

THE TOWN OF GREAT BARRINGTON, MASSACHUSETTS

The Town of Great Barrington is located in western Massachusetts, in the southern portion of Berkshire County, approximately 135 miles west of Boston and 135 miles north of New York City. The Town is bordered by the Towns of Stockbridge, West Stockbridge and Lee on the north; Alford and Egremont on the west; Sheffield on the south; New Marlborough on the southeast; and Tyringham and Monterey on the east.

Great Barrington occupies a land area of 45.2 square miles and has a population of 6,933 according to the 2015 Town census. Incorporated as a Town in 1761, Great Barrington is governed by a town manager / Select Board / open town meeting form of government.

SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection (by a volunteer fire service), disposal of recyclable items, sewer service (on an enterprise fund basis) to the developed areas of the Town, street maintenance and recreational facilities. Areas of the Town not served by the sewer enterprise are served by individual on-site septic systems. The Town does not provide any municipal solid waste collection and disposal services. All such services are provided by private contractors to individual homeowners and businesses in the Town.

Water services are provided by the Great Barrington Fire District to the centrally located development in and abutting the downtown area of the Town. Water services are also provided by the Housatonic Water Company to the village of Housatonic, which is located in the northern portion of the Town. Otherwise, water is provided by individual wells.

Public education in the grades kindergarten through twelve is provided by the Berkshire Hills Regional School District (the "District"). The Town is one of three member communities; the other two are the Towns of Stockbridge and West Stockbridge. On average, the students from Great Barrington constitute approximately 70 percent of the students attending schools in the District.

GOVERNING BODIES AND OFFICERS

Local legislative decisions in the Town are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a board of five selectmen, elected on an at-large basis for staggered three-year terms, assisted by a Town Manager.

Local school affairs are administered by a regional school committee, including five members from the Town elected for staggered three-year terms. Local taxes are assessed by a principal assessor and a board of three assessors, appointed by the Town Manager, for staggered three-year terms.

The following is a list of the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Select Board	Sean Stanton, Chair	Elected / 3 years	2018
	Stephen C. Bannon, Vice Chair	Elected / 3 years	2016
	Daniel B. Bailly	Elected / 3 years	2016
	Edward Abrahams	Elected / 3 years	2017
	Bill Cooke	Elected / 3 years	2018
Town Manager	Jennifer Tabakin	Appointed / 3 years	2016
Treasurer/Collector	Karen D. Fink	Appointed / Indefinite term	-
Town Accountant/Town Financial Coordinator	Lauren Sartori Hobgood	Appointed / 3 years	2017
Town Clerk	Marie Ryan	Appointed / Indefinite term	-
Town Counsel	Kopelman and Paige	Appointed by the Board of Selectmen / Annually	2016

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Selectmen.

DEBT LIMITS

General Debt Limit. The General Debt Limit of a city or town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. A city or town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financings; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See “Taxation to Meet Deficits” herein). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

TYPES OF OBLIGATIONS

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue (“DOR”). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the State Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual instalments required by any other law, and a sinking fund may be established for the payment of such bonds.

Any investment that is part of such a sinking fund may mature note later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

DEBT (1)

The following shows the direct debt to be outstanding as of December 31, 2015:

General Obligation Bonds:

Within General Debt Limit (2)		
Sewers and Drains (3)	\$ 320,000	
Other Building	6,375,660	
Streets, Sidewalks & Drainage	1,651,500	
Departmental Equipment	<u>1,964,500</u>	
Total Within the General Debt Limit		\$10,311,660
Outside General Debt Limit		
Sewers (3)	\$ 133,340	
Other Outside General	<u>0</u>	
Total Outside the General Debt Limit		<u>133,340</u>
Total Outstanding General Obligation Bonds		\$10,445,000
Temporary Loans in Anticipation of:		
Revenue	\$ 0	
Bonds (4)	671,000	
Grants	<u>0</u>	
Total Temporary Loans		<u>671,000</u>
Total Direct Debt (5)		<u>\$11,116,000</u>

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post employment benefits liability.

(2) Currently the normal general debt limit is \$67,651,545 and the double general debt limit is \$135,303,090.

(3) \$453,340 is self-supporting.

(4) Notes mature on March 4, 2016.

(5) \$7,325,500 has been excluded from the provisions of Proposition 2½.

AUTHORIZED UNISSUED DEBT AND PROSPECTIVE FINANCING

The Town has \$19,092,864 authorized unissued debt. The Town has authorized \$13,200,000 for the purpose of making additional improvements to its sewerage system and wastewater treatment plant. It expects to permanently finance the necessary improvements in a future bond issue of the Town. There are currently \$296,000 bond anticipation notes outstanding against this authorization.

The Town also has \$575,000 authorized for the purpose of constructing stormwater management improvements in the Town.

The Town also has \$500,000 authorized for Dewey Building Improvements and \$586,464 authorized for various pieces of departmental equipment. There are currently \$375,000 bond anticipation notes outstanding against the latter authorization.

Finally, the Town also has \$4,231,400 authorized unissued debt for the purpose of constructing wastewater treatment plant improvements. The Town expects to permanently finance this amount through the Massachusetts Water Pollution Abatement Trust before the end of fiscal 2016.

FIVE YEARS OUTSTANDING DEBT (1)

	As of June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Long- Term Indebtedness:					
Sewers and Drains	\$ 340,000	\$ 375,000	\$ 140,000	\$ 165,000	\$ 190,000
Departmental Equipment	6,375,660	2,252,880	512,300	568,600	624,900
Streets, Sidewalks & Parking	1,651,500	1,850,000	86,600	173,200	259,800
Other Building	<u>1,964,500</u>	<u>7,212,720</u>	<u>7,001,080</u>	<u>7,809,850</u>	<u>8,618,620</u>
Total Within the General Debt Limit	<u>\$10,331,660</u>	<u>\$11,690,600</u>	<u>\$7,739,980</u>	<u>\$8,716,650</u>	<u>\$ 9,693,320</u>
Outside the General Debt Limit:					
Sewers	\$ 133,340	\$ 266,680	\$ 400,020	\$ 533,350	\$ 666,680
Other Outside General	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>135,000</u>
Total Outside the General Debt Limit	<u>133,340</u>	<u>266,680</u>	<u>400,020</u>	<u>533,350</u>	<u>801,680</u>
Total Long-Term Indebtedness	<u>\$10,465,000</u>	<u>\$11,957,280</u>	<u>\$8,140,000</u>	<u>\$9,250,000</u>	<u>\$10,495,000</u>

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post employment benefits liability.

BOND DEBT vs. POPULATION, VALUATIONS AND INCOME

	As of June 30				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Amount (1)(in thousands)	\$10,465	\$11,957	\$8,140	\$9,250	\$10,495
Per Capita (2)	1,507	1,709	1,162	1,309	1,477
Percent of Assessed Valuation (3)	0.76%	0.90%	0.60%	0.68%	0.75%
Percent of Equalized Valuation (4)	0.77%	0.86%	0.59%	0.67%	0.70%
Per Capita (2) as a percent of Personal Income per Capita	4.77%	7.54%	3.38%	3.79%	4.30%

(1) Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post employment benefits liability.

(2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.

(3) The assessed valuation used here is the assessed valuation for that fiscal year.

(4) The equalized valuation used here is the equalized valuation in effect for that fiscal year.

ANNUAL DEBT SERVICE (1)

The following table presents the debt service payable on the Town's outstanding debt as of December 31, 2015:

Fiscal Year	<u>Outstanding 12/31/15</u>		<u>Current Issue</u>		<u>Total Debt Service (2)</u>	<u>Cumulative % Principal Retired</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2016	\$ 1,255,000	\$ 184,717	0	0	\$ 1,439,717	10.3%
2017	1,055,000	326,960	0	0	1,381,960	20.6
2018	1,055,000	288,343	0	0	1,343,343	30.9
2019	955,000	253,825	0	0	1,208,825	40.2
2020	940,000	221,972	0	0	1,161,972	49.4
2021	925,000	190,760	0	0	1,115,760	58.4
2022	925,000	159,640	0	0	1,084,640	67.4
2023	920,000	126,845	0	0	1,046,845	76.4
2024	770,000	94,075	0	0	864,075	83.9
2025	520,000	65,475	0	0	585,475	89.0
2026	515,000	44,750	0	0	559,750	94.0
2027	510,000	24,175	0	0	534,175	99.0
2028	100,000	3,500	0	0	103,500	100.0%
	<u>\$10,445,000</u>	<u>\$1,985,038</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$12,430,038</u>	

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post employment benefits liability.

(2) **Principal amount of \$7,325,500 of currently outstanding bonds and the interest thereon has been exempted from the Provisions of Proposition 2½. Principal totaling \$453,340 and the interest thereon is self-supporting.**

REVENUE ANTICIPATION NOTE BORROWING

The Town has not issued revenue anticipation notes in any of the last ten fiscal years.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally will be expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town has no significant contractual obligations.

OVERLAPPING DEBT (1)

The following table sets forth the portion of overlapping debt assessed to the Town as of December 31, 2015:

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Estimated Share of the Town</u>	<u>Assessment for Operations and Debt Service FY 2016</u>
Berkshire Hills Regional School District (2)	\$11,820,000	\$0	69.99%	\$13,524,504
Berkshire Regional Transit Authority (3)	0	0	7.9%	63,793

(1) Principal amount only. Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(2) Source: Berkshire Hills Regional School District. Debt is as of December 31, 2015. The shares of the member municipalities vary from year to year according to pupil enrollment. The share shown here has been estimated by the District based on present circumstances, which are subject to change. The other members of the District are the Towns of Stockbridge and West Stockbridge. In fiscal 2016, the District expects to receive \$1,120,934 from the MSBA towards the approved project cost of the District's recent school construction project. Approximately 70 percent of the cost of the debt service on the related bonds will be assessed to the Town, less the Town's allocable share of any such expected reimbursements. **The Town has exempted its share of such debt service from the tax limitations of Proposition 2½.**

(3) Source: Berkshire Regional Transit Authority, as of December 31, 2015. Assessment and estimated share of the Town are estimated figures provided by the Berkshire Regional Transit Authority.

The Berkshire Hills Regional School District completed a \$28,900,000 school construction project in 2005, consisting of new elementary and middle schools, and issued bonds for the project dated January 1, 2004. **The Town's assessment to pay its share of the school district's debt service for this purpose has been excluded by the Town from the limits of Proposition 2½.** The District recently refunded these bonds; the Town's annual assessment from the District will first reflect the refunding savings in fiscal 2015.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. The Berkshire Regional Retirement System ("BRRS"), of which the Town is a member, is currently on a schedule to fully amortize the unfunded liability by fiscal 2025.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Town has no such non-contributory system.

The Town follows the provisions of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27” with respect to the employees’ retirement funds. The Town participates in the BRRS, the contributory retirement system of the former Berkshire County. The annual contributions of the Town to the BRRS for the most recent fiscal years and the amount budgeted for fiscal 2016 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2016 (budgeted)	\$711,322
2015	688,658
2014	664,341
2013	658,047
2012	586,847

As of January 1, 2015, the BRRS had assets valued at \$186,822,143 to support an actuarial accrued liability of \$227,361,343, leaving an estimated unfunded actuarial liability in the amount of \$40,539,200. Thus, the BRRS is approximately 82.2 percent funded. The assumed investment rate of return was 7.60 percent. The valuation was performed by PERAC.

There is no separate valuation of the Town’s share of the liability currently available. The Town of Great Barrington’s payment to the system in fiscal year 2016 was 8.61 percent of the total payments to be made to the BRRS for that fiscal year. As reported in the Town’s audited Financial Statements (see Appendix B herein), the Town’s proportionate share of the net pension liability as of December 31, 2014, was \$2,260,900, and the net position of the Town’s liability was 88.1 percent of the total pension liability.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approved by the local legislative body, which acceptance may not be revoked.

The foregoing data do not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

In addition to the assets attributed to the Town held by the BRRS, the Town has funded a Pension Reserve Trust Fund. The balance in that fund as of June 30, 2015, was \$877,581 (of which \$100,000 was appropriated for use as a portion of the payment due to the BRRS for fiscal 2016).

OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits, cities and towns may provide retired employees with payments for a portion of their health care and life insurance benefits. These benefit payments are generally provided on a pay-as-you-go basis. In 2006, the Town adopted Massachusetts General Laws, Chapter 32B, Section 18 which requires all retirees and their spouses, once eligible, to be enrolled in Medicare extension plans.

