
2022	68,997	7,217	76,214
2023-2027	42,597	14,941	57,538
2028-2032	27,659	7,516	35,175
2033-2035	19,404	1,618	21,022
Totals	<u>\$ 453,121</u>	<u>\$ 96,253</u>	<u>\$ 549,374</u>

The future minimum lease obligations for the capital lease are as follow:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 40,693	\$ 2,888	\$ 43,581
2019	34,508	1,637	36,145
2020	9,696	372	10,068
Totals	<u>\$ 84,897</u>	<u>\$ 4,897</u>	<u>\$ 89,794</u>

III.C. Transfers – Within the Reporting Entity

Transfers within the reporting entity are substantially for the purposes of moving or distributing voted amounts, and distributing trust income to the applicable funds. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	Transfers In:		
	General Fund	Expendable Trust Fund	Nonmajor Funds
Transfers out:			
General fund	\$ -	\$ 134,500	\$ -
Expendable trust fund	110	-	-
Nonmajor funds	9,220	-	300
	<u>\$ 9,330</u>	<u>\$ 134,500</u>	<u>\$ 300</u>
			<u>\$ 144,130</u>

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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The amount transferred from the General Fund to the Expendable Trust Fund represents voted appropriations. The amount transferred from the Nonmajor Funds to the General Fund and Nonmajor Funds represents voted appropriations and the distribution of income earned on Permanent Funds.

III.D. Fund Equity

III.D.1. *Restricted Net Position*

The government-wide statement of net position includes restricted net position of \$160,818, which represents public trust funds reported as restricted to reflect perpetual care restrictions contained in trust indentures, and the library fund.

III.D.2. *Restatement of Beginning Equity Balances*

The beginning equity balances were restated as follow:

	General Fund	Nonmajor Funds
To write off old balance	\$ 1,188	\$ (1,188)
Fund balance, as previously reported	458,793	271,538
Fund balance, as restated	<u>\$ 459,981</u>	<u>\$ 270,350</u>

The notes continued on the following page.

TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

III.D.3. Components of Fund Balance

The components of fund balance, as described in note I.C.4., are classified for the following purposes:

	General Fund	Expendable Trust Fund	Nonmajor Funds
Nonspendable:			
Endowments	\$ -	\$ -	\$ 139,513
Tax deeded property	11,494	-	-
Total nonspendable	<u>11,494</u>	<u>-</u>	<u>139,513</u>
Restricted:			
General government	12,000	-	-
Highways and streets	65,490	-	-
Culture and recreation	-	-	1,839
Capital outlay	-	-	19,466
Total restricted	<u>77,490</u>	<u>-</u>	<u>21,305</u>
Committed:			
Sanitation	-	-	75,377
Culture and recreation	-	-	12,737
Conservation	-	-	32,125
Capital outlay	-	396,376	-
Total committed	<u>-</u>	<u>396,376</u>	<u>120,239</u>
Assigned:			
General government	12,000	-	-
Highways and streets	5,762	-	-
Total assigned	<u>17,762</u>	<u>-</u>	<u>-</u>
Unassigned	339,538	-	-
Total fund balance	<u>\$ 446,284</u>	<u>\$ 396,376</u>	<u>\$ 281,057</u>

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage were provided from January 1 through December 31.

TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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DECEMBER 31, 2017

Contributions for 2017 recorded as an insurance expenditure/expense totaled \$13,546 for workers' compensation and \$7,674 for property/liability. The trust agreements permit the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers and other employees are 11.55% and 7%, respectively, of gross earnings. The rates of contribution from the Town for the period of January 1st through June 30th were 26.38% for police officers and 11.17% for other employees increasing on July 1st to 29.43% for police and 11.38% for other employees. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2015, 2016, and 2017 were \$78,665, \$86,968, and \$95,468, respectively. The amounts are paid on a monthly basis as due.

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

At December 31, 2017, the Town reported a liability of \$1,152,954 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2017, the Town's proportion was 0.0234%, which was an increase of 0.0030% from its proportion measured as of June 30, 2016.

TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

For 2017, the Town recognized pension expense of \$170,369. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 138,823	\$ -
Net differences between projected and actual earnings on pension plan investments	-	14,683
Changes in assumptions	115,772	-
Differences between expected and actual experience	2,614	14,674
Town contributions subsequent to the measurement date	47,995	-
	<u>\$ 305,204</u>	<u>\$ 29,357</u>

The Town reported \$47,995 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year Ended December 31,	
2018	\$ 61,090
2019	88,933
2020	70,503
2021	7,326
	<u>\$ 227,852</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the latest experience study.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$ 1,518,958	\$ 1,152,954	\$ 853,027

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, is available in the separately issued NHRS report.

IV.C. Contingent Liabilities

The Town has received grants for specific purposes that are subject to review and possible audit by the grantor or pass-through agency. Any such audit may result in a requirement to reimburse the grantor agency for costs disallowed. The Town does not feel the chance of disallowance is likely, and if it should occur, the amount would not be material.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
TOWN OF GREENFIELD, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

For the Year Ended December 31,	Town's Proportion of Net Pension Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered- Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Postion as a Percentage of the Total Pension Liability
2014	0.0188%	\$ 707,175	\$ 462,202	153.00%	66.32%
2015	0.0201%	\$ 795,163	\$ 474,924	167.43%	65.47%
2016	0.0204%	\$ 1,087,431	\$ 538,182	202.06%	58.30%
2017	0.0234%	\$ 1,152,954	\$ 563,926	204.45%	62.66%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 11
TOWN OF GREENFIELD, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

For the Year Ended December 31,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	Town's Covered Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 71,924	\$ (71,924)	\$ -	\$ 462,202	15.56%
2015	\$ 78,665	\$ (78,668)	\$ -	\$ 474,924	16.56%
2016	\$ 86,968	\$ (86,968)	\$ -	\$ 538,182	16.16%
2017	\$ 95,468	\$ (95,468)	\$ -	\$ 563,926	16.93%

The note to the required supplementary information is an integral part of this schedule.

**TOWN OF GREENFIELD, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

The Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of the Town's Pension Contributions are meant to present related information for ten years. Because this is the third year that the Town has presented the pension schedules, only four years are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 12
TOWN OF GREENFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2017

	Special Revenue Funds					Permanent	
	Library	Oak Park	Recreation Revolving	Conservation Commission	Wastewater	Fund	Total
ASSETS							
Cash and cash equivalents	\$ 1,839	\$ 4,666	\$ 8,071	\$ 32,125	\$ 75,918	\$ 5,208	\$ 127,827
Investments	-	-	-	-	-	153,771	153,771
Accounts receivable	-	-	-	-	2,150	-	2,150
Total assets	<u>\$ 1,839</u>	<u>\$ 4,666</u>	<u>\$ 8,071</u>	<u>\$ 32,125</u>	<u>\$ 78,068</u>	<u>\$ 158,979</u>	<u>\$ 283,748</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000
Deferred inflows of resources:							
Deferred revenue	-	-	-	-	1,691	-	1,691
Fund balances:							
Nonspendable	-	-	-	-	-	139,513	139,513
Restricted	1,839	-	-	-	-	19,466	21,305
Committed	-	4,666	8,071	32,125	75,377	-	120,239
Total fund balances	<u>1,839</u>	<u>4,666</u>	<u>8,071</u>	<u>32,125</u>	<u>75,377</u>	<u>158,979</u>	<u>281,057</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,839</u>	<u>\$ 4,666</u>	<u>\$ 8,071</u>	<u>\$ 32,125</u>	<u>\$ 78,068</u>	<u>\$ 158,979</u>	<u>\$ 283,748</u>

EXHIBIT 13
TOWN OF GREENFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2017

