

**CITY OF NORTHAMPTON, MASSACHUSETTS**

**Report on the Examination  
Of Basic Financial Statements**

**For the Year Ended June 30, 2021**

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## **Independent Auditor's Report**

To the Honorable Mayor  
City of Northampton, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Northampton, Massachusetts, as of and for the year ended June 30, 2021, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2020), and the related notes to the financial statements, which collectively comprise the City of Northampton, Massachusetts' basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 City of Northampton, Massachusetts, as of June 30, 2021, (except for the Northampton Contributory Retirement System, which is as of December 31, 2020), 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 the management's discussion and analysis, pension plan and other post employment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Northampton, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of the City of Northampton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Northampton, Massachusetts' internal control over financial reporting and compliance.

## *Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

March 8, 2022

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

## Management's Discussion and Analysis

As management of the City of Northampton, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

### Financial Highlights

- The City's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$6,709,837 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$22,390,894, an increase of \$15,681,057 (70%).
- The City's governmental funds reported total ending fund balance of \$65,654,686, an increase of \$12,637,950 (24%) from the previous year.
- The General Fund's total fund balance increased by \$4,528,658 (15%) to \$34,451,777. The ending General fund balance is 30% of revenues and transfers in and 31% of expenditures and transfers out.
- The City's long-term liabilities increased by \$31,991,330 (14%) to \$261,661,018 during the fiscal year. This was primarily attributed to increases in the Other Post Employment Benefits (OPEB) liability of \$28,129,799, in unearned revenue of \$8,111,655 and in bond anticipation notes payable of \$3,056,140; and a decrease in the pension liability of \$9,391,445.
- The City had free cash certified by the Department of Revenue in the amount of \$6,444,031. The key factors that attributed to the free cash amount for fiscal year 2021 were unexpended/unencumbered appropriations of \$2,224,100, amount over/(under) budget – state and local receipts of \$2,377,800 and amount over/(under) other financing sources/(uses) of \$101,700 and prior year free cash not appropriated of \$988,300.
- The City's enterprise fund certified free cash is as follows:

➤ Sewer fund	\$ 2,016,273.
➤ Solid Waste fund	\$ 285,205.
➤ Stormwater fund	\$ 440,090.
➤ Water fund	\$ 2,365,525.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Northampton's basic financial statements. These 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 finances, in a manner similar to private-sector business.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) 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, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activities include the sewer, water and solid waste activities.

The government-wide financial statements include not only the City of Northampton itself (known as the *primary government*), but also a legally separate public employee retirement system for which the City of Northampton is financially accountable. Financial information for this blended *component unit* is reported separately within the fiduciary fund statements.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows 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 financial 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 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 decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

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

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

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

**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 City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

## Financial Highlights

### Statement of Net Position Highlights

	Governmental Activities		
	2021	2020	Change
<b>Assets:</b>			
Current assets	\$ 85,965,824	\$ 65,121,818	\$ 20,844,006
Capital assets	101,137,348	103,706,716	(2,569,368)
<b>Total assets</b>	<b>187,103,172</b>	<b>168,828,534</b>	<b>18,274,638</b>
<b>Deferred Outflows of Resources</b>	<b>29,408,352</b>	<b>6,446,634</b>	<b>22,961,718</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	17,253,021	8,807,304	8,445,717
Current debt payable	4,418,127	4,106,700	311,427
Noncurrent liabilities (excluding debt)	191,403,701	173,293,143	18,110,558
Noncurrent debt payable	25,319,248	22,135,500	3,183,748
<b>Total liabilities</b>	<b>238,394,097</b>	<b>208,342,647</b>	<b>30,051,450</b>
<b>Deferred Inflows of Resources</b>	<b>47,691,419</b>	<b>47,870,854</b>	<b>(179,435)</b>
<b>Net Position:</b>			
Net investment in capital assets	71,399,973	77,464,516	(6,064,543)
Restricted	30,870,924	22,267,283	8,603,641
Unrestricted	(171,844,889)	(180,670,132)	8,825,243
<b>Total net position</b>	<b>\$ (69,573,992)</b>	<b>\$ (80,938,333)</b>	<b>\$ 11,364,341</b>

	Business-Type Activities		
	2021	2020	Change
<b>Assets:</b>			
Current assets	\$ 38,897,218	\$ 35,700,571	\$ 3,196,647
Capital assets	48,923,856	46,364,049	2,559,807
<b>Total assets</b>	<b>87,821,074</b>	<b>82,064,620</b>	<b>5,756,454</b>
<b>Deferred Outflows of Resources</b>	<b>1,036,734</b>	<b>263,736</b>	<b>772,998</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	610,816	543,663	67,153
Current debt payable	4,979,562	1,894,098	3,085,464
Noncurrent liabilities (excluding debt)	7,486,593	6,712,102	774,491
Noncurrent debt payable	10,189,950	12,177,178	(1,987,228)
<b>Total liabilities</b>	<b>23,266,921</b>	<b>21,327,041</b>	<b>1,939,880</b>
<b>Deferred Inflows of Resources</b>	<b>2,726,732</b>	<b>2,453,876</b>	<b>272,856</b>
<b>Net Position:</b>			
Net investment in capital assets	33,754,344	32,292,773	1,461,571
Restricted	11,442,980	9,430,115	2,012,865
Unrestricted	17,666,831	16,824,551	842,280
<b>Total net position</b>	<b>\$ 62,864,155</b>	<b>\$ 58,547,439</b>	<b>\$ 4,316,716</b>

## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2021	2020	Change
<b>Program Revenues:</b>			
Charges for services	\$ 18,925,203	\$ 18,856,885	\$ 68,318
Operating grants and contributions	36,450,252	30,663,393	5,786,859
Capital grants and contributions	2,935,513	2,237,152	698,361
<b>General Revenues:</b>			
Property taxes	65,902,396	62,527,809	3,374,587
Motor vehicle and other taxes	2,982,682	3,025,550	(42,868)
Hotel room occupancy, meals and cannabis taxes	2,801,553	5,037,675	(2,236,122)
Penalties and interest on taxes	281,795	180,381	101,414
Nonrestricted grants and contributions	4,991,464	5,009,521	(18,057)
Unrestricted investment income	252,729	554,047	(301,318)
Gain/(Loss) on Sale of Capital Assets	638,108	271,890	366,218
Miscellaneous	57,147	10,146	47,001
<b>Total revenues</b>	<b>136,218,842</b>	<b>128,374,449</b>	<b>7,844,393</b>
<b>Expenses:</b>			
General government	10,925,398	10,744,671	180,727
Public safety	16,638,172	16,672,532	(34,360)
Public works	6,153,596	6,494,434	(340,838)
Education	53,673,339	49,272,335	4,401,004
Health and human services	2,983,745	2,720,727	263,018
Culture and recreation	4,533,814	4,285,400	248,414
Employee benefits and insurance	26,981,497	26,251,831	729,666
State assessments	3,657,552	3,484,105	173,447
Interest	596,398	1,033,201	(436,803)
<b>Total expenses</b>	<b>126,143,511</b>	<b>120,959,236</b>	<b>5,184,275</b>
<b>Contributions to Permanent Funds</b>	<b>9,450</b>	<b>9,100</b>	<b>350</b>
<b>Transfers, net</b>	<b>1,279,560</b>	<b>1,660,460</b>	<b>(380,900)</b>
<b>Change in net position</b>	<b>11,364,341</b>	<b>9,084,773</b>	<b>2,279,568</b>
<b>Net position - beginning of year</b>	<b>(80,938,333)</b>	<b>(90,023,106)</b>	<b>9,084,773</b>
<b>Net position - end of year</b>	<b>\$ (69,573,992)</b>	<b>\$ (80,938,333)</b>	<b>\$ 11,364,341</b>

	<b>Business-Type Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Change</b>
<b>Program Revenues:</b>			
Sewer	\$ 13,942,787	\$ 6,862,617	\$ 7,080,170
Water	240,684	7,556,332	(7,315,648)
Solid Waste	-	625,450	(625,450)
<b>Total Revenues</b>	<b>14,183,471</b>	<b>15,044,399</b>	<b>(860,928)</b>
<b>Expenses:</b>			
Sewer	4,040,717	3,520,979	519,738
Water	4,183,545	4,093,266	90,279
Solid Waste	362,933	294,620	68,313
<b>Total expenses</b>	<b>8,587,195</b>	<b>7,908,865</b>	<b>678,330</b>
<b>Transfers, net</b>	<b>(1,279,560)</b>	<b>(1,660,460)</b>	<b>380,900</b>
<b>Change in net position</b>	<b>4,316,716</b>	<b>5,475,074</b>	<b>(1,158,358)</b>
<b>Net position - beginning of year</b>	<b>58,547,439</b>	<b>53,072,365</b>	<b>5,475,074</b>
<b>Net position - end of year</b>	<b>\$ 62,864,155</b>	<b>\$ 58,547,439</b>	<b>\$ 4,316,716</b>

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$6,709,837 at the close of fiscal year 2021.

Net position of \$105,154,317 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$42,313,904 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$154,178,058).

At the end of the current fiscal year, the City is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities and for the government as a whole. The unrestricted governmental activities and government as a whole resulted in a negative balance mainly due to the accrual of the net OPEB and pension liabilities that are required under GASB to be recognized in the City's financial statements. These liabilities are presented on the statement of net position.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the business-type activities.

The governmental activities net position increased by \$11,364,341 (14%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2021 is attributed to increases resulting from the changes in governmental funds of \$12,637,950, in the net changes in the deferred outflow/(inflow) of resources related to OPEB of \$29,154,039 and in the pension liability of \$9,775,191; and decreases resulting from the depreciation expense (normally spread out over the useful life of the asset) for the year of \$8,014,667 exceeding the acquisition of \$5,445,299 in new capital assets, in the OPEB liability of \$27,685,403, in the net changes in debt of \$3,495,175 and in the deferred outflow/(inflow) of resources related to pensions of \$5,912,986.

There was an increase of \$4,316,716 (7%) in net position reported in connection with the sewer, water and solid waste business-type activities. Of this, there were increases of \$1,312,879 attributed to the sewer department, of \$2,884,306 attributed to the water department and of \$119,531 attributed to the solid waste activities.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting 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 \$65,654,686, an increase of \$12,637,950 (24%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Nonspendable fund balance – \$786,006 (1%).
- Restricted fund balance – \$27,829,513 (42%).
- Committed fund balance – \$4,230,976 (6%).
- Assigned fund balance – \$13,468,291 (21%).
- Unassigned fund balance – \$19,339,900 (30%).

#### Major Governmental Funds

At the end of the fiscal year, the General Fund reported a fund balance of \$34,451,777 increasing \$4,528,658 (15%) from the prior year. Of the \$34,451,777, the unassigned amount is \$20,867,507 (60%), the assigned amount of \$13,468,291 (39%) and restricted amount of \$115,979 (1%). General fund revenues increased \$2,132,976 (2%) over the prior fiscal year and the expenditures also increased \$709,908 (1%). Other activities in the General fund were net transfers in from other funds of \$2,920,387.

The main components of the increase from the prior year in general fund revenues were related to increases in property taxes in the amount of \$3,873,096 (6%), and in intergovernmental – “on-behalf” payments of \$1,506,887 (14%); and decreases in intergovernmental receipts of \$944,592 (6%) and in hotel room occupancy, meals and cannabis taxes of \$2,236,122 (44%) from the prior year.

The major changes with the general fund expenditures from the prior fiscal year were as follows:

- Increase in Education expenditures of \$2,306,676 (6%).
- Increase in Employee benefits and insurance expenditures of \$1,819,248 (6%).
- Decrease in Capital improvements expenditures of \$1,533,996 (44%).
- Decrease in Debt service expenditures (principal and interest) of \$1,600,157 (27%).