The Governmental Accounting Standards Board (“GASB”) Statement Nos. 43 and 45 require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions” requires governments to account for other post-employment benefits (“OPEB”), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of revenues, expenses, and changes in net position when a futurereetiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that

an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

These accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. Cities and towns with general legal authority may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Berkshire Region Group Purchasing Program, the group health insurance purchaser for member communities in Berkshire County, contracted with The Segal Group to prepare a valuation and review of the Other Post Employment Benefits of its members as of June 30, 2014. The actuarial accrued liability for the Town, assuming pay-as-you-go funding of the benefits provided and at an assumed investment earnings rate of 4.50 percent, was \$12,655,865. The Annual Required Contribution was \$1,013,224.

PROPERTY TAXATION

Tax Rate and Valuation - General. Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 per cent of their share of the total valuation. A city or town may also exempt up to 20 per cent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized valuation". See "Debt Limits" herein.

VALUATIONS

The following shows the assessed and equalized valuations for the current and most recent fiscal years:

	For Fiscal Year				
	<u>2016 (1)</u>	<u>2015</u>	<u>2014</u>	<u>2013 (1)</u>	<u>2012</u>
Real Property	\$1,343,428,629	\$1,330,607,590	\$1,282,735,029	\$1,323,945,906	\$1,314,227,027
Personal Property	<u>42,775,951</u>	<u>39,891,544</u>	<u>39,644,216</u>	<u>36,937,621</u>	<u>37,394,783</u>
Total (2)	<u>\$1,386,204,580</u>	<u>\$1,370,499,134</u>	<u>\$1,322,379,245</u>	<u>\$1,360,883,527</u>	<u>\$1,351,621,810</u>
Equalized Value (3)	\$1,353,030,900	\$1,353,030,900	\$1,387,355,100	\$1,387,355,100	\$1,490,513,900
Percent of Total Assessed to Equalized Valuation	102.5%	101.3%	95.3%	98.1%	90.7%

(1) Revaluation years.

(2) As of January 1, 2015, 2014, 2013, 2012, and 2011 respectively.

(3) Based on equalized valuation in effect for each year.

The following table shows the breakdown of the total assessed valuation for fiscal years 2016, 2015 and 2014 by classification:

<u>Class</u>	<u>2016 Assessed Valuation</u>	<u>% Of Total</u>	<u>2015 Assessed Valuation</u>	<u>% Of Total</u>	<u>2014 Assessed Valuation</u>	<u>% Of Total</u>
Residential	\$1,093,057,135	78.9%	\$1,078,780,208	78.7%	\$1,036,208,286	78.4%
Commercial	239,594,572	17.3	241,102,060	17.6	236,020,636	17.8
Industrial	10,776,922	0.8	10,725,322	0.8	10,506,107	0.8
Personal	<u>42,775,951</u>	<u>3.0</u>	<u>39,891,544</u>	<u>2.9</u>	<u>39,644,216</u>	<u>3.0</u>
Total	<u>\$1,386,204,580</u>	<u>100.0%</u>	<u>\$1,370,499,134</u>	<u>100.0%</u>	<u>\$1,322,379,245</u>	<u>100.0%</u>

TAX RATES

The following shows the actual tax rates per \$1,000 of assessed valuation and the estimated full value rate based on the equalized valuations for the current and most recent fiscal years:

<u>Fiscal Year</u>	<u>Actual Tax Rate</u>	<u>Full Value Rate</u>
2016	\$14.29	\$14.64
2015	13.72	13.55
2014	13.56	12.92
2013	13.14	12.89
2012	13.12	11.90

LARGEST TAXPAYERS (1)

The following is a list of the largest taxpayers of the Town for fiscal 2016:

<u>Taxpayer</u>	<u>Purpose</u>	<u>Assessed Value</u>	<u>Amount of Tax</u>	<u>Percent of total</u>
Big Y Foods	Retail Center	\$12,262,980	\$175,238	0.88%
Massachusetts Electric Company	Utility	10,758,200	153,735	0.78
Stockbridge Road Realty LLC	Realty	9,548,350	136,446	0.69
Kimco of Great Barrington 609 Inc.	Retail Center	9,513,600	135,949	0.69
Berkshire Bank	Financial Institution	7,764,600	110,956	0.56
Educational Consultants	Private School	7,715,500	105,886	0.53
Butternut Basin	Ski Resort	6,252,750	89,352	0.45
KSNS Stockbridge Rd Realty Trust	Realty	5,583,350	79,786	0.40
Individual	Private Residence	5,224,456	74,657	0.38
Beech Tree Apartments	Apartment Complex	<u>5,215,300</u>	<u>74,527</u>	<u>0.38</u>
Total		<u>\$79,839,086</u>	<u>\$1,136,532</u>	<u>5.74%</u>

(1) All of the largest taxpayers listed above are current on their real estate and personal property taxes.

TAX LEVIES

Levy-General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" herein. As to the inclusion of debt service and final judgments, see "Security and Remedies" herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" herein).

Taxation to Meet Deficits. As noted elsewhere (see "Abatements and Overlay" herein) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are

generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as “Proposition 2½”, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund. The applicable tax limits may also be reduced in any year by a majority of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations.

As previously noted, the Town has voted to exclude the debt service on \$7,325,500 of currently outstanding bonds from the limitations of Proposition 2½, subject to the provisions of Chapter 44, Section 20, of the General Laws.

It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost

of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance. Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA, and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran's districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

Initiative Petitions. Various other proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

CALCULATION OF TAX LEVIES AND LEVY LIMITS

The following table shows the calculation of the tax levies for the current and most recent fiscal years:

	<u>For Fiscal Year (000 omitted)</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Gross Amount to be Raised:					
Appropriations	\$27,674	\$26,078	\$24,619	\$24,143	\$23,677
Other Local Expenditures	169	158	448	13	125
State and County Charges	71	70	71	69	77
Overlay Reserve	<u>165</u>	<u>157</u>	<u>168</u>	<u>161</u>	<u>166</u>
Total Gross Amount to be Raised	<u>28,079</u>	<u>26,463</u>	<u>25,306</u>	<u>24,386</u>	<u>24,045</u>
Less Estimated Receipts & Other Revenue					
Estimated Receipts from State	1,026	1,002	1,002	976	901
Estimated Receipts – Local	4,730	4,251	3,482	3,075	2,966
Available Funds Appropriated:					
Free Cash	0	0	415	0	0
Other Available Funds	152	100	118	214	382
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>2,362</u>	<u>2,308</u>	<u>2,357</u>	<u>2,239</u>	<u>2,064</u>
Total Estimated Receipts & Revenue	<u>8,270</u>	<u>7,660</u>	<u>7,375</u>	<u>6,504</u>	<u>6,312</u>
Net Amount to Be Raised (Tax Levy)	<u>\$19,809</u>	<u>\$18,803</u>	<u>\$17,931</u>	<u>\$17,882</u>	<u>\$17,733</u>

The following table shows the calculation of levy limits for the current and most recent fiscal years.

	<u>For Fiscal Year (000 omitted)</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Primary Levy Limit (1)	\$34,655	\$34,262	\$33,059	\$34,022	\$33,791
Prior Fiscal Year Levy Limit	19,126	18,415	17,718	17,071	16,530
2.5% Levy Growth	478	460	443	427	413
New Growth (2)	244	251	254	220	128
Overrides	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	19,848	19,126	18,415	17,718	17,071
Debt Exclusions	1,405	1,366	1,284	1,372	1,500
Capital Expenditure Exclusions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Tax Levy Limit	21,252	20,492	19,699	19,090	18,571
Tax Levy	<u>19,809</u>	<u>18,803</u>	<u>17,931</u>	<u>17,882</u>	<u>17,733</u>
Unused Levy Capacity (3)	<u>\$ 1,443</u>	<u>\$ 1,689</u>	<u>\$ 1,768</u>	<u>\$ 1,208</u>	<u>\$ 838</u>
Unused Primary Levy Capacity (4)	<u>\$14,807</u>	<u>\$15,136</u>	<u>\$14,645</u>	<u>\$16,304</u>	<u>\$16,719</u>

(1) 2.5% of assessed valuation.

(2) Allowed increase for new valuations - certified by the Department of Revenue.

(3) Tax Levy Limit less Tax Levy. The additional amount which may be levied without voter approval.

(4) Primary Levy Limit less Growth Levy Limit.

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The Town has accepted a statute permitting quarterly tax payments. Under that statute, preliminary tax payments are due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on November 1 and May 1 if actual tax bills are mailed by December 31. Interest accrued on delinquent taxes at the rate of 14 percent per annum.

Lien. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

Personal Liability. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in “Taking and Sale” herein.

The following shows the total tax levy, the reserve for abatements, the net levy and the percents collected during each fiscal year and as of a more recent date for the most recent fiscal years:

	For Fiscal Year				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Tax Levy	\$19,808,863	\$18,803,248	\$17,931,463	\$17,882,010	\$17,733,278
Overlay Reserve for Abatements	<u>165,277</u>	<u>157,046</u>	<u>167,779</u>	<u>160,683</u>	<u>166,031</u>
Net Tax Levy (1)	<u>\$19,643,586</u>	<u>\$18,646,203</u>	<u>\$17,763,683</u>	<u>\$17,721,327</u>	<u>\$17,567,247</u>
Amount Collected During					
Fiscal Year Payable (2)	n.a.	\$18,489,254	\$17,077,373	\$16,964,326	\$17,007,370
Percent of Net Tax Levy	n.a.	99.2%	96.1%	95.7%	96.8%
Amount Collected					
Through 12/31/15 (2)	\$ 9,543,626	\$18,887,820	\$17,516,477	\$17,624,345	\$17,430,073
Percent of Net Tax Levy	48.6%	101.3%	98.6%	99.5%	99.2%

(1) Net after deduction of overlay reserve for abatements.

(2) Actual collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributed to such levy or other non-cash credits.

Abatements and Overlay. A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an “overlay” to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal “tax titles” by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following shows the abatements granted during the most recent fiscal year as well as through a more recent date for the most recent fiscal years:

	For Fiscal Year				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Levy	\$19,808,863	\$18,803,248	\$17,931,463	\$17,882,010	\$17,733,278
Overlay Reserve for Abatements	165,277	157,046	167,779	160,683	166,031
Percent of Tax Levy	0.8%	0.8%	0.9%	0.9%	0.9%
Abatements Granted:					
During Fiscal Year of Levy	n.a.	\$127,345	\$122,018	\$104,287	\$102,901
Through 12/31/15	\$ 74,076	\$127,608	\$122,044	\$105,733	\$106,237

Taking and Sale. Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a “tax possession” and may be held and disposed of in the same manner as other land held for municipal purposes.

Sales of Tax Receivables. Cities and town are authorized to sell delinquent property tax receivables by public sale or auction either individually or in bulk.

TOWN FINANCES

The annual appropriations of the Town are ordinarily made at the annual meeting which takes place in May. Appropriations may also be voted at special meetings. The Town has a Town Manager and a Finance Committee which submit reports and recommendations on proposed expenditures at town meetings.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See “Property Taxation” herein.)