	Special Revenue Funds					Permanent Fund	Total
	Library	Oak Park	Recreation Revolving	Conservation Commission	Wastewater		
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000
Intergovernmental	-	-	-	-	2,137	-	2,137
Charges for services	-	475	-	-	22,110	-	22,585
Miscellaneous	1,021	5	12,710	34	150	14,678	28,598
Total revenues	1,021	480	12,710	5,034	24,397	14,678	58,320
EXPENDITURES							
Current:							
General government	-	-	-	-	-	5,319	5,319
Sanitation	-	-	-	-	10,354	-	10,354
Culture and recreation	1,693	-	11,372	-	-	-	13,065
Conservation	-	-	-	2,500	-	-	2,500
Debt service:							
Principal	-	-	-	-	5,000	-	5,000
Interest	-	-	-	-	2,155	-	2,155
Total expenditures	1,693	-	11,372	2,500	17,509	5,319	38,393
Excess (deficiency) of revenues over (under) expenditures	(672)	480	1,338	2,534	6,888	9,359	19,927
Other financing sources (uses):							
Transfers in	300	-	-	-	-	-	300
Transfers out	-	-	-	-	(7,660)	(1,860)	(9,520)
Total other financing sources and uses	300	-	-	-	(7,660)	(1,860)	(9,220)
Net change in fund balances	(372)	480	1,338	2,534	(772)	7,499	10,707
Fund balances, beginning, as restated, see Note III.D.	2,211	4,186	6,733	29,591	76,149	151,480	270,350
Fund balances, ending	\$ 1,839	\$ 4,666	\$ 8,071	\$ 32,125	\$ 75,377	\$ 158,979	\$ 281,057

EXHIBIT 14
TOWN OF GREENFIELD, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2017

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,221,173	\$ 1,195,223	\$ (25,950)
Land use change	1,090	4,600	3,510
Timber	18,897	18,897	-
Excavation	50	-	(50)
Payments in lieu of taxes	249,806	259,663	9,857
Interest and penalties on delinquent taxes	45,000	51,294	6,294
Total taxes	<u>1,536,016</u>	<u>1,529,677</u>	<u>(6,339)</u>
Licenses, permits and fees:			
Business licenses and permits	25	25	-
Motor vehicle permits	265,852	314,761	48,909
Building permits	12,500	12,656	156
Other	5,965	3,354	(2,611)
Total licenses, permits and fees	<u>284,342</u>	<u>330,796</u>	<u>46,454</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	94,074	94,074	-
Highway block grant	142,144	142,143	(1)
Water pollution grant	2,137	-	(2,137)
State and federal forest land	476	476	-
Emergency management	-	4,000	4,000
LCHIP	12,000	-	(12,000)
Federal sources:			
FEMA grant	-	100	100
DWI grants	13,330	8,562	(4,768)
Used oil recycling grant	-	1,457	1,457
Total intergovernmental	<u>264,161</u>	<u>250,812</u>	<u>(13,349)</u>
Charges for services:			
Income from departments	<u>34,500</u>	<u>65,172</u>	<u>30,672</u>
Miscellaneous:			
Sale of property	23,304	23,256	(48)
Interest on investments	2,200	3,040	840
Rent of property	2,800	8,868	6,068
Fines and forfeits	-	1,900	1,900
Other	-	1,906	1,906
Total miscellaneous	<u>28,304</u>	<u>38,970</u>	<u>10,666</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	-	110	110
Nonmajor funds	10,290	9,220	(1,070)
Total other financing sources	<u>10,290</u>	<u>9,330</u>	<u>(960)</u>
Total revenues and other financing sources	2,157,613	<u>\$ 2,224,757</u>	<u>\$ 67,144</u>
Use of fund balance to reduce taxes	200,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 2,357,613</u>		