The *Stormwater Fund* is used to account for the construction of road drainage improvements. The fund has a balance of \$3,116,322 and shows an increase of \$774,927 (33%) in total operations. This amount was attributed to charges for services of \$2,006,659, investment income and other receipts of \$44,092, and expenditures of \$934,417. Other activity in the Stormwater fund was transfers out to the General fund of \$341,407.

The *American Rescue Plan Act (ARPA) Grant* extended and modified the programs under the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Continued Assistance Act in response to the coronavirus pandemic. The City has an unearned revenue of \$8,111,665 which will be used at a later date.

## Proprietary Funds

The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

### Major Proprietary Funds

The *Sewer Fund* is the financing and operations of the City's sewer system. The fund has accumulated a balance of \$24,581,069 and shows an increase of \$1,312,879 (6%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$2,298,245, interest income of \$85,188, interest expense of \$27,728 and transfers out to the governmental funds of \$1,042,826. Operating revenues decreased by \$249,455 (4%) while operating expenses increased by \$539,336 (16%) from the prior year.

The *Water Fund* is the financing and operations of the City's water system. The fund has accumulated a balance of \$36,120,400 and shows an increase of \$2,884,306 (9%) in total operations. This change resulted from operating revenues exceeding operating costs by \$3,185,123, interest income of \$60,769, intergovernmental receipts of \$13,350, interest expense of \$221,668 and transfers out to the governmental funds of \$153,268. Operating revenues decreased by \$121,136 (2%) while operating expenses increased by \$148,333 (4%) from the prior year.

The *Solid Waste Fund* is the financing and operations of the City's transfer stations and landfill closure. The fund has accumulated a balance of \$2,162,686 and shows an increase of \$119,531 (6%) in total operations. This change resulted from operating revenue exceeding operating costs by \$172,270, interest income of \$30,727 and transfers out to governmental funds of \$83,466. Operating revenues increased by \$4,708 (1%) and operating expenses also increased by \$68,313 (23%) from the prior year.

### General Fund Budgetary Highlights

The final general fund budget for fiscal year 2021 was \$113,490,498. This was an increase of \$5,719,256 (5%) over the previous year's final budget.

There was an increase of \$8,829,101 between the original budget and the final amended budget. The changes are attributed to the City amending specific budget line items of the final budget, mainly due to an increase in the capital improvements line item of \$8,706,123.

General fund expenditures were less than budgeted by \$15,692,400. Of the \$15,692,400 in under budget expenditures, \$13,468,291 has been carried over to fiscal year 2022.

Overall, the variance with the final budget was a positive \$5,469,759 consisting of a revenue surplus of \$3,245,650 and an appropriation surplus of \$2,224,109.

### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$101,137,348 and \$48,923,856, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds include:

- Land sales for \$638,108.
- Purchases of land for \$158,400.
- Municipal Building improvements for \$61,706.
- Police vehicle and equipment purchases for \$36,032.

- Fire Station improvements for \$75,029.
- Highway storage buildings' improvements for \$22,268.
- Road and drainage infrastructure improvements for \$3,618,787.
- Northampton Public Schools' vehicles and equipment purchases for \$63,407.
- Smith Vocational Schools' vehicles and equipment purchases for \$85,862.
- Smith Vocational buildings' improvements for \$131,826.
- Bridge Street Cemetery fencing for \$120,145.
- Academy of Music improvements for \$168,950.
- City bike stations construction for \$896,494.
- Florence fields safety netting for \$6,393.

Major capital asset events during the current fiscal year in the business-type fund included the following:

For the Sewer Department:

- Vehicle and equipment purchases for \$155,301.
- Sewer infrastructure improvements for \$3,852,868.

For the Water Department:

- Land purchase for \$140,000.
- Vehicle and equipment purchases for \$180,060.
- Water infrastructure improvements for \$199,930.

**Debt Administration.** The City's outstanding governmental debt, as of June 30, 2021, totaled \$28,286,150 as follows:

- \$875,200 for school projects.
- \$2,524,500 for City building projects
- \$9,495,000 for the police facility.
- \$305,000 for land acquisitions.
- \$305,800 for stormwater drainage.
- \$3,770,000 for road, sidewalk and bridge projects.
- \$905,000 for park improvements.
- \$885,000 for departmental vehicles and equipment.
- \$620,000 for energy projects.
- 8,600,650 for various other projects.

The City's outstanding business-type debt totaled, as of June 30, 2021, totaled \$12,113,372 of which, sewer debt is \$1,575,589 and water debt is \$10,537,783. The debt is fully supported by the rates and do not rely on a general fund subsidy.

The business-type activities also have a bond anticipation note outstanding of \$3,056,140 for a wastewater treatment plant project.

Please refer to notes 3D, 3F and 3G for further discussion of the capital assets and debt activity.

## Next Year's Annual City Council Votes

The City of Northampton City Council votes a budget for the next fiscal year at a City Council meeting before the end of the fiscal year. The financial statements for June 30, 2021 do not reflect the fiscal year 2022 City Council actions. The City Council meeting on June 3, 2021 authorized a fiscal year 2022 operating and capital budget as follows:

<b><i>From raise and appropriate</i></b>		\$	97,123,052
<b><i>From Business-Type Funds:</i></b>			
Sewer fund receipts	\$	6,177,500	
Sewer retained earnings		1,042,931	7,220,431
Water fund receipts		6,945,000	
Water retained earnings		614,707	7,559,707
Solid waste fund receipts		509,560	
Solid waste retained earnings		241,205	750,765
<b><i>From Other Available Funds:</i></b>			
<b>General Fund:</b>			
Reserve for Debt			18,899
<b>Stormwater Fund:</b>			
Fund receipts		1,996,486	
Retained earnings		345,781	2,342,267
<b>Non-major Governmental Funds:</b>			
Community Preservation Funds		15,776	
Parking Meter Receipts		1,200,000	1,215,776
			<u>\$ 116,230,897</u>