BUDGET COMPARISON

The following table sets forth the budgets for fiscal years 2012 through 2016:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government	\$ 1,321,467	\$ 1,317,442	\$ 1,274,720	\$ 1,259,504	\$ 1,216,655
Public Safety	2,140,661	2,036,943	1,933,122	1,870,682	1,809,154
Public Health	71,959	75,513	73,901	72,641	71,555
Public Works	2,057,240	1,992,957	1,978,431	1,992,967	1,997,806
Education	13,524,504	12,613,163	12,053,039	11,598,719	11,313,439
Libraries	508,005	496,585	488,345	490,196	467,366
Parks and Recreation	73,250	74,000	73,500	73,700	74,200
Veterans	200,739	197,131	128,505	113,641	90,521
Miscellaneous	10,433	7,433	7,433	7,433	7,433
Debt and Interest	1,693,785	1,767,380	1,624,100	1,824,100	1,824,100
Insurance	1,825,369	1,825,369	1,825,469	1,825,469	1,865,469
Retirement	767,697	743,658	714,341	703,047	640,608
Council on Aging	159,317	151,762	129,363	130,729	111,444
Capital	2,672,790	1,484,280	3,842,100	5,646,000	1,927,000
Funds Transfers	30,000	0	30,500	30,500	30,500
Human Services	20,000	25,314	26,300	26,300	30,940
Total	<u>\$27,077,216</u>	<u>\$24,808,930</u>	<u>\$26,203,169</u>	<u>\$27,665,628</u>	<u>\$23,478,190</u>

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. None of the programs have a termination date under existing law, and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

The following table shows the actual receipts in each of the most recent fiscal years and the amount budgeted to be received in fiscal 2016:

<u>Fiscal Year</u>	<u>Total State Aid</u>
2016 (budgeted)	\$1,014,150
2015	989,784
2014	956,661
2013	898,225
2012	911,642

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

Under its school building assistance program, The Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds. Approved project costs included the interest expense incurred on debt issued by a municipality to finance the school project. In recent years, demand for school building assistance grants far exceeded available funds. As of July 1, 2004, a total of 425 projects for which completed grant applications had been submitted were still on the Department of Education's project priority list awaiting approval of a grant.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. The Authority expects to pay grants for all of the projects on the priority waiting list by the end of fiscal year 2008. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The maximum reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007, is 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

COMMUNITY PRESERVATION ACT

The Massachusetts Community Preservation Act (the “CPA” or the “Community Preservation Act”) permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “Tax Limitations” under “PROPERTY TAXATION” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the

provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town voted to accept the Community Preservation Act in May 2012, effective July 1, 2013. The Town approved a 3.00 percent CPA surcharge and exempted low income housing, lower and moderate income senior housing, and \$100,000 of each taxable residential parcel. The balance in the CPA fund as of June 30, 2015, was \$982,093.

MOTOR VEHICLE EXCISE

An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles. The following table shows the actual receipts in each of the most recent fiscal years and the amount budgeted to be received in fiscal 2016.

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2016 (budgeted)	\$420,000
2015	774,525
2014	737,111
2013	690,572
2012	676,351

(1) Net after refunds. Includes receipts for prior years.

OTHER TAXES

Three additional sources of revenue for local governments are the room occupancy excise tax, local meals excise tax, and the aviation fuel tax. All of these taxes take effect only where accepted by individual municipalities. Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed six percent of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located.

The local meals excise tax, effective for sales of restaurant meals on or after October 1, 2009, is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold.

The Town has voted to impose the local option room occupancy excise tax and the local option meals tax.

The following table shows the amount budgeted to be received in fiscal 2016 and the actual receipts of the room occupancy tax for the most recent fiscal years:

<u>Fiscal Year</u>	<u>Room Occupancy Receipts</u>
2016 (budgeted)	\$255,000
2015	482,389
2014	419,732
2013	406,775
2012	395,060

The following table shows the amount budgeted to be received in fiscal 2015 and the actual receipts of the meals tax for the most recent fiscal years:

<u>Fiscal Year</u>	<u>Meals Excise Taxes</u>
2016 (budgeted)	\$215,000
2015	291,685
2014	246,807
2013	233,675
2012	237,474

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½.

The Town has not voted to establish any development districts.

INVESTMENTS

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares of SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization. MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with section 54 of Chapter 44, which permits a broader range of investments than section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by sections 54 and 55 do not apply to city and town retirement systems. (See page 29 of the audited financial statements for 2015 in Appendix B for additional information regarding the Town's investments.)

SEWER ENTERPRISE FUND

The Town manages and accounts for its wastewater collection, treatment and disposal services on an enterprise fund basis. Charges are set to cover all costs of operation and all debt service. The following presents the ending retained earnings (Free Cash) for the Sewer Enterprise Fund for the last five fiscal years for which amounts are available.

<u>Fiscal Year</u>	<u>Retained Earnings</u>
2015	\$3,402,742
2014	2,797,980
2013	2,723,520
2012	2,034,636
2011	1,758,210

UNASSIGNED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the unassigned general fund balance and certified free cash for the most recent fiscal years for which amounts are available:

<u>June 30/July 1,</u>	<u>Unassigned General Fund Balance (1)</u>	<u>Free Cash</u>
2015	\$3,253,920	\$2,696,949
2014	3,377,448	2,926,075
2013	3,335,600	2,769,555
2012	3,475,232	3,403,217
2011	3,136,689	3,046,578

(1) In fiscal 2011 and 2012, the Stabilization Fund is included in the Committed Fund Balance, not the Unassigned Fund Balance. In fiscal 2013, 2014 and 2015, it is in the Unassigned Fund Balance.

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose. The table on the following page presents the balance in the fund at the end of the most recent fiscal years.

<u>Fiscal Year</u>	<u>Balance</u>
2015	\$373,367
2014	372,249
2013	371,373
2012	450,195
2011	447,807

Of the June 30, 2015, balance, none has been appropriated for use in fiscal 2016.

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town has approximately 175 full and part time employees, of which approximately 23 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Department</u>	<u>Number of People</u>	<u>Contract Expiration Date</u>
AFL-CIO	Public Works	20	June 30, 2017
AFL-CIO	Library	7	June 30, 2017
Massachusetts Coalition of Police, Local 350	Police	14	June 30, 2017

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town is located in southwestern Massachusetts in the southern region of the Berkshires. It is the major commercial center for the abutting communities that are located south of the Massachusetts Turnpike. It is also an active center of tourism for the region, attracting significant numbers of visitors from both the eastern portion of Massachusetts and the greater metropolitan New York City area. The Town is served by State Routes 7 and 41 and has ready access to the Massachusetts Turnpike at entrances in the Towns of West Stockbridge and Lee. The Town is the boyhood home of William Edward Burghardt DuBois (1868-1963), a historian, educator, sociologist, pioneer civil rights leader and founder of the N.A.A.C.P.

PRINCIPAL EMPLOYERS

The following are the principal employers, excluding the Town, located in the Town, and the approximate number of employees as of December 2015.

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees</u>
Butternut Ski Area and Shop	Ski facility	300 (1)
URJ Eisner Camp	Summer camp facility	300 (2)
Fairview Hospital	Hospital	270
Berkshire Hills RSD	School District	230
Berkshire Meadows	Residential care facility	180
Simon's Rock College	College	175
Price Chopper	Supermarket	150
Big Y	Supermarket	130

Fairview Commons	Nursing home	130
Brookside / ITU Campus	Educational facility	120
Kutsher's Sports Academy	Summer camp	100 (3)
Timberlyn Heights	Healthcare	90
Iredale Mineral Cosmetics	Cosmetic products	80
Berkshire Cooperative Market	Food store	70
K-mart	Retail store	50

(1) Winter season employees; summer employment is approximately 25.

(2) Summer season employees.

(3) Summer season employees; winter employment is approximately 5. As estimated by the Town.

EMPLOYMENT AND PAYROLLS

	Calendar Year Average				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Construction & Natural Resources	140	137	132	129	139
Manufacturing	186	197	194	188	200
Trade, Transportation & Utilities	1,279	1,295	1,262	1,274	1,255
Financial Activities	132	132	135	140	145
Professional & Business Services	272	259	283	266	260
Education & Health Services	1,792	1,838	1,723	1,712	1,697
Leisure & Hospitality	620	558	518	494	642
Information & Other Services	342	330	373	365	393
Public Administration	<u>97</u>	<u>100</u>	<u>94</u>	<u>93</u>	<u>89</u>
Total Employment	5,122	5,091	4,930	4,887	4,842
Number of Establishments	510	493	494	511	516
Total Annual Wage (\$000)	\$194,345	\$188,117	\$177,923	\$172,729	\$168,636
Average Weekly Wage	\$730	\$711	\$694	\$680	\$670

Source: Massachusetts Executive Office of Labor and Workforce Development.

BUILDING PERMITS

The following table presents the number of building permits issued in the current and each of the past four fiscal years and the approximate construction value permitted.

<u>Fiscal Year</u>	<u>Number of Permits</u>	<u>Estimated Value</u>
2016 (As of December 31, 2015)	292	\$16,645,735
2015	576	23,752,236
2014	511	13,372,383
2013	468	9,048,496
2012	515	19,116,740

SCHOOL ENROLLMENTS

The table on the following page presents the school enrollment of students from the member towns at the Berkshire Hills Regional School District as of October 1, 2011 through October 1, 2015. The total capacity of District facilities is approximately 1,600 students.

	<u>Actual</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Great Barrington	651	682	677	690	681
Stockbridge	143	145	137	145	150
West Stockbridge	<u>169</u>	<u>149</u>	<u>162</u>	<u>148</u>	<u>142</u>
Total	<u>963</u>	<u>976</u>	<u>976</u>	<u>983</u>	<u>973</u>

OTHER DATA

Unemployment (1)

<u>Year</u>	<u>Great Barrington</u>	<u>Massachusetts</u>	<u>United States</u>
2015 (November)	4.2%	4.5%	4.8%
2014	5.3	5.8	6.2
2013	5.9	7.1	7.4
2012	5.8	6.7	8.1
2011	6.3	6.8	8.9

(1) Source: Massachusetts Executive Office of Labor & Workforce Development. Full year annual averages except for 2015 which is for the month indicated.

Population (1)

<u>Year</u>	<u>Great Barrington</u>		<u>Berkshire County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2014 (Estimate)	6,945	-2.2%	128,715	-1.9%	6,745,408	3.0%
2010	7,104	-5.6	131,219	-2.8	6,547,629	3.1
2000	7,527	-2.6	134,953	-3.2	6,349,097	5.5
1990	7,725	4.3	139,352	-4.0	6,016,425	4.9
1980	7,405		145,110		5,737,037	

(1) Source: U.S. Department of Commerce for actuals and estimates, Massachusetts Institute for Social & Economic Research for projections.

Population Density (1)

<u>Year</u>	<u>Great Barrington</u>		<u>Berkshire County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density (2)</u>	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2014 (Estimate)	6,945	153.7	128,715	138.2	6,745,408	860.6
2010	7,104	157.2	131,219	140.9	6,547,629	835.4
2000	7,527	166.6	134,953	144.9	6,349,097	810.0
1990	7,725	170.9	139,352	149.6	6,016,425	767.6
1980	7,405	163.9	145,110	155.8	5,737,037	732.0

(1) Source: U. S. Department of Commerce for actuals and estimates, Massachusetts Institute for Social & Economic Research for projections.

(2) Based on 45.2 square miles.

Population Composition 2014 5-year estimate (1)

<u>Age</u>	<u>Great Barrington</u>		<u>Berkshire County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	142	2.0%	5,821	4.5%	365,403	5.5%
5 Years to 19 Years	1,474	21.0	22,615	17.4	1,247,674	18.7
20 Years to 64 Years	4,119	58.6	76,014	58.4	4,085,614	61.4
65 Years & Over	<u>1,294</u>	<u>18.4</u>	<u>25,614</u>	<u>19.7</u>	<u>958,600</u>	<u>14.4</u>
Total	<u>7,029</u>	<u>100.0%</u>	<u>130,064</u>	<u>100.0%</u>	<u>6,657,291</u>	<u>100.0%</u>
Median Age	43.7		45.4		39.3	
Median Age (2000)	41.8		40.5		36.5	

(1) Source: U. S. Department of Commerce.

Income Levels (1)

<u>Year</u>	<u>Great Barrington</u>		<u>Berkshire County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>
2014 (5yr est)	\$31,586	39.4%	\$30,168	38.3%	\$36,441	40.4%
1999	22,655	59.5	21,807	46.8	25,952	50.7
1989	14,206		14,857		17,224	
Median Family Income (2014)	\$73,631		\$66,093		\$86,132	
Median Household Income (2014)	\$52,026		\$49,737		\$67,846	
% Below Poverty Level (2014)	8.5%		12.7%		11.6%	

(1) Source: U.S. Department of Commerce.