EXHIBIT 15
TOWN OF GREENFIELD, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 114,881	\$ 114,307	\$ -	\$ 574
Election and registration	-	26,100	26,197	-	(97)
Financial administration	-	51,521	48,239	-	3,282
Legal	-	15,000	12,042	-	2,958
Personnel administration	-	321,700	291,168	-	30,532
Planning and zoning	2,500	16,400	7,235	-	11,665
General government buildings	-	49,055	34,466	24,000	(9,411)
Cemeteries	-	17,215	16,446	-	769
Insurance, not otherwise allocated	-	44,810	27,321	-	17,489
Advertising and regional associations	-	3,499	3,452	-	47
Other	-	47,825	43,753	-	4,072
Total general government	2,500	708,006	624,626	24,000	61,880
Public safety:					
Police	-	240,461	259,598	-	(19,137)
Ambulance	-	70,455	70,453	-	2
Fire	31,625	130,210	166,352	-	(4,517)
Building inspection	-	16,585	13,576	-	3,009
Total public safety	31,625	457,711	509,979	-	(20,643)
Highways and streets:					
Administration	-	442,965	427,304	5,762	9,899
Highways and streets	-	85,000	89,979	-	(4,979)
Street lighting	-	7,000	7,390	-	(390)
Total highways and streets	-	534,965	524,673	5,762	4,530
Sanitation:					
Administration	-	112,612	102,518	-	10,094
Solid waste disposal	-	2,500	1,287	-	1,213
Total sanitation	-	115,112	103,805	-	11,307
Health:					
Health agencies and hospitals	-	2,825	2,825	-	-
Welfare:					
Administration and direct assistance	-	30,165	30,956	-	(791)

(continued)

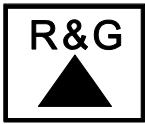
EXHIBIT 15 (continued)
TOWN OF GREENFIELD, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	15,280	13,657	-	1,623
Public library	-	103,266	100,506	-	2,760
Patriotic purposes	-	1,000	1,085	-	(85)
Total culture and recreation	-	119,546	115,248	-	4,298
Conservation	-	4,050	3,384	-	666
Debt service:					
Principal	-	65,000	65,000	-	-
Interest on long-term debt	-	20,355	16,581	-	3,774
Interest on tax anticipation note	-	1	-	-	1
Other debt service	-	3,265	7,035	-	(3,770)
Total debt service	-	88,621	88,616	-	5
Capital outlay:					
Machinery, vehicles and equipment	-	44,622	16,599	-	28,023
Buildings	-	52,000	52,000	-	-
Improvements other than buildings	-	65,490	-	65,490	-
Total capital outlay	-	162,112	68,599	65,490	28,023
Other financing uses:					
Transfers out:					
Expendable trust fund	-	134,500	134,500	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 34,125	\$ 2,357,613	\$ 2,207,211	\$ 95,252	\$ 89,275

EXHIBIT 16
TOWN OF GREENFIELD, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2017

Unassigned fund balance, beginning, as restated		\$ 664,052
Changes:		
Unassigned fund balance used to reduce tax rate		(200,000)
Budget summary:		
Revenue surplus (Exhibit 14)	\$ 67,144	
Unexpended balance of appropriations (Exhibit 15)	<u>89,275</u>	
Budget surplus		156,419
Decrease in nonspendable fund balance		<u>36,077</u>
Unassigned fund balance, ending		<u><u>\$ 656,548</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Members of the Board of Selectmen
Town of Greenfield
Greenfield, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greenfield as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We do want to discuss the following other matter:

Other Postemployment Benefits (OPEB) – Repeat Comment

The Town does not report its liability or annual cost for postemployment benefits other than pensions in its governmental activities because of the immaterial nature of the balance. The amount is considered immaterial because the Governmental Accounting Standards Board (GASB) Statement No. 45 only requires reporting the Town's annual cost less contributions made. However, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which takes effect for the Town in the year ending December 31, 2018, will require the Town to report the Actuarial Accrued Liability, an amount that is likely to be material to the financial statements. We recommend that the Town investigate the benefits and costs associated with obtaining a measurement valuation in order to determine the Town's unfunded accrued liability and comply with the requirements of GASB Statement No. 75.

This communication is intended solely for the information and use of the Board of Selectmen and others within the Town of Greenfield, and is not intended to be, and should not be, used by anyone other than these specified parties.

Roberts & Greene, PLLC

Concord, New Hampshire
August 17, 2018