## Requests for Information

This financial report is designed to provide a general overview of the City of Northampton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Auditor, City Hall, 210 Main Street, Northampton, Massachusetts 01060.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 72,827,670	\$ 31,554,420	\$ 104,382,090
Investments	6,931,853	6,138,583	13,070,436
Receivables, net of allowance for uncollectibles:			
Property Taxes	969,742	-	969,742
Deferred Property Taxes	125,277	-	125,277
Tax Liens	403,095	-	403,095
Excise Taxes	346,477	-	346,477
User Charges	-	1,204,215	1,204,215
Departmental	1,091,591	-	1,091,591
Loans	54,000	-	54,000
Due from Other Governments	3,216,119	-	3,216,119
Total current assets	<u>85,965,824</u>	<u>38,897,218</u>	<u>124,863,042</u>
<b>NONCURRENT:</b>			
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	21,722,958	7,788,716	29,511,674
Depreciable	79,414,390	41,135,140	120,549,530
Total noncurrent assets	<u>101,137,348</u>	<u>48,923,856</u>	<u>150,061,204</u>
<b>Total Assets</b>	<u>187,103,172</u>	<u>87,821,074</u>	<u>274,924,246</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	8,139,006	614,720	8,753,726
Deferred Outflows Related to OPEB	21,269,346	422,014	21,691,360
<b>Total Deferred Outflows of Resources</b>	<u>29,408,352</u>	<u>1,036,734</u>	<u>30,445,086</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	2,206,968	358,923	2,565,891
Accrued Payroll	4,323,759	90,211	4,413,970
Payroll Withholdings	416,724	-	416,724
Tax Refund Payable	175,000	-	175,000
Other	83,465	-	83,465
Unearned Revenue	8,111,655	-	8,111,655
Accrued Interest	127,742	42,708	170,450
Compensated Absences	1,807,708	118,974	1,926,682
Bond Anticipation Notes Payable	-	3,056,140	3,056,140
Bonds Payable	4,418,127	1,923,422	6,341,549
Total current liabilities	<u>21,671,148</u>	<u>5,590,378</u>	<u>27,261,526</u>
<b>NONCURRENT:</b>			
Landfill Closure	-	1,495,000	1,495,000
Compensated Absences	2,207,827	95,283	2,303,110
Net OPEB Liability	153,279,480	3,183,630	156,463,110
Net Pension Liability	35,916,394	2,712,680	38,629,074
Bonds Payable	25,319,248	10,189,950	35,509,198
Total noncurrent liabilities	<u>216,722,949</u>	<u>17,676,543</u>	<u>234,399,492</u>
<b>Total Liabilities</b>	<u>238,394,097</u>	<u>23,266,921</u>	<u>261,661,018</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	14,338,912	1,082,984	15,421,896
Deferred Inflows Related to OPEB	33,352,507	1,643,748	34,996,255
<b>Total Deferred Inflows of Resources</b>	<u>47,691,419</u>	<u>2,726,732</u>	<u>50,418,151</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	71,399,973	33,754,344	105,154,317
Restricted for:			
Capital Projects	8,941,818	11,442,980	20,384,798
Federal & State Grants	6,384,203	-	6,384,203
Community Preservation	1,955,165	-	1,955,165
Permanent Funds:			
Expendable	734,054	-	734,054
Nonexpendable	786,006	-	786,006
Other Purposes	12,069,678	-	12,069,678
Unrestricted	(171,844,889)	17,666,831	(154,178,058)
<b>Total Net Position</b>	<u>\$ (69,573,992)</u>	<u>\$ 62,864,155</u>	<u>\$ (6,709,837)</u>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General Government	\$ 10,925,398	\$ 2,416,174	\$ 4,172,490	\$ -	\$ (4,336,734)	\$ -	\$ (4,336,734)
Public Safety	16,638,172	5,348,157	737,022	-	(10,552,993)	-	(10,552,993)
Public Works	6,153,596	2,053,294	647,443	1,831,672	(1,621,187)	-	(1,621,187)
Education	53,673,339	8,601,922	16,485,871	-	(28,585,546)	-	(28,585,546)
Health and Human Services	2,983,745	166,646	2,204,646	-	(612,453)	-	(612,453)
Culture and Recreation	4,533,814	339,010	240,123	1,103,841	(2,850,840)	-	(2,850,840)
Employee Benefits and Insurance	26,981,497	-	11,962,657	-	(15,018,840)	-	(15,018,840)
State Assessments	3,657,552	-	-	-	(3,657,552)	-	(3,657,552)
Interest	596,398	-	-	-	(596,398)	-	(596,398)
<b>Total Governmental Activities</b>	<b>126,143,511</b>	<b>18,925,203</b>	<b>36,450,252</b>	<b>2,935,513</b>	<b>(67,832,543)</b>	<b>-</b>	<b>(67,832,543)</b>
<b>Business-Type Activities:</b>							
Sewer	4,040,717	6,311,234	85,188	-	-	2,355,705	2,355,705
Water	4,183,545	7,096,350	124,769	-	-	3,037,574	3,037,574
Solid Waste	362,933	535,203	30,727	-	-	202,997	202,997
<b>Total Primary Government</b>	<b>\$ 134,730,706</b>	<b>\$ 32,867,990</b>	<b>\$ 36,690,936</b>	<b>\$ 2,935,513</b>	<b>(67,832,543)</b>	<b>5,596,276</b>	<b>(62,236,267)</b>
<b>General Revenues:</b>							
Property taxes					65,902,396	-	65,902,396
Motor vehicle and other taxes					2,982,682	-	2,982,682
Hotel room occupancy, meals and cannabis taxes					2,801,553	-	2,801,553
Penalties & interest on taxes					281,795	-	281,795
Grants & contributions not restricted to specific programs					4,991,464	-	4,991,464
Unrestricted investment income					252,729	-	252,729
Gain/(Loss) on sale of capital assets					638,108	-	638,108
Miscellaneous					57,147	-	57,147
<b>Contributions to Permanent Funds</b>					9,450	-	9,450