Family Income Distribution 2014 5-year estimate (1)

Income for Families	Great Barrington		Berkshire County		Massachusetts	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000	67	4.5%	1,437	4.4%	59,047	3.7%
\$10,000 - \$24,999	142	9.5	3,787	11.5	133,424	8.3
\$25,000 - \$49,999	207	13.9	6,995	21.3	259,622	16.1
\$50,000 - \$74,999	340	22.8	6,529	19.9	250,684	15.5
\$75,000 - \$99,999	245	16.5	4,770	14.5	226,045	14.0
\$100,000 - \$149,999	256	17.2	5,542	16.9	331,419	20.5
\$150,000 or more	232	15.6	3,818	11.6	354,821	22.0
Total	<u>1,489</u>	<u>100.0%</u>	<u>32,878</u>	<u>100.0%</u>	<u>1,615,062</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Household Income Distribution 2014 5-year estimate (1)

Income for Households	Great Barrington		Berkshire County		Massachusetts	
	Households	Percent	Households	Percent	Households	Percent
Less than \$10,000	161	6.2%	3,577	6.5%	154,704	6.1%
\$10,000 - \$24,999	414	15.8	10,713	19.3	352,172	13.9
\$25,000 - \$49,999	622	23.8	13,509	24.4	464,120	18.3
\$50,000 - \$74,999	516	19.7	10,082	18.2	402,049	15.8
\$75,000 - \$99,999	249	9.5	6,510	11.8	322,545	12.7
\$100,000 - \$149,999	372	14.2	6,506	11.8	426,367	16.8
\$150,000 or more	282	10.8	4,472	8.1	416,528	16.4
Total	<u>2,616</u>	<u>100.0%</u>	<u>55,369</u>	<u>100.0%</u>	<u>2,538,485</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Value Distribution Of Specified Owner-Occupied Housing Units 2014 5-year estimate (1)

Units	Great Barrington		Berkshire County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than \$100,000	131	7.8%	4,328	11.4%	68,804	4.4%
\$100,000 - \$199,999	186	11.1	14,226	37.5	221,311	14.0
\$200,000 - \$299,999	453	27.1	8,649	22.8	392,286	24.8
\$300,000 - \$499,999	539	32.3	6,957	18.3	566,852	35.8
\$500,000 - \$999,999	329	19.7	2,945	7.8	274,666	17.4
\$1,000,000 or more	31	1.9	848	2.2	57,019	3.6
Total	<u>1,669</u>	<u>100.0%</u>	<u>37,953</u>	<u>100.0%</u>	<u>1,580,938</u>	<u>100.0%</u>
Median Value	\$320,900		\$204,100		\$329,900	

(1) Source: U.S. Department of Commerce.

Age Distribution of Housing Units 2014 5-year estimate (1)

Year Built	Great Barrington		Berkshire County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
2000 or later	213	6.9%	3,783	5.5%	228,324	8.1
1980 to 1999	500	16.2	11,212	16.4	513,510	18.2
1940 to 1979	868	28.1	27,959	40.9	1,109,791	39.4
1939 or Earlier	<u>1,505</u>	<u>48.8</u>	<u>25,475</u>	<u>37.2</u>	<u>965,250</u>	<u>34.3</u>
Total	<u>3,086</u>	<u>100.0%</u>	<u>68,429</u>	<u>100.0%</u>	<u>2,816,875</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Housing Unit Inventory 2014 5-year estimate (1)

Units in Structure	Great Barrington		Berkshire County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
1, Detached	2,032	65.8%	44,321	64.8%	1,471,675	52.2
1, Attached	124	4.0	2,445	3.6	146,215	5.2
2 to 4	547	17.7	12,322	18.0	594,343	21.1
5 to 9	206	6.7	2,799	4.1	167,467	5.9
10 to 19	0	0.0	1,549	2.3	120,608	4.3
20 or More	177	5.7	3,308	4.8	292,011	10.4
Mobil Home, Trailer, or Other	<u>0</u>	<u>0.0</u>	<u>1,685</u>	<u>2.5</u>	<u>24,556</u>	<u>0.9</u>
Total	<u>3,086</u>	<u>100.0%</u>	<u>68,429</u>	<u>100.0%</u>	<u>2,816,875</u>	<u>100.0%</u>

(1) Source: U.S. Department of Commerce.

Educational Attainment 2014 5-year estimate (1)

Years of School Completed	Great Barrington		Berkshire County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th Grade	320	6.6%	2,935	3.1%	222,831	4.9%
9th to 12th Grade	268	5.5	5,859	6.3	255,123	5.6
High School Graduate	1,394	28.9	29,946	32.1	1,165,918	25.6
Some College, No Degree	669	13.8	17,376	18.6	741,865	16.3
Associate's Degree	253	5.2	8,001	8.6	352,173	7.7
Bachelor's Degree	948	19.6	16,450	17.6	1,030,633	22.6
Graduate or Professional Degree	<u>979</u>	<u>20.3</u>	<u>12,754</u>	<u>13.7</u>	<u>792,803</u>	<u>17.4</u>
Total	<u>4,831</u>	<u>100.0%</u>	<u>93,321</u>	<u>100.0%</u>	<u>4,561,346</u>	<u>100.0%</u>
High School Graduate or Higher	4,243	87.8%	84,527	90.6%	4,083,392	89.5%
Bachelor's Degree or Higher	1,927	39.9%	29,204	31.3%	1,823,436	40.0%

(1) Source: U.S. Department of Commerce.

LITIGATION

In the opinion of the Town, no pending or threatened litigation is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

**TOWN OF GREAT BARRINGTON
Massachusetts**

By: /s/ Lauren Sartori Hobgood
Financial Coordinator

Dated: March 15, 2016

APPENDIX A

The following Balance Sheets for fiscal years ended June 30, 2011 through 2015, inclusive, and the Combined Statement of Revenues, Expenditures and Changes in Fund Balance for fiscal years 2011 through 2015, inclusive, are taken from the audited financial statements prepared by Melanson Heath & Company, Certified Public Accountants, Greenfield, Massachusetts.

There follows in Appendix B the audited financial statements for the Town for its fiscal year ended June 30, 2015.

TOWN OF GREAT BARRINGTON
Massachusetts
Balance Sheet
GENERAL FUND (1)

	June 30				
<u>Assets</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$6,516,684	\$6,731,621	\$7,314,112	\$7,387,458	\$6,926,942
Receivables:					
Property taxes	1,311,107	1,366,602	1,336,645	1,325,465	1,197,789
Excises	150,369	150,479	154,296	127,905	117,632
Departmental & other	155,565	157,212	113,713	102,872	74,786
Due from other funds	<u>224,692</u>	<u>31,469</u>	<u>22,004</u>	<u>43,907</u>	<u>475</u>
Total Assets	<u><u>\$8,358,417</u></u>	<u><u>\$8,437,383</u></u>	<u><u>\$8,940,770</u></u>	<u><u>\$8,987,607</u></u>	<u><u>\$8,317,624</u></u>
 <u>Liabilities and Fund Equity</u>					
Liabilities:					
Warrants payable	\$ 150,292	\$ 165,300	\$ 227,444	\$ 295,296	\$ 209,027
Accrued payroll withholdings	128,206	76,206	90,529	86,999	74,343
Tax refunds payable	0	0	0	52,478	0
Deferred revenues	1,617,041	1,674,295	1,604,653	1,556,243	1,390,205
Other liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,810</u>	<u>0</u>
Total Liabilities	<u><u>\$1,895,539</u></u>	<u><u>\$1,915,801</u></u>	<u><u>\$1,922,626</u></u>	<u><u>\$1,999,826</u></u>	<u><u>\$1,673,575</u></u>
 Fund Balances:					
Restricted	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Committed	0	0	0	370,195	522,658
Assigned	3,208,958	3,144,134	3,682,544	3,142,354	2,984,702
Unassigned	<u>3,253,920</u>	<u>3,377,448</u>	<u>3,335,600</u>	<u>3,475,232</u>	<u>3,136,689</u>
Total Fund Equity	<u><u>\$6,462,878</u></u>	<u><u>\$6,521,582</u></u>	<u><u>\$7,018,144</u></u>	<u><u>\$6,987,781</u></u>	<u><u>\$6,644,049</u></u>
 Total Liabilities and Fund Equity	 <u><u>\$8,358,417</u></u>	 <u><u>\$8,437,383</u></u>	 <u><u>\$8,940,770</u></u>	 <u><u>\$8,987,607</u></u>	 <u><u>\$8,317,624</u></u>

(1) Excerpted from audits prepared by Melanson Heath & Company, PC. In accordance with GASB 54, the Stabilization Fund is included in the General Fund Balance.

TOWN OF GREAT BARRINGTON
Massachusetts
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
GENERAL FUND (1)

	June 30				
<u>Revenues</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Property Taxes	\$18,691,511	\$17,787,133	\$17,774,097	\$17,508,683	\$16,803,193
Excises	1,548,748	1,403,652	1,331,148	1,309,671	1,036,702
Penalties, Interest and Other Taxes	231,394	203,608	254,726	204,319	168,985
Charges for Services	684,688	591,850	534,920	513,869	473,207
Intergovernmental	906,584	956,661	898,225	911,642	1,082,134
Licenses and Permits	68,071	64,636	70,631	55,344	51,351
Fines and Forfeits	36,873	46,139	38,898	39,946	49,295
Investment Income	25,102	24,406	24,818	38,748	50,964
Miscellaneous	80,860	201,670	82,296	127,239	131,014
Total Revenues	<u>\$22,273,831</u>	<u>\$21,279,755</u>	<u>\$21,009,759</u>	<u>\$20,709,461</u>	<u>\$19,846,845</u>
<u>Expenditures</u>					
General Government	\$ 1,607,313	\$ 1,556,012	\$ 1,763,265	\$ 1,467,376	\$ 1,412,688
Public Safety	2,042,350	1,978,658	1,975,044	2,026,183	1,835,716
Education	12,613,163	11,983,457	11,598,719	11,313,439	10,947,473
Public Works	1,665,241	1,773,305	1,471,346	1,636,967	2,386,492
Human Services	385,435	394,968	339,540	300,790	296,649
Culture & Recreation	587,930	607,676	568,151	540,534	525,285
Employee Benefits	856,935	791,649	800,307	766,732	811,405
Retirement	715,786	688,410	678,833	606,550	584,530
Insurance	236,226	220,739	220,272	171,574	178,152
Debt Service	1,728,862	1,858,030	1,517,928	1,730,797	1,622,130
Intergovernmental	69,794	71,373	69,991	75,487	72,992
	<u>\$22,509,035</u>	<u>\$21,924,277</u>	<u>\$21,003,396</u>	<u>\$20,636,429</u>	<u>\$20,673,512</u>
Excess of Revenues Over/Under					
Expenditures	\$ (235,204)	\$ (644,522)	\$ 6,363	\$ 73,032	\$ (826,667))
Other Financing Sources (Uses):					
Bond Proceeds	\$ 0	\$ 0	\$ 0	\$ 115,000	\$ 650,000
Transfers In	176,500	182,460	166,500	186,200	162,550
Transfers Out	0	(34,500)	(142,500)	(30,500)	(30,500)
Total Financing Sources (Uses)	<u>\$ 176,500</u>	<u>\$ 147,960</u>	<u>\$ 24,000</u>	<u>\$ 270,700</u>	<u>\$ 782,050</u>
Excess of Revenue and Other Financing					
Sources Over/(Under) Expenditures					
and Other Financing Uses	\$ (58,704)	\$ (496,562)	\$ 30,363	\$ 343,732	\$ (44,617)
Fund Balance, Beginning of Year	<u>6,521,582</u>	<u>7,018,144</u>	<u>6,987,781</u>	<u>6,644,049</u>	<u>6,688,666</u>
Fund Balance, End of Year	<u>\$6,462,878</u>	<u>\$ 6,521,582</u>	<u>\$ 7,018,144</u>	<u>\$ 6,987,781</u>	<u>\$ 6,644,049</u>

(1) Excerpted from audits prepared by Melanson, Heath & Company, PC.

APPENDIX B

There follows in this Appendix audited financial statements for the fiscal year ended June 30, 2015, together with the report of the certified public accountant, Melanson Heath & Company, PC, Greenfield, Massachusetts.

**TOWN OF GREAT BARRINGTON,
MASSACHUSETTS**

Annual Financial Statements

For the Year Ended June 30, 2015

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Additional Offices:

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

INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of Great Barrington, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Contributions, 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 evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Melanson Heath". The signature is written in a cursive, flowing style.

November 24, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Great Barrington's 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 our finances in a manner similar to a private-sector business.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include sewer 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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds can be divided into two categories: governmental funds and proprietary funds.

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

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

statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary funds. Proprietary funds are maintained as follows:

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, total assets exceeded liabilities by \$34,603,965 (i.e., net position), an increase of \$5,007,384 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$10,729,094 a decrease of \$(935,663) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,253,920, an decrease of \$(123,528) in comparison with the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$10,465,000, an decrease of \$(1,492,280) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 12,706,522	\$ 13,758,087	\$ 4,546,452	\$ 4,010,023	\$ 17,252,974	\$ 17,768,110
Deferred outflows	29,585	-	2,573	-	32,158	-
Capital assets	30,834,271	25,642,456	7,148,727	4,534,295	37,982,998	30,176,751
Total assets	43,570,378	39,400,543	11,697,752	8,544,318	55,268,130	47,944,861
Long-term liabilities outstanding	15,226,548	13,924,555	1,187,496	1,064,673	16,414,044	14,989,228
Other liabilities	1,103,123	541,887	3,146,998	166,189	4,250,121	708,076
Total liabilities and deferred inflows	16,329,671	14,466,442	4,334,494	1,230,862	20,664,165	15,697,304
Net assets:						
Net investment in capital assets	21,959,124	17,569,589	6,252,568	3,815,133	28,211,692	21,384,722
Restricted	2,602,945	1,321,658	-	-	2,602,945	1,321,658
Unrestricted	2,678,638	6,042,854	1,110,690	3,498,323	3,789,328	9,541,177
Total net position	\$ 27,240,707	\$ 24,934,101	\$ 7,363,258	\$ 7,313,456	\$ 34,603,965	\$ 32,247,557

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,828,009	\$ 1,473,351	\$ 1,998,030	\$ 1,963,354	\$ 3,826,039	\$ 3,436,705
Operating grants and contributions	361,464	175,458	4,012	4,595	365,476	180,053
Capital grants and contributions	4,755,114	165,056	-	-	4,755,114	165,056
General revenues:						
Property taxes	18,702,341	17,742,867	-	-	18,702,341	17,742,867
Excises	1,546,203	1,397,069	-	-	1,546,203	1,397,069
Penalties and interest on taxes	233,952	205,920	-	-	233,952	205,920
Grants and contributions not restricted to specific programs	908,285	958,211	-	-	908,285	958,211
Investment income	29,341	27,012	25,147	25,728	54,488	52,740
Other	78,004	201,670	-	7,655	78,004	209,325
Total revenues	28,442,713	22,346,614	2,027,189	2,001,332	30,469,902	24,347,946
Expenses:						
General government	1,931,611	1,674,445	-	-	1,931,611	1,674,445
Public safety	3,051,052	2,650,468	-	-	3,051,052	2,650,468
Education	12,613,163	12,065,432	-	-	12,613,163	12,065,432
Public works	2,573,179	2,283,975	-	-	2,573,179	2,283,975
Human services	405,987	329,011	-	-	405,987	329,011
Culture and recreation	827,916	918,912	-	-	827,916	918,912
Employee benefits	1,444,984	1,217,614	-	-	1,444,984	1,217,614
Retirement	327,331	688,410	-	-	327,331	688,410
Insurance	236,226	220,739	-	-	236,226	220,739
Interest on long-term debt	397,566	409,079	-	-	397,566	409,079
Intergovernmental	69,794	71,373	-	-	69,794	71,373
Sewer operations	-	-	1,683,709	1,507,621	1,683,709	1,507,621
Total expenses	23,878,809	22,529,458	1,683,709	1,507,621	25,562,518	24,037,079
Change in net position before transfers	4,563,904	(182,844)	343,480	493,711	4,907,384	310,867
Transfers in (out)	181,600	173,100	(81,600)	(73,100)	100,000	100,000
Change in net position	4,745,504	(9,744)	261,880	420,611	5,007,384	410,867
Net position - beginning of year, as restated	22,495,203	24,943,845	7,101,378	6,892,845	29,596,581	31,836,690
Net position - end of year	\$ 27,240,707	\$ 24,934,101	\$ 7,363,258	\$ 7,313,456	\$ 34,603,965	\$ 32,247,557

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position were \$34,603,965, an increase of \$5,007,384 from the prior year.

The largest portion of net position, \$28,211,692, reflects our investment in capital assets (e.g., land, buildings, machinery and equipment, and sewer infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$2,602,945, represents resources that are subject to external and statutory restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,789,328, may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a decrease in net position of \$4,745,504. Key elements of this change are as follows:

- Capital additions of \$6,647,744 were budgeted as expenses, primarily in the general, capital project and special revenue funds. On the government-wide basis, this results in revenue being generated in excess of expenditures, since the "expenses" are actually being added to capital assets.
- Depreciation expense (not appropriated for) was more than principal debt expense (included in appropriations) by \$(59,133).
- The net effect of capital asset dispositions was \$(72,856).
- General fund decrease of \$(58,704) further discussed in Section D.
- Governmental capital expenditures of \$(2,158,101).
- Other funds revenues and transfers in excess of expenditures and transfers out of \$1,281,142.
- Other post-employment benefits (OPEB) liability increase of \$(568,498).
- Net pension liability decrease of \$358,870 and related deferred outflow increase of \$29,585.
- Other revenue/expense accruals resulting in an decrease of \$(654,545).

Business-type activities. Business-type activities (sewer operations) for the year resulted in an increase in net position of \$261,880. Key elements of this change are as follows:

Revenues more than budget	\$ 187,812
Expenditures, on a budgetary basis, under expended	418,430
Prior year encumbrances expended in the current year	(227,867)
Current year encumbrances to be expended in a subsequent year	463,913
Use of surplus as a funding source	(450,000)
Depreciation expense (not budgeted for) more than unreimbursed debt principal (included in the budget)	(130,575)
Capital additions, budgeted as expenses	2,913,347
Sewer capital project fund expenses	(2,833,452)
Current year increase in OPEB liability	(94,291)
Current year decrease in net pension liability	33,779
Other	(19,216)
Total	<u>\$ 261,880</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources.

Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$10,729,094, an decrease of \$(935,663) in comparison with the prior year.

General fund revenues and transfers in less than expenditures and transfers out	\$ (58,704)
Special revenue fund revenues over expenditures	1,295,127
Capital project fund expenditures over revenue	(2,158,101)
Trust fund expenditures over revenue	(13,985)
Total	<u>\$ (935,663)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,253,920, while total fund balance was \$6,462,878. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Total 2015 General Fund Expenditures</u>
General fund unassigned	\$ 2,880,553	\$ 3,005,199	\$ (124,646)	12%
Stabilization	<u>373,367</u>	<u>372,249</u>	<u>1,118</u>	2%
Total unassigned fund balance	3,253,920	3,377,448	(123,528)	14%
Total fund balance	6,462,878	6,521,582	(58,704)	

The fund balance of the general fund decreased by \$(58,704) (Town general fund decrease of \$(59,822) and stabilization fund increase of \$1,118 during the current fiscal year. Key factors in this change are as follows:

- Free cash of \$(2,225,314) and bond premium reserve of \$(82,205) used in the current year budget. Prior year overlay and appropriation deficits raised in the current year of \$146,162.
- Non-property tax revenue, on a budgetary basis, was in excess of amounts estimated by \$1,066,418, primarily due to local option taxes, motor vehicle excise commitments, rentals, and penalties, interest and payments in lieu of taxes.
- Actual property tax collections were more than current year budget of \$45,308.
- Actual expenditures, on a budgetary basis, were less than amounts appropriated of \$967,465.
- Actual expenditures in the current year that were funded by a prior year budget were \$(760,568). Conversely, current year expenditure carry forwards that will be expended in a subsequent year were \$782,912.
- Stabilization fund revenues of \$1,118.

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

Unrestricted net position of the enterprise funds at the end of the year was \$1,110,690 and total net position amounted to \$7,363,258, an increase of \$261,880 in comparison with the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the total original and final amended budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year end amounted to \$37,982,998 (net of accumulated depreciation), an increase of \$7,806,247 from the prior year. This investment in capital assets includes land, buildings and improvements, machinery, equipment and furnishings, vehicles and infrastructure.

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

- Depreciation expense of \$(1,383,073) (governmental activities) and \$(298,915) (business-type activities).
- Library books purchases of \$72,087.
- Sewer plant upgrade, construction in progress costs of \$2,833,451.
- DPW equipment and vehicle purchases of \$274,464, building improvements of \$26,570 and roadway improvements/ drainage upgrades of \$159,739.
- Various paving projects of \$1,330,616, and Main Street design / upgrades of \$3,664,677, virtually all of which were paid for by and through the Commonwealth.
- Purchase of a police vehicle of \$35,280 and final payment for a fire engine ladder truck of \$1,063,882. The fire truck is valued at \$1.1 million and was placed in service in fiscal year 2015.
- Purchase of a mobile CTV unit for the Sewer fund of \$79,896.
- Acquisition of land through foreclosure of \$20,429.
- Net disposal of assets (foreclosed property sold at auction) of \$(72,856) (governmental activities).

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$10,465,000, all of which was backed by the full faith and credit of the government.

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

REQUESTS FOR INFORMATION

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

Ms. Lauren Sartori Hobgood
Town Accountant/Financial Coordinator
Town of Great Barrington
334 Main Street
Great Barrington, MA 01230

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 11,332,855	\$ 4,078,292	\$ 15,411,147
Receivables, net of allowance for uncollectibles:			
Property taxes	629,166	-	629,166
Excises	60,671	-	60,671
User fees	-	386,337	386,337
Departmental and other	208,209	-	208,209
Intergovernmental	431,876	-	431,876
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	43,745	51,675	95,420
Intergovernmental	-	30,148	30,148
Land and construction in progress	10,400,898	3,294,088	13,694,986
Capital assets, net of accumulated depreciation	20,433,373	3,854,639	24,288,012
DEFERRED OUTFLOWS OF RESOURCES	<u>29,585</u>	<u>2,573</u>	<u>32,158</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	43,570,378	11,697,752	55,268,130
LIABILITIES			
Current:			
Warrants payable	945,300	647,636	1,592,936
Accrued payroll and payroll withholdings	142,981	10,319	153,300
Accrued interest payable	14,842	3,029	17,871
Notes payable	-	2,486,014	2,486,014
Current portion of long-term liabilities:			
Bonds payable	1,106,660	168,340	1,275,000
Landfill liabilities	15,000	-	15,000
Noncurrent:			
Bonds payable, net of current portion	8,885,000	305,000	9,190,000
Landfill liabilities, net of current portion	165,000	-	165,000
Net OPEB obligation	2,795,263	488,644	3,283,907
Compensated absences	179,597	44,640	224,237
Net pension liability	<u>2,080,028</u>	<u>180,872</u>	<u>2,260,900</u>
TOTAL LIABILITIES	16,329,671	4,334,494	20,664,165
NET POSITION			
Net investment in capital assets	21,959,124	6,252,568	28,211,692
Restricted for:			
State grants and other legislatively separate funds	2,248,151	-	2,248,151
Permanent funds:			
Nonexpendable	285,166	-	285,166
Expendable	69,628	-	69,628
Unrestricted	<u>2,678,638</u>	<u>1,110,690</u>	<u>3,789,328</u>
TOTAL NET POSITION	<u>\$ 27,240,707</u>	<u>\$ 7,363,258</u>	<u>\$ 34,603,965</u>

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General government	\$ 1,931,611	\$ 742,217	\$ 312,042	\$ 159,881	\$ (717,471)	\$ -	\$ (717,471)
Public safety	3,051,052	799,245	17,116	-	(2,234,691)	-	(2,234,691)
Education	12,613,163	-	-	-	(12,613,163)	-	(12,613,163)
Public works	2,573,179	77,519	-	4,595,233	2,099,573	-	2,099,573
Health and human services	405,987	174,756	15,000	-	(216,231)	-	(216,231)
Culture and recreation	827,916	34,272	17,306	-	(776,338)	-	(776,338)
Employee benefits	1,444,984	-	-	-	(1,444,984)	-	(1,444,984)
Retirement	327,331	-	-	-	(327,331)	-	(327,331)
Insurance	236,226	-	-	-	(236,226)	-	(236,226)
Interest	397,566	-	-	-	(397,566)	-	(397,566)
Intergovernmental	69,794	-	-	-	(69,794)	-	(69,794)
Total Governmental Activities	23,878,809	1,828,009	361,464	4,755,114	(16,934,222)	-	(16,934,222)
Business-Type Activities:							
Sewer operations	1,683,709	1,998,030	4,012	-	-	318,333	318,333
Total	\$ 25,562,518	\$ 3,826,039	\$ 365,476	\$ 4,755,114	(16,934,222)	318,333	(16,615,889)
General Revenues:							
Property taxes					18,702,341	-	18,702,341
Excises					1,546,203	-	1,546,203
Penalties, interest and other taxes					233,952	-	233,952
Grants and contributions not restricted to specific programs					908,285	-	908,285
Investment income					29,341	25,147	54,488
Miscellaneous					78,004	-	78,004
Transfers, net					181,600	(81,600)	100,000
Total general revenues and transfers					21,679,726	(56,453)	21,623,273
Change in Net Position					4,745,504	261,880	5,007,384
Net Position:							
Beginning of year, as restated					22,495,203	7,101,378	29,596,581
End of year					\$ 27,240,707	\$ 7,363,258	\$ 34,603,965