<b>Transfers, net</b>					1,279,560	(1,279,560)	-
<b>Total General Revenues, Contributions and Transfers</b>					<b>79,196,884</b>	<b>(1,279,560)</b>	<b>77,917,324</b>
<b>Change in Net Position</b>					<b>11,364,341</b>	<b>4,316,716</b>	<b>15,681,057</b>
<b>Net Position:</b>							
Beginning of year (as restated)					(80,938,333)	58,547,439	(22,390,894)
End of year					<b>\$ (69,573,992)</b>	<b>\$ 62,864,155</b>	<b>\$ (6,709,837)</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	Stormwater Fund	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 36,729,843	\$ 2,584,789	\$ 8,111,655	\$ 25,401,383	\$ 72,827,670
Investments	3,792,474	557,274	-	2,582,105	6,931,853
Receivables, net of allowance for uncollectibles:					
Property Taxes	951,241	-	-	18,501	969,742
Deferred Property Taxes	125,277	-	-	-	125,277
Tax Liens	397,767	-	-	5,328	403,095
Excise Taxes	346,477	-	-	-	346,477
Departmental	850,364	241,227	-	-	1,091,591
Loans	-	-	-	54,000	54,000
Due from Other Governments	392,104	-	-	2,824,015	3,216,119
<b>Total Assets</b>	<b>\$ 43,585,547</b>	<b>\$ 3,383,290</b>	<b>\$ 8,111,655</b>	<b>\$ 30,885,332</b>	<b>\$ 85,965,824</b>
<b>Liabilities:</b>					
Warrants and Accounts Payable	\$ 1,499,231	\$ 15,007	\$ -	\$ 692,730	\$ 2,206,968
Accrued Payroll	4,304,653	10,734	-	8,372	4,323,759
Employee Withholdings	417,477	-	-	-	417,477
Tax Refund Payable	175,000	-	-	-	175,000
Other	-	-	-	83,465	83,465
Unearned Revenue	-	-	8,111,655	-	8,111,655
<b>Total Liabilities</b>	<b>6,396,361</b>	<b>25,741</b>	<b>8,111,655</b>	<b>784,567</b>	<b>15,318,324</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	2,737,409	241,227	-	2,014,178	4,992,814
<b>Fund Balance:</b>					
Nonspendable	-	-	-	786,006	786,006
Restricted	115,979	-	-	27,713,534	27,829,513
Committed	-	3,116,322	-	1,114,654	4,230,976
Assigned	13,468,291	-	-	-	13,468,291
Unassigned	20,867,507	-	-	(1,527,607)	19,339,900
<b>Total Fund Balance</b>	<b>34,451,777</b>	<b>3,116,322</b>	<b>-</b>	<b>28,086,587</b>	<b>65,654,686</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 43,585,547</b>	<b>\$ 3,383,290</b>	<b>\$ 8,111,655</b>	<b>\$ 30,885,332</b>	<b>\$ 85,965,824</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Stormwater Fund	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 64,747,875	\$ -	\$ -	\$ 1,418,557	\$ 66,166,432
Intergovernmental	14,316,441	-	-	16,202,902	30,519,343
Excise and Other Taxes	3,016,283	-	-	4,178	3,020,461
Hotel Room Occupancy, Meals and Cannabis Taxes	2,801,553	-	-	-	2,801,553
Charges for Services	3,395,953	2,006,659	-	3,236,674	8,639,286
Licenses, Permits, Fees	10,598,086	-	-	-	10,598,086
Interest on Taxes	277,449	-	-	4,346	281,795
Investment Income	252,729	10,435	-	302,450	565,614
Gifts and Donations	-	-	-	767,022	767,022
Other	-	33,657	-	354,714	388,371
Intergovernmental - "On-behalf" Payments	11,929,677	-	-	-	11,929,677
<b>Total Revenues</b>	<b>111,336,046</b>	<b>2,050,751</b>	<b>-</b>	<b>22,290,843</b>	<b>135,677,640</b>
<b>Expenditures:</b>					
Current:					
General Government	6,358,377	-	-	3,324,845	9,683,222
Public Safety	12,853,682	-	-	2,113,153	14,966,835
Public Works	2,425,849	473,714	-	3,429,958	6,329,521
Education	41,399,605	-	-	9,636,457	51,036,062
Health and Human Services	1,161,879	-	-	1,751,335	2,913,214
Culture and Recreation	3,289,197	-	-	1,309,581	4,598,778
Employee Benefits and Insurance	32,252,781	-	-	76,008	32,328,789
Capital Improvements	1,926,320	421,853	-	-	2,348,173
State Assessments	3,657,552	-	-	-	3,657,552
Debt Service:					
Principal	3,591,700	35,000	-	480,000	4,106,700
Interest	810,833	3,850	-	76,505	891,188
<b>Total Expenditures</b>	<b>109,727,775</b>	<b>934,417</b>	<b>-</b>	<b>22,197,842</b>	<b>132,860,034</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,608,271</b>	<b>1,116,334</b>	<b>-</b>	<b>93,001</b>	<b>2,817,606</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	3,118,056	-	-	197,669	3,315,725
Operating Transfers Out	(197,669)	(341,407)	-	(1,497,089)	(2,036,165)
Sale of Capital Assets	-	-	-	638,108	638,108
Bond Premium	-	-	-	1,451,225	1,451,225
Proceeds from Issuance of Bonds	-	-	-	6,395,000	6,395,000
Proceeds from Issuance of Refunding Bonds	-	-	-	2,205,650	2,205,650
Premiums on Refunding Bonds	-	-	-	328,211	328,211
Payments of Refunding Bonds	-	-	-	(2,477,410)	(2,477,410)
<b>Total Other Financing Sources (Uses)</b>	<b>2,920,387</b>	<b>(341,407)</b>	<b>-</b>	<b>7,241,364</b>	<b>9,820,344</b>
<b>Net Change in Fund Balances</b>	<b>4,528,658</b>	<b>774,927</b>	<b>-</b>	<b>7,334,365</b>	<b>12,637,950</b>
<b>Fund Balances, Beginning of Year (as restated)</b>	<b>29,923,119</b>	<b>2,341,395</b>	<b>-</b>	<b>20,752,222</b>	<b>53,016,736</b>
<b>Fund Balances, End of Year</b>	<b>\$ 34,451,777</b>	<b>\$ 3,116,322</b>	<b>\$ -</b>	<b>\$ 28,086,587</b>	<b>\$ 65,654,686</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2021**