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

	<u>General</u>	<u>Governmental Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short-term investments	\$ 6,516,684	\$ 1,555,528	\$ 3,260,643	\$ 11,332,855
Receivables:				
Property taxes	1,311,107	-	16,023	1,327,130
Excises	150,369	-	-	150,369
Departmental and other	155,565	-	52,644	208,209
Intergovernmental	-	-	431,876	431,876
Due from other funds	224,692	-	-	224,692
TOTAL ASSETS	\$ 8,358,417	\$ 1,555,528	\$ 3,761,186	\$ 13,675,131
LIABILITIES				
Liabilities:				
Warrants payable	\$ 150,292	\$ 545,675	\$ 249,333	\$ 945,300
Accrued payroll and withholdings	128,206	-	14,775	142,981
Due to other funds	-	-	224,692	224,692
TOTAL LIABILITIES	278,498	545,675	488,800	1,312,973
DEFERRED INFLOWS OF RESOURCES	1,617,041	-	16,023	1,633,064
FUND BALANCES				
Nonspendable	-	-	285,166	285,166
Restricted	-	1,009,853	1,259,990	2,269,843
Committed	-	-	1,711,207	1,711,207
Assigned	3,208,958	-	-	3,208,958
Unassigned	3,253,920	-	-	3,253,920
TOTAL FUND BALANCES	6,462,878	1,009,853	3,256,363	10,729,094
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,358,417	\$ 1,555,528	\$ 3,761,186	\$ 13,675,131

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2015

Total Governmental Fund Balances	\$ 10,729,094
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,834,271
<ul style="list-style-type: none">• Certain changes in the net pension liability, which are deferred to future reporting periods, are not reported in the governmental funds.	29,585
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting, are not deferred until collection and are presented net of an allowance for uncollectible accounts and the transfer of foreclosure receivables to capital assets.	889,147
<ul style="list-style-type: none">• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(14,842)
<ul style="list-style-type: none">• Long-term liabilities, including bonds payable, landfill closure, compensated absences, OPEB and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(15,226,548)</u>
Net Position of Governmental Activities	\$ <u>27,240,707</u>

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

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

	<u>General</u>	<u>Governmental Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 18,691,511	\$ -	\$ -	\$ 18,691,511
Excises	1,548,748	-	-	1,548,748
Penalties, interest and other taxes	231,394	-	2,070	233,464
Charges for services	684,688	-	1,711,215	2,395,903
Intergovernmental	906,584	-	1,484,906	2,391,490
Licenses and permits	68,071	-	-	68,071
Fines and forfeits	36,873	-	-	36,873
Investment income	25,102	-	4,239	29,341
Miscellaneous	80,860	-	-	80,860
Total Revenues	22,273,831	-	3,202,430	25,476,261
Expenditures:				
Current:				
General government	1,607,313	48,561	256,179	1,912,053
Public safety	2,042,350	1,099,162	577,814	3,719,326
Education	12,613,163	-	-	12,613,163
Public works	1,665,241	1,010,378	1,032,904	3,708,523
Health and human services	385,435	-	15,002	400,437
Culture and recreation	587,930	-	24,938	612,868
Employee benefits	856,935	-	19,551	876,486
Retirement	715,786	-	-	715,786
Insurance	236,226	-	-	236,226
Debt service	1,728,862	-	-	1,728,862
Intergovernmental	69,794	-	-	69,794
Total Expenditures	22,509,035	2,158,101	1,926,388	26,593,524
Excess (deficiency) of revenues over expenditures	(235,204)	(2,158,101)	1,276,042	(1,117,263)
Other Financing Sources (Uses):				
Transfers in	176,500	-	5,100	181,600
Total Other Financing Sources (Uses)	176,500	-	5,100	181,600
Change in fund balance	(58,704)	(2,158,101)	1,281,142	(935,663)
Fund Equity, at Beginning of Year, as reclassified	6,521,582	3,167,954	1,975,221	11,664,757
Fund Equity, at End of Year	\$ 6,462,878	\$ 1,009,853	\$ 3,256,363	\$ 10,729,094

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2015

**Net Changes in Fund Balances -
Total Governmental Funds**

\$ (935,663)

- 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:

Capital outlay purchases, net of dispositions 6,574,888

Depreciation (1,383,073)

- Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue, net of allowance for uncollectibles. (684,494)

- The issuance of long-term debt (e.g., bonds and long term notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of debt 1,323,940

- In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 7,356

- Some expenses reported in the Statement of Activities, such as landfill closure, compensated absences, OPEB liability, and net pension liability do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. (157,450)

Change in Net Position of Governmental Activities

\$ 4,745,504

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues and Other Sources:				
Taxes	\$ 18,646,203	\$ 18,646,203	\$ 18,646,203	\$ -
Excise	890,000	890,000	1,548,748	658,748
Penalties, interest and other taxes	42,000	42,000	231,394	189,394
Charges for services	483,000	483,000	684,688	201,688
Intergovernmental	989,784	989,784	906,584	(83,200)
Licenses and permits	55,000	55,000	68,071	13,071
Fines and forfeits	35,000	35,000	36,873	1,873
Investment income	20,000	20,000	23,984	3,984
Miscellaneous	-	-	80,860	80,860
Transfers in	176,500	176,500	176,500	-
Other sources	<u>2,307,519</u>	<u>2,307,519</u>	<u>2,307,519</u>	<u>-</u>
Total Revenues and Other Sources	23,645,006	23,645,006	24,711,424	1,066,418
Expenditures and Other Uses:				
General government	1,724,832	1,701,877	1,592,675	109,202
Public safety	2,096,943	2,106,570	2,032,236	74,334
Education	12,613,163	12,613,163	12,613,163	-
Public works	1,580,811	1,585,398	1,684,640	(99,242)
Health and human services	444,406	447,405	386,053	61,352
Culture and recreation	632,488	638,230	615,009	23,221
Employee benefits	1,532,968	1,532,968	856,935	676,033
Retirement	743,658	743,658	715,786	27,872
Insurance	292,401	292,401	236,226	56,175
Debt service	1,767,380	1,767,380	1,728,862	38,518
Intergovernmental	69,794	69,794	69,794	-
Other uses	<u>146,162</u>	<u>146,162</u>	<u>146,162</u>	<u>-</u>
Total Expenditures and Other Uses	<u>23,645,006</u>	<u>23,645,006</u>	<u>22,677,541</u>	<u>967,465</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,033,883</u>	\$ <u>2,033,883</u>

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

PROPRIETARY FUND

STATEMENT OF NET POSITION

JUNE 30, 2015

	<u>Business- Type Activities Enterprise Funds</u>
	<u>Sewer Fund</u>
ASSETS	
Current:	
Cash and short-term investments	\$ 4,078,292
User fees receivable	386,337
Total current assets	4,464,629
Noncurrent:	
Property taxes receivable	51,675
Intergovernmental receivables	30,148
Land and construction in progress	3,294,088
Capital assets, net of accumulated depreciation	3,854,639
Total noncurrent assets	7,230,550
DEFERRED OUTFLOWS OF RESOURCES	2,573
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	11,697,752
LIABILITIES	
Current:	
Warrants payable	647,636
Accrued payroll	10,319
Accrued interest payable	3,029
Notes payable	2,486,014
Current portion of long-term liabilities:	
Bonds payable	168,340
Total current liabilities	3,315,338
Noncurrent:	
Bonds payable, net of current portion	305,000
Net OPEB obligation	488,644
Compensated absences	44,640
Net pension liability	180,872
Total noncurrent liabilities	1,019,156
TOTAL LIABILITIES	4,334,494
NET POSITION	
Net investment in capital assets	6,252,568
Unrestricted:	
Reserved for encumbrance	463,913
Unrestricted	646,777
TOTAL NET POSITION	<u>\$ 7,363,258</u>

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

	Business- Type Activities Enterprise Funds
	<u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 1,998,030
Total Operating Revenues	1,998,030
Operating Expenses:	
Salary and wages	396,611
Operating expenses	452,638
Materials and supplies	97,100
Capital outlay	128,901
Depreciation	298,915
Employee benefits	237,264
Retirement	369
Insurance	41,580
Other	3,778
Total Operating Expenses	1,657,156
Operating Income	340,874
Nonoperating Revenues (Expenses):	
Intergovernmental revenue	4,012
Investment income	25,147
Interest expense	(26,553)
Total Nonoperating Revenues (Expenses), Net	2,606
Transfer Out	(81,600)
Change in Net Position	261,880
Net Position at Beginning of Year, as restated	7,101,378
Net Position at End of Year	\$ 7,363,258

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

	Business- Type Activities Enterprise Funds
	<u>Sewer Fund</u>
<u>Cash Flows From Operating Activities:</u>	
Receipts from customers and users	\$ 1,924,739
Payments to vendors and employees	<u>(763,072)</u>
Net Cash Provided By Operating Activities	1,161,667
<u>Cash Flows From Non-Capital Financing Activities:</u>	
Receipts from governments	4,012
Transfers out	<u>(81,600)</u>
Net Cash (Used For) Non-Capital Financing Activities	(77,588)
<u>Cash Flows From Capital and Related Financing Activities:</u>	
Acquisition and construction of capital assets	(2,913,347)
Proceeds of MCWT loan funds	2,190,014
Proceeds of note payable	296,000
Principal payments on bonds	(168,340)
Payment of note payable	(21,400)
Interest expense paid	<u>(29,015)</u>
Net Cash (Used For) Capital and Related Financing Activities	(646,088)
<u>Cash Flows From Investing Activities:</u>	
Investment income	<u>25,147</u>
Net Change in Cash and Short-Term Investments	463,138
Cash and Short Term Investments, Beginning of Year	<u>3,615,154</u>
Cash and Short Term Investments, End of Year	<u><u>\$ 4,078,292</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating income	\$ 340,874
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	298,915
Changes in assets and liabilities:	
User fee receivables	(73,291)
Other assets	(2,573)
Warrants and accounts payable	517,031
Other liabilities	111,917
Net pension liability	<u>(31,206)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 1,161,667</u></u>

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

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	Pension Trust <u>Fund</u>
<u>ASSETS</u>	
Cash and short-term investments	\$ <u>877,581</u>
Total Assets	877,581
<u>NET POSITION</u>	
Total net position held in trust for pension benefits	\$ <u><u>877,581</u></u>

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

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

	<u>Pension Trust Fund</u>
Additions:	
Interest income	\$ 4,572
Total additions	4,572
Deductions:	
Transfer out	100,000
Total deductions	100,000
Net increase (decrease)	(95,428)
Net position:	
Beginning of year	973,009
End of year	\$ 877,581

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

Great Barrington, Massachusetts

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The government is a municipal corporation governed by an elected Select Board. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2015, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. All revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *governmental capital fund* is used to account for capital projects with a duration of longer than one year.

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

sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The government's major proprietary fund is the sewer fund.

The *Pension trust fund* is a fiduciary fund reflecting cumulative Town-appropriated funds requiring State (PERAC) approval to use.

D. Cash and Short-Term Investments

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

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

E. Property Tax Limitations

Legislation known as "Proposition 2 1/2" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override or debt exemption is voted. The actual fiscal year 2015 tax levy reflected an excess capacity of \$1,689,311.