<b>Total Governmental Fund Balances</b>		\$ 65,654,686
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		101,137,348
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		4,993,567
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		(18,283,067)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (29,737,375)	
Net Other Post Employment Benefits Liability	(153,279,480)	
Net Pension Liability	(35,916,394)	
Compensated Absences	(4,015,535)	(222,948,784)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(127,742)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ (69,573,992)</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, 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, 2021**

**Net Change in Fund Balances - Total Governmental Funds** \$ 12,637,950

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 are reported as depreciation expense:

Capital Outlay Purchases	\$ 5,445,299	
Depreciation	<u>(8,014,667)</u>	(2,569,368)

Revenue 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 unavailable revenue. (87,456)

The issuance of long-term debt (e.g., bonds and leases) 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:

Repayment of Debt Principal	4,106,700	
Net Amortization of Premium from Issuance of Bonds	300,801	
Payments of Refunding Bonds	2,477,410	
Proceeds from Issuance of Refunding Bonds	(2,205,650)	
Premium from the Issuance of Bonds	(1,779,436)	
Proceeds from Bonds and Notes	<u>(6,395,000)</u>	(3,495,175)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	(346,540)	
Net Change in Net Other Post Employment Benefit Liability	(27,685,403)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	29,054,139	
Net Change in Net Pension Liability	9,775,191	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(5,912,986)	
Net Change in Accrued Interest on Long-Term Debt	<u>(6,011)</u>	4,878,390

**Change in Net Position of Governmental Activities** \$ 11,364,341

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -  
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget			
	Forward from Prior Year	Original Budget				
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 64,647,981	\$ 64,322,981	\$ 65,190,875	\$ -	\$ 867,894
Intergovernmental	-	14,297,611	14,297,611	14,316,441	-	18,830
Excise and Other Taxes	-	2,664,610	2,664,610	3,016,283	-	351,673
Hotel Room Occupancy, Meals and Cannabis Taxes	-	1,866,773	1,866,773	2,144,700	-	277,927
Charges for Services	-	2,842,873	2,842,873	3,395,953	-	553,080
Licenses, Permits, Fees	-	9,567,243	9,607,243	10,598,086	-	990,843
Interest on Taxes	-	154,000	154,000	277,449	-	123,449
Investment Income	-	95,262	95,262	157,216	-	61,954
<b>Total Revenues</b>	-	96,136,353	95,851,353	99,097,003	-	3,245,650
<b>Expenditures:</b>						
Current:						
General Government	7,953	7,041,614	7,034,715	6,358,377	167,755	508,583
Public Safety	218,376	13,603,784	13,852,907	12,853,682	429,671	569,554
Public Works	141,328	2,301,220	2,858,791	2,425,849	327,976	104,966
Education	557,178	41,168,717	41,725,895	41,399,605	251,780	74,510
Health and Human Services	-	1,558,921	1,524,216	1,161,879	-	362,337
Culture and Recreation	25,295	3,489,083	3,514,379	3,289,197	162,124	63,058
Employee Benefits and Insurance	279,968	20,924,467	20,972,748	20,323,104	208,640	441,004
Capital Improvements	5,160,853	-	13,866,976	1,926,320	11,920,345	20,311
State Assessments	-	3,708,728	3,708,728	3,657,552	-	51,176
Debt Service:						
Principal	-	3,591,700	3,591,700	3,591,700	-	-
Interest	-	882,212	839,443	810,833	-	28,610
<b>Total Expenditures</b>	6,390,951	98,270,446	113,490,498	97,798,098	13,468,291	2,224,109
<b>Excess of Revenues Over (Under) Expenditures</b>	(6,390,951)	(2,134,093)	(17,639,145)	1,298,905	(13,468,291)	5,469,759
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	2,113,161	8,171,885	8,273,631	-	101,746
Operating Transfers Out	-	-	(1,705,670)	(1,705,670)	-	-
<b>Total Other Financing Sources (Uses)</b>	-	2,113,161	6,466,215	6,567,961	-	101,746
<b>Net Change in Budgetary Fund Balance</b>	(6,390,951)	(20,932)	(11,172,930)	\$ 7,866,866	\$ (13,468,291)	\$ 5,571,505
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	20,932	4,781,979			
Prior Year Encumbrances	6,390,951	-	6,390,951			
<b>Total Other Budgetary Items</b>	6,390,951	20,932	11,172,930			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2021**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 99,097,003	\$ 97,798,098
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	752,366	-
Net Decrease in Revenue from recording Refund Taxes Payable	(63,000)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	11,929,677	-
Recognition of Expenditures - "on behalf payments"	-	11,929,677
Net Decrease in Revenue from Recording 60-Day Receipts	(380,000)	-
<b>Reported on a GAAP Basis</b>	<b>\$ 111,336,046</b>	<b>\$ 109,727,775</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2021**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and Cash Equivalents	\$ 14,880,466	\$ 13,706,193	\$ 2,967,761	\$ 31,554,420
Investments	4,525,363	-	1,613,220	6,138,583
User Charges, net of allowance for uncollectibles	639,388	544,525	20,302	1,204,215
<b>Total current assets</b>	<b>20,045,217</b>	<b>14,250,718</b>	<b>4,601,283</b>	<b>38,897,218</b>
<b>NONCURRENT:</b>				
Capital Assets, net of accumulated Depreciation:				
Nondepreciable	4,381,794	3,406,922	-	7,788,716
Depreciable	8,421,656	32,713,484	-	41,135,140
<b>Total noncurrent assets</b>	<b>12,803,450</b>	<b>36,120,406</b>	<b>-</b>	<b>48,923,856</b>
<b>Total Assets</b>	<b>32,848,667</b>	<b>50,371,124</b>	<b>4,601,283</b>	<b>87,821,074</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	365,455	233,547	15,718	614,720
Deferred Outflows Related to OPEB	155,863	201,036	65,115	422,014
	521,318	434,583	80,833	1,036,734
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants and Accounts Payable	142,135	210,710	6,078	358,923
Accrued Payroll	43,206	39,770	7,235	90,211
Accrued Interest	6,439	36,269	-	42,708
Compensated Absences	63,256	45,720	9,998	118,974
Bond Anticipation Notes Payable	3,056,140	-	-	3,056,140
Bonds Payable	209,008	1,714,414	-	1,923,422
<b>Total current liabilities</b>	<b>3,520,184</b>	<b>2,046,883</b>	<b>23,311</b>	<b>5,590,378</b>
<b>NONCURRENT:</b>				
Landfill Closure	-	-	1,495,000	1,495,000
Compensated Absences	48,930	38,163	8,190	95,283
Net OPEB Liability	1,175,812	1,516,598	491,220	3,183,630
Net Pension Liability	1,612,706	1,030,612	69,362	2,712,680
Bonds Payable	1,366,581	8,823,369	-	10,189,950
<b>Total noncurrent liabilities</b>	<b>4,204,029</b>	<b>11,408,742</b>	<b>2,063,772</b>	<b>17,676,543</b>
<b>Total Liabilities</b>	<b>7,724,213</b>	<b>13,455,625</b>	<b>2,087,083</b>	<b>23,266,921</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	643,841	411,452	27,691	1,082,984
Deferred Inflows Related to OPEB	420,862	818,230	404,656	1,643,748
	1,064,703	1,229,682	432,347	2,726,732
<b>NET POSITION</b>				
Net Investment in Capital Assets	8,171,721	25,582,623	-	33,754,344
Restricted for Capital	4,575,929	6,617,130	249,921	11,442,980
Unrestricted	11,833,419	3,920,647	1,912,765	17,666,831
<b>Total Net Position</b>	<b>\$ 24,581,069</b>	<b>\$ 36,120,400</b>	<b>\$ 2,162,686</b>	<b>\$ 62,864,155</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Business-Type Activities  
Enterprise Funds**