F. Interfund Receivables and Payables

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

G. Capital Assets

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Vehicles	3 - 15
Office equipment	5 - 10
Computer equipment	5
Sewer infrastructure	40
General infrastructure	20

H. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits up to certain limits and payable upon retirement. The Town has established a trust fund with Town appropriations (typically \$35,000 annually; \$30,000 from the general fund and \$5,000 from the sewer fund) to be used to fund accumulated sick leave benefits. The balance in the trust fund at June 30, 2015 is \$476,883.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

J. Fund Equity

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

Fund Balance - Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/

deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

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

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

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

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

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates

and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Departments are limited to the total amount for the department. Certain items may exceed the budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

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

B. Budgetary Basis

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

C. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 22,273,831	\$ 22,509,035
Other financing sources/uses (GAAP basis)	176,500	-
Remove effect of stabilization fund activity	(1,118)	-
Adjust tax revenue to accrual basis	(45,308)	-
Reverse beginning of year appropriation carry- forwards from expenditures	-	(760,568)
Add end of year appropriation carryforwards to expenditures	-	782,912
Recognize use of fund balance as funding source/use	<u>2,307,519</u>	<u>146,162</u>
Budgetary basis	<u>\$ 24,711,424</u>	<u>\$ 22,677,541</u>

D. Excess of Expenditures Over Appropriations

Expenditures exceeding appropriations during the current fiscal year were as follows:

Snow and ice	\$(155,715)
--------------	-------------

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk, as defined under GASB Statement No. 40, is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of June 30, 2015, none of the Town's bank balance of \$16,495,471 was exposed to custodial credit risk as uninsured, uncollateralized, and/or collateral held by pledging bank's trust department not in the Town's name. The Town has a formal policy for custodial credit risk which requires that the Town only invest funds in accordance with the list of legal investments promulgated by the Commonwealth. In addition,

the Town ensures that virtually all funds are protected by each bank's insurance or through separate collateralization agreements.

Massachusetts General Law Chapter 44, Section 55 limits deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town's deposits are within this limitation.

4. **Taxes Receivable**

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on a semiannual basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

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

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

Real Estate		
2015		\$ 622,273
Personal Property		
2015	24,934	
2014	7,051	
2013	4,314	
2012 and prior	<u>7,278</u>	
		43,577
Community Preservation - Current		10,993
Tax Liens		
General Fund	645,257	
Community Preservation	<u>5,030</u>	
		<u>650,287</u>
Total		1,327,130
Less Allowance for Doubtful Accounts		<u>(654,219)</u>
Net Property Tax Receivable		672,911
Less Current Portion		<u>(629,166)</u>
Non-Current Portion (Tax Lien)		<u>\$ 43,745</u>

5. Allowance for Doubtful Accounts

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

	<u>Governmental</u>
Property taxes	\$ 47,677
Tax lien	<u>606,542</u>
Subtotal property taxes	654,219
Excises	89,698

6. Intergovernmental Receivables

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

The non-current intergovernmental receivable balance in the sewer fund represents the portion of certain outstanding debt, which is being subsidized through the Massachusetts Clean Water Trust.

7. Interfund Fund Receivables/Payables

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

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 224,692	\$ -
Special Revenue Funds:		
Highway grants	-	217,974
Town grants	<u>-</u>	<u>6,718</u>
Total	<u>\$ 224,692</u>	<u>\$ 224,692</u>

8. Capital Assets

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

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
Governmental Activities:					
Capital assets, being depreciated:					
Buildings and improvements	\$ 15,041,814	\$ -	\$ -	\$ -	\$ 15,041,814
Machinery, equipment, and furnishings	1,962,338	106,647	(86,778)	-	1,982,207
Vehicles	4,559,277	309,744	(640,949)	1,100,000	5,328,072
Infrastructure	7,764,336	1,140,210	-	524,044	9,428,590
Total capital assets, being depreciated	29,327,765	1,556,601	(727,727)	1,624,044	31,780,683
Less accumulated depreciation for:					
Buildings and improvements	(3,995,985)	(474,242)	-	-	(4,470,227)
Machinery, equipment, and furnishings	(1,316,797)	(157,895)	86,778	-	(1,387,914)
Vehicle	(3,042,654)	(323,442)	640,949	-	(2,725,147)
Infrastructure	(2,336,528)	(427,494)	-	-	(2,764,022)
Total accumulated depreciation	(10,691,964)	(1,383,073)	727,727	-	(11,347,310)
Total capital assets, being depreciated, net	18,635,801	173,528	-	1,624,044	20,433,373
Capital assets, not being depreciated:					
Land	5,562,269	20,529	(72,856)	-	5,509,942
Construction in progress (CIP)	1,444,386	5,070,614	-	(1,624,044)	4,890,956
Total capital assets, not being depreciated	7,006,655	5,091,143	(72,856)	(1,624,044)	10,400,898
Governmental activities capital assets, net	\$ 25,642,456	\$ 5,264,671	\$ (72,856)	\$ -	\$ 30,834,271
Business-Type Activities:					
Capital assets, being depreciated:					
Buildings and improvements	\$ 10,077,690	\$ -	\$ -	\$ -	\$ 10,077,690
Machinery, equipment, and furnishings	980,965	79,896	-	-	1,060,861
Vehicles	268,177	-	-	-	268,177
Infrastructure	549,876	-	-	-	549,876
Total capital assets, being depreciated	11,876,708	79,896	-	-	11,956,604
Less accumulated depreciation for:					
Buildings and improvements	(6,931,126)	(188,269)	-	-	(7,119,395)
Machinery, equipment, and furnishings	(476,966)	(80,897)	-	-	(557,863)
Vehicles	(206,385)	(16,002)	-	-	(222,387)
Infrastructure	(188,573)	(13,747)	-	-	(202,320)
Total accumulated depreciation	(7,803,050)	(298,915)	-	-	(8,101,965)
Total capital assets, being depreciated, net	4,073,658	(219,019)	-	-	3,854,639
Capital assets, not being depreciated:					
Land	10,655	-	-	-	10,655
Construction in progress	449,982	2,833,451	-	-	3,283,433
Total capital assets, not being depreciated	460,637	2,833,451	-	-	3,294,088
Business-type activities capital assets, net	\$ 4,534,295	\$ 2,614,432	\$ -	\$ -	\$ 7,148,727

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

Governmental Activities:	
General government	\$ 46,128
Public safety	443,281
Public works - general	600,879
Human services	5,550
Culture and recreation	<u>287,235</u>
Total depreciation expense	<u>\$ 1,383,073</u>
Business-Type Activities:	
Sewer	<u>\$ 298,915</u>

9. Deferred Outflows of Resources

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

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

	Entity-wide Basis	
	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net difference between projected and actual pension investment earnings	\$ 29,585	\$ 2,573

10. Warrants Payable

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

11. Notes Payable

The Town had the following note and interim loan outstanding at June 30, 2015:

	<u>Interest Rate(s) %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at June 30, 2015</u>
<u>Governmental Activities</u>				
Bond anticipation	0.45%	03/05/15	03/04/16	\$ 296,000
Massachusetts Clean Water Trust interim loan proceeds *	0.10%	07/02/14	by 7/31/16	<u>2,190,014</u>
				<u>\$ 2,486,014</u>

- * In July 2014, the Town obtained a loan through the Massachusetts Clean Water Trust (MCWT) for \$3,930,130 for upgrades to the wastewater treatment facility. In August 2015 the loan amount was increased to \$4,210,000. Interim loan drawdowns began in fiscal year 2015, as project expenses were incurred and will be converted to long term debt at or near the completion of the project. The interim loan carries an interest rate of .10% and is expected to be converted on or before July 31, 2016. The permanent loan will carry an interest rate of 2%, payable over 20 years.

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

	<u>Balance Beginning of Year</u>	<u>Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
<u>Governmental Activities</u>				
Bond anticipation	\$ 21,400	\$ 317,400	\$ (42,800)	\$ 296,000
Massachusetts Clean Water Trust interim loan proceeds	<u>-</u>	<u>2,190,014</u>	<u>-</u>	<u>2,190,014</u>
Total	<u>\$ 21,400</u>	<u>\$ 2,507,414</u>	<u>\$ (42,800)</u>	<u>\$ 2,486,014</u>

12. Deferred Inflows of Resources

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

The balance of deferred inflows of resources as of June 30, 2015 consists of unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund deferred revenues account is equal to the total of all June 30, 2015 receivable balances.

13. Long-Term Debt

A. General Obligation Bonds

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

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of June 30, 2015
<u>Governmental Activities:</u>			
Library addition	02/15/16	4.00	\$ 66,660
Multi purpose - town buildings, roads	06/01/24	2.0 - 3.0	1,475,000
2009 bonds - general portion	06/15/24	3.0 - 3.375	975,000
Fire station	06/15/27	4.125 - 5.0	4,920,000
Muti Purpose - general portion	06/01/28	3.0 - 3.5	<u>2,555,000</u>
Total Governmental Activities			9,991,660
<u>Business-Type Activities:</u>			
Sewer refunding	02/15/16	4.00%	133,340
Sewer project - MWPAT	08/01/19	1.76%	100,000
Multi purpose - Sewer portion	06/01/28	3.00%	<u>240,000</u>
Total Business-Type Activities			<u>473,340</u>
Total All Debt			<u>\$ 10,465,000</u>

B. State Revolving Loan

The U.S. Environmental Protection Agency sponsors a low interest rate loan program. The loans are administered by the States and are used by local communities to improve their sewer systems.

In 1999, the Town was authorized to borrow a total of \$340,334 through the Massachusetts Water Pollution Abatement Trust (MWPAT) Revolving Loan Program to improve its sewer infiltration/inflow system. The balance of this loan is included in the Town's long-term debt.

In addition to offering this loan at a reduced interest rate, MWPAT has also subsidized the loan principal as follows:

	Loan Balance <u>June 30, 2015</u>	Principal Subsidy <u>Remaining</u>	Net Repayment <u>June 30, 2015</u>
Loan #98-53	\$ <u>100,000</u>	\$ <u>(30,148)</u>	\$ <u>69,852</u>

C. Future Debt Service

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,106,660	\$ 356,751	\$ 1,463,411
2017	1,020,000	316,536	1,336,536
2018	1,020,000	279,485	1,299,485
2019	920,000	246,335	1,166,335
2020	900,000	215,873	1,115,873
2021 - 2025	3,960,000	618,045	4,578,045
2026 - 2028	1,065,000	68,425	1,133,425
Total	<u>\$ 9,991,660</u>	<u>\$ 2,101,450</u>	<u>\$ 12,093,110</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 168,340	\$ 17,252	\$ 185,592
2017	35,000	10,425	45,425
2018	35,000	8,858	43,858
2019	35,000	7,490	42,490
2020	40,000	6,100	46,100
2021 - 2025	100,000	18,750	118,750
2026 - 2028	60,000	4,000	64,000
Total	<u>\$ 473,340</u>	<u>\$ 72,875</u>	<u>\$ 546,215</u>

D. Changes in General Long-Term Liabilities

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

	Total Balance July 1, 2014 (restated)	Additions	Reductions	Total Balance June 30, 2015	Less Current Portion	Long-Term Portion June 30, 2015
<u>Governmental Activities</u>						
Bonds payable	\$ 11,315,600	\$ -	\$ (1,323,940)	\$ 9,991,660	\$ (1,106,660)	\$ 8,885,000
Other:						
Landfill closure	195,000	-	(15,000)	180,000	(15,000)	165,000
Other post-employment benefits	2,226,765	568,498	-	2,795,263	-	2,795,263
Accrued employee benefits	187,190	-	(7,593)	179,597	-	179,597
Net pension liability	2,438,898	-	(358,870)	2,080,028	-	2,080,028
Totals	<u>\$ 16,363,453</u>	<u>\$ 568,498</u>	<u>\$ (1,705,403)</u>	<u>\$ 15,226,548</u>	<u>\$ (1,121,660)</u>	<u>\$ 14,104,888</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 641,680	\$ -	\$ (168,340)	\$ 473,340	\$ (168,340)	\$ 305,000
Other:						
Other post-employment benefits	394,353	94,291	-	488,644	-	488,644
Accrued employee benefits	28,640	16,000	-	44,640	-	44,640
Net pension liability	212,078	-	(31,206)	180,872	-	180,872
Totals	<u>\$ 1,276,751</u>	<u>\$ 110,291</u>	<u>\$ (199,546)</u>	<u>\$ 1,187,496</u>	<u>\$ (168,340)</u>	<u>\$ 1,019,156</u>

E. Authorized and Unissued Debt

The Town had the following authorized but unissued debt as of June 30, 2015:

Stormwater system	\$ 575,000
Sewer project	17,431,400
Building improvements	500,000
Multi-purpose	<u>586,464</u>
Total	<u>\$ 19,092,864</u>

14. Landfill Closure and Post-Closure Care Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The \$180,000 reported as landfill liability at June 30, 2015 represents the estimated cost of monitoring the landfill for the next 12 years. This amount is based on what it would cost to perform all closure and post-closure care in 2015. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

15. Restricted Net Position

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

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

16. Governmental Funds - Balances

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

The Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

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

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

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

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes certain special revenue funds, Town set asides and the residual balance of capital funds established through Town appropriation.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, funds set aside for future debt service in accordance with State guidelines and surplus voted for use in the subsequent year's budget.