	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for Services	\$ 6,070,043	\$ 6,833,165	\$ 395,410	\$ 13,298,618
Other	241,191	263,185	139,793	644,169
<b>Total Operating Revenues</b>	<b>6,311,234</b>	<b>7,096,350</b>	<b>535,203</b>	<b>13,942,787</b>
<b>Operating Expenses:</b>				
Salaries & Wages	1,517,953	1,348,842	251,145	3,117,940
Operating Expenses	1,902,566	1,173,600	111,788	3,187,954
Depreciation	579,314	1,388,785	-	1,968,099
<b>Total Operating Expenses</b>	<b>3,999,833</b>	<b>3,911,227</b>	<b>362,933</b>	<b>8,273,993</b>
<b>Operating Income (Loss)</b>	<b>2,311,401</b>	<b>3,185,123</b>	<b>172,270</b>	<b>5,668,794</b>
<b>Non-Operating Revenues (Expenses):</b>				
Interest Income	85,188	60,769	30,727	176,684
Intergovernmental	-	13,350	-	13,350
Other	-	50,650	-	50,650
Interest Expense	(40,884)	(272,318)	-	(313,202)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>44,304</b>	<b>(147,549)</b>	<b>30,727</b>	<b>(72,518)</b>
<b>Income (Loss) Before Transfers and Other Items</b>	<b>2,355,705</b>	<b>3,037,574</b>	<b>202,997</b>	<b>5,596,276</b>
<b>Transfers and Other Items:</b>				
Transfers In (Out)	(1,042,826)	(153,268)	(83,466)	(1,279,560)
<b>Total Transfers and Other Items</b>	<b>(1,042,826)</b>	<b>(153,268)</b>	<b>(83,466)</b>	<b>(1,279,560)</b>
<b>Change in Net Position</b>	<b>1,312,879</b>	<b>2,884,306</b>	<b>119,531</b>	<b>4,316,716</b>
<b>Net Position at Beginning of Year</b>	<b>23,268,190</b>	<b>33,236,094</b>	<b>2,043,155</b>	<b>58,547,439</b>
<b>Net Position at End of Year</b>	<b>\$ 24,581,069</b>	<b>\$ 36,120,400</b>	<b>\$ 2,162,686</b>	<b>\$ 62,864,155</b>

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>Cash Flows From Operating Activities:</b>				
Receipts from Customers and Users	\$ 6,017,317	\$ 6,818,855	\$ 450,044	\$ 13,286,216
Receipts from Other Revenues	241,191	263,185	139,793	644,169
Payments to Vendors	(1,279,546)	(1,296,653)	(289,445)	(2,865,644)
Payments to Employees	(1,519,413)	(1,326,558)	(248,734)	(3,094,705)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>3,459,549</b>	<b>4,458,829</b>	<b>51,658</b>	<b>7,970,036</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers from (to) Other Funds	(1,042,826)	(153,268)	(83,466)	(1,279,560)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(1,042,826)</b>	<b>(153,268)</b>	<b>(83,466)</b>	<b>(1,279,560)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Other		50,650		50,650
MCWT Project Drawdowns	3,056,140	-	-	3,056,140
Intergovernmental	-	13,350	-	13,350
Acquisition and Construction of Capital Assets	(4,008,169)	(519,737)	-	(4,527,906)
Proceeds from the Issuance of Refunding Bonds	-	444,350	-	444,350
Payments of Refunding Bonds	-	(495,000)	-	(495,000)
Principal Payments on Bonds and Notes	(209,235)	(1,684,863)	-	(1,894,098)
Interest Expense	(41,706)	(275,539)	-	(317,245)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(1,202,970)</b>	<b>(2,466,789)</b>	<b>-</b>	<b>(3,669,759)</b>
<b>Cash Flows from Investing Activities:</b>				
Investment Income	85,188	60,769	30,727	176,684
Sale/(Purchase) of Investments	(35,961)	-	(12,819)	(48,780)
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>49,227</b>	<b>60,769</b>	<b>17,908</b>	<b>127,904</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,262,980</b>	<b>1,899,541</b>	<b>(13,900)</b>	<b>3,148,621</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>13,617,486</b>	<b>11,806,652</b>	<b>2,981,661</b>	<b>28,405,799</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 14,880,466</b>	<b>\$ 13,706,193</b>	<b>\$ 2,967,761</b>	<b>\$ 31,554,420</b>