Unassigned - Represents amounts that are available to be spent in future periods.

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

	General Fund	Governmental Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ -	\$ 285,166	\$ 285,166
Total Nonexpendable	-	-	285,166	285,166
Restricted				
Special revenue funds	-	-	1,190,362	1,190,362
Capital project funds	-	1,009,853	-	1,009,853
Expendable permanent funds	-	-	69,628	69,628
Total Restricted	-	1,009,853	1,259,990	2,269,843
Committed				
Community Preservation fund	-	-	981,743	981,743
Special revenue (Town set aside) funds	-	-	573,545	573,545
Capital project funds	-	-	155,919	155,919
Total Committed	-	-	1,711,207	1,711,207
Assigned				
Encumbrances	782,912	-	-	782,912
Designated for other purposes	76,046	-	-	76,046
Reserved for expenditures	2,350,000	-	-	2,350,000
Total Assigned	3,208,958	-	-	3,208,958
Unassigned				
General fund	2,880,553	-	-	2,880,553
Stabilization fund	373,367	-	-	373,367
Total Unassigned	3,253,920	-	-	3,253,920
Total Fund Balance	\$ 6,462,878	\$ 1,009,853	\$ 3,256,363	\$ 10,729,094

17. Interfund Fund Transfers

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

The Town reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

The following is an analysis of interfund transfers made in fiscal year 2015:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 176,500	\$ -
Nonmajor Governmental Funds:		
Expendable trust funds (Town set asides)	5,100	-
Sewer enterprise fund	-	81,600
Pension trust fund	-	100,000
Total	<u>\$ 181,600</u>	<u>\$ 181,600</u>

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

18. Subsequent Events

Debt

Subsequent to June 30, 2015, the Town issued the following short term debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Bond anticipation note	\$ 375,000	0.65%	09/24/15	03/04/16

19. Commitments and Contingencies

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

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Environmental Issues – The Town is under a consent order to perform a site assessment for possible petroleum contamination on Town-owned land (highway garage). The Town is complying with the consent order. The Town has spent approximately \$128,000 through 2015 on assessment and remediation of

the property. The Town expects to spend an additional \$25,000 on additional monitoring and remediation costs in order to comply with the consent order.

In addition, while the Town sold the former Castle Street Fire Station in fiscal year 2014, it retains responsibility for certain environmental remediation. The Town appropriated \$270,000 for this purpose in May 2013; however, the total cost is not reasonably determinable at present.

Long-term Lease of Building – In May 2014 the Town sold the former Castle Street Fire Station property and simultaneously entered into an agreement with the purchaser to lease portions of the space for vehicle storage and office space. The term of the lease is May 2014 – May 2020 and calls for no payments in the first year and monthly payments of \$2,500 (\$30,000 per year) thereafter, plus utilities and taxes.

Berkshire Health Group –The Town is a member of the Berkshire Health Group (the Group), a Massachusetts Municipal Joint Purchase Health Insurance Trust organized under Chapter 32B Section 12 of the Massachusetts General Laws to purchase and provide health care coverage for its members. As of June 30, 2015, there were 30 participating municipal entities.

Any participating governmental unit may withdraw from the Group at its discretion upon written notification to the Board at least 90 days prior to the anniversary date of health care coverage contracts purchased by the Group. The Board may terminate a participating governmental unit by a two-thirds vote of all Board members if the unit is in arrears for any payment due to the Group. There is no liability for premiums and expenses following the effective date of the withdrawal or termination of a participating governmental unit except for its (1) proportional share of any deficits in self-funded plans, (2) open premium expense and (3) any subsequent expense to cover its subscribers remaining (where required by law) on plans after withdrawal or termination.

A participating governmental unit's proportionate share of a deficit in the self-funded plans shall be the deficiency certified as of as of June 30 in the fiscal year of withdrawal or termination multiplied by the quotient as defined in the agreement. A withdrawn or terminated participating governmental unit shall not be entitled to any share of any surplus in the Trust. All surpluses or deficits of the Group are shared on a proportional and collective basis by non-terminating members. It is at the sole discretion of the Group's Board whether any surplus is to be distributed to the participating governmental units through rate reduction. In the case of a deficit, additional revenue may be raised from each participating governmental unit.

Based on the unaudited results of operations of the Berkshire Health Group for the fiscal year ended June 30, 2015, after accruing \$3.7 million for incurred but unreported claims, the Group has an accumulated surplus of \$6.3 million.

20. **Post-Employment Health Care and Life Insurance Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of revenues, expenses, and changes in net position when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described in the following footnote, the Town provides post-employment health care and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2014, the actuarial valuation date, approximately 123 retirees and active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

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

C. Funding Policy

Retirees contribute 20% to 45% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2015 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the un-

funded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of June 30, 2014.

	<u>Governmental</u>	<u>Sewer</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 895,708	\$ 117,516	\$ 1,013,224
Interest on net OPEB obligation	117,950	-	117,950
Adjustment to ARC	(102,323)	-	(102,323)
Annual OPEB cost	911,335	117,516	1,028,851
Contributions made	(342,837)	(23,225)	(366,062)
Increase in net OPEB obligation	568,498	94,291	662,789
Net OPEB obligation - beginning of year	2,226,765	394,353	2,621,118
Net OPEB obligation - end of year	<u>\$ 2,795,263</u>	<u>\$ 488,644</u>	<u>\$ 3,283,907</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,028,851	36%	\$ 3,283,907
2014	\$ 804,176	42%	\$ 2,621,118
2013	\$ 762,345	41%	\$ 2,151,075
2012	\$ 802,637	45%	\$ 1,702,374
2011	\$ 765,873	43%	\$ 1,260,969
2010	\$ 791,158	49%	\$ 824,926
2009	\$ 756,629	44%	\$ 420,975

The Town's net OPEB obligation as of June 30, 2015 is recorded as a long-term liability in both the governmental and business-type activities.

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability	\$ 12,655,865
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>12,655,865</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>N/A</u>
UAAL as a percentage of covered payroll	<u>N/A</u>

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

F. Actuarial Methods and Assumptions

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

In the June 30, 2014 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 4.5% discount rate and a 7.5% asset rate of return. Medical and drug cost trend for participants under 65 was 15% for one year, then 8%, decreasing by 0.5% for six years to an ultimate level of 5% per year. For participants over 65, the medical and drug cost trend was 5.5% for one year, then 9.5%, decreasing by 0.5% for six years to an ultimate level of 5% per year. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a open basis. This has been calculated assuming the amortization payment increases at a rate of 3.5%.

21. Retirement System

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

A. Plan Description

Substantially all employees of the Town are members of the Berkshire County Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publically available from the System located at 29 Dunham Mall, Pittsfield, MA 01201.

B. Benefits Provided

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five year average for those first becoming members of the MA System on or after that date. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. Members become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was on the Town payroll on January 1, 1978, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 50 for groups 1 and 2, respectively. A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement.

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

C. Contributions

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

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

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

The Town's contribution to the System for the year ended June 30, 2015 was \$688,658, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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

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

At June 30, 2015, the Town reported a liability of \$2,260,900 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2013. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the Town's proportion was 8.61 percent.

The Town has established a Pension Trust fund to be used to fund the pension liability. This Pension Trust is reported as a fiduciary fund type in the Town's basic financial statements. As noted above, the Town's proportionate share of the net pension liability was \$2,260,900; however, this liability does not take into account the fiduciary net position of the Pension Trust fund, which was \$877,581 at June 30, 2015.

For the year ended June 30, 2015, the Town recognized pension expense of \$266,424. In addition, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ <u>32,158</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 8,040
2017	8,040
2018	8,040
2019	<u>8,038</u>
Total	\$ <u>32,158</u>

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

Inflation	Not explicitly assumed
Salary increases	4.25% - 4.75%
Investment rate of return	7.75%

Mortality rates were based on RP-2000 table with scale AA (gender distinct).

The actuarial assumptions used in the January 1, 2013 valuation were based on the results of the most recent actuarial experience study, which was completed in 2002, and analyzed, updated and adjusted as needed.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap Equities	14.50%	7.75%	1.12%
Small/Mid Cap Equities	3.50%	8.00%	0.28%
International Equities	16.00%	8.25%	1.32%
Emergency International Equities	6.00%	9.50%	0.57%
High-Yield Bonds	1.50%	6.00%	0.09%
Bank Loans	1.50%	6.25%	0.09%
EMD (External)	1.00%	7.00%	0.07%
EMD (Local Currency)	2.00%	7.25%	0.15%
TIPS	3.00%	4.50%	0.14%
Long Treasuries	10.00%	4.25%	0.43%
Private Equity	10.00%	9.75%	0.98%
Private Debt	4.00%	8.25%	0.33%
Real Estate (Core)	10.00%	6.50%	0.65%
Hedge Funds	9.00%	7.00%	0.63%
Timber/Natural Resources	4.00%	6.88%	0.28%
Portfolio Completion Strategies	4.00%	n/a	n/a
Total	<u>100.00%</u>		7.13%
Inflation			not explicitly stated
Expected arithmetic nominal return			<u>7.13%</u>

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
6/30/2015	\$ 4,378	\$ 2,261	\$ 435

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

22. Risk Management

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

23. Beginning Net Position / Fund Balance Restatement and Reclassification

The beginning (July 1, 2014) net position of the Town has been restated as follows:

	Governmental Activities	Business-Type Activities
<u>Government-Wide Financial Statements</u>		
As previously reported	\$ 24,934,101	\$ 7,313,456
To record net pension liability in accordance with GASB 68	<u>(2,438,898)</u>	<u>(212,078)</u>
As restated	\$ <u>22,495,203</u>	\$ <u>7,101,378</u>

In addition, the Town's major funds have changed from the prior year as follows:

	Other Special Revenue Fund	Nonmajor Governmental Funds
<u>Fund Basis Financial Statements</u>		
As previously reported	\$ 373,001	\$ 1,602,220
To reclassify major funds in accordance with GASB 54	<u>(373,001)</u>	<u>373,001</u>
As restated	\$ <u>-</u>	\$ <u>1,975,221</u>

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

(Unaudited)

Other Post-Employment Benefits
(amounts expressed in thousands)

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a percent- age of Covered Payroll <u>[(b-a)/c]</u>
06/30/14	\$ -	\$ 12,656	\$ 12,656	-	n/a	n/a
06/30/12	\$ -	\$ 9,101	\$ 9,101	-	n/a	n/a
06/30/10	\$ -	\$ 11,278	\$ 11,278	-	n/a	n/a
06/30/08	\$ -	\$ 12,401	\$ 12,401	-	n/a	n/a

See Independent Auditors' Report

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

(Unaudited)

Berkshire County Retirement System

Proportion of the net pension liability for the most recent measurement date (12/31/14)	<u>8.61%</u>
Proportionate share of the net pension liability for the most recent measurement date	\$ <u>2,260,900</u>
Covered-employee payroll for the most recent measurement date (12/31/14)	\$ <u>4,061,933</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>55.7%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.1%</u>

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

See Independent Auditors' Report.

TOWN OF GREAT BARRINGTON, MASSACHUSETTS

SCHEDULE OF CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

(Unaudited)

Berkshire County Retirement System

Contractually required contribution for the current fiscal year (6/30/15)	\$ 688,658
Contributions in relation to the contractually required contribution	<u>688,658</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered-employee payroll for the current fiscal year (6/30/15)	<u>4,146,892</u>
Contributions as a percentage of covered-employee payroll	<u>16.6%</u>

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

See Independent Auditors' Report.

Additional Offices:

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Select Board
Town of Great Barrington, Massachusetts

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Great Barrington, Massachusetts as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melanson Heath

November 24, 2015