( Continued )

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</b>				
<b>Operating Income (Loss)</b>	\$ 2,311,401	\$ 3,185,123	\$ 172,270	\$ 5,668,794
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>				
Depreciation	579,314	1,388,785	-	1,968,099
Deferred (Outflows)/Inflows of Resources Related to Pensions	272,026	170,073	11,541	453,640
Deferred (Outflows)/Inflows of Resources Related to OPEB	(316,810)	(444,614)	(192,358)	(953,782)
Change in Assets and Liabilities:				
Increase (Decrease) in Warrants Payable	(27,092)	94,646	(8,244)	59,310
Increase (Decrease) in Accrued Payroll	1,485	4,320	1,081	6,886
Increase (Decrease) in Compensated Absences	(2,945)	17,964	1,330	16,349
Increase (Decrease) in Net OPEB Liability	95,110	273,459	75,827	444,396
Increase (Decrease) in Net Pension Liability	599,786	(216,617)	577	383,746
Increase (Decrease) in Landfill Closure	-	-	(65,000)	(65,000)
Decrease (Increase) in User Charges Receivable	(52,726)	(14,310)	54,634	(12,402)
<b>Total Adjustments</b>	1,148,148	1,273,706	(120,612)	2,301,242
<b>Net Cash Provided by (Used for) Operating Activities</b>	\$ 3,459,549	\$ 4,458,829	\$ 51,658	\$ 7,970,036

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021**

	<b>Pension and Other Employee Benefit Trust Funds (1)</b>	<b>Private Purpose Trust Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 161,267	\$ 1,330,532
Investments	167,100,728	2,226,890
Accrued Interest and Dividends	187,999	-
<b>Total Assets</b>	<b>167,449,994</b>	<b>3,557,422</b>
<b>LIABILITIES</b>		
Warrants Payable	45,081	-
<b>Total Liabilities</b>	<b>45,081</b>	<b>-</b>
<b>NET POSITION</b>		
Restricted for Pensions	164,145,019	-
Restricted for Other Postemployment Benefits	3,259,894	-
Held in Trust for Other Purposes	-	3,557,422
	<b>\$ 167,404,913</b>	<b>\$ 3,557,422</b>

(1) The Pension Trust Fund is as of December 31, 2020.

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Pension and Other</b>	
	<b>Employee Benefit Trust Funds (1)</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Contributions:		
Employers	\$ 11,659,509	\$ -
Plan Members	3,222,608	-
Transfers/Reimbursements from Other Systems	551,341	-
Federal Grant Reimbursements	32,822	-
Commonwealth of Massachusetts - COLA	47,314	-
Private Donations	-	917,461
<b>Total Contributions</b>	<b>15,513,594</b>	<b>917,461</b>
Investment Income:		
Interest & Dividends	2,223,922	49,856
Net Change in Fair Value of Investments	23,830,433	507,056
<b>Total Investment Earnings</b>	<b>26,054,355</b>	<b>556,912</b>
Less Investment Expense	(455,519)	-
<b>Net Investment Earnings</b>	<b>25,598,836</b>	<b>556,912</b>
<b>Total Additions</b>	<b>41,112,430</b>	<b>1,474,373</b>
<b>Deductions:</b>		
Benefit Payments to Plan Members and Beneficiaries	15,948,547	-
Refunds to Members	307,060	-
Transfers to Other Systems	918,091	-
Educational Scholarships	-	32,850
Human Services	-	5,000
General Expenses	251,367	17,000
<b>Total Deductions</b>	<b>17,425,065</b>	<b>54,850</b>
<b>Change in Net Position</b>	<b>23,687,365</b>	<b>1,419,523</b>
<b>Net Position at Beginning of Year</b>	<b>143,717,548</b>	<b>2,137,899</b>
<b>Net Position at End of Year</b>	<b>\$ 167,404,913</b>	<b>\$ 3,557,422</b>

(1) The Pension Trust Fund is as of December 31, 2020.

The Notes to the Financial Statements are an integral part of this Statement.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City is a municipality in which citizens elect the mayor, seven council members and two at-large council members.

For financial reporting purposes, the City has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete.

Blended component units are entities that are legally separate from the City, but are so related that they are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The following component unit is blended within the primary government in the fiduciary funds:

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

The system did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 210 Main Street, Northampton, Massachusetts.

The City is responsible for electing the governing board and/or committee members of the Northampton Housing Authority. This related organization is excluded from the financial reporting entity because the City's accountability does not extend beyond the City electing the board and/or committee members. Audited financial statements are available from the respective organization. A description of the related organization is as follows:

**Northampton Housing Authority** - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The City has no significant influence over management, budget or policies of the authority.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

**Government-wide financial statements**

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and change in net position.

**Major Fund Criteria**

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

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

*and*

- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

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

Proprietary and fiduciary funds are reported by fund type.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

**Government-wide financial statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized 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. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

**Fund financial statements**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, 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 thereafter to be used to pay current liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. 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.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The City 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 *stormwater fund* is used to account for the construction of road drainage improvements.

The *american rescue plan act (ARPA) grant* extended and modified the programs under the CARES Act and Continued Assistance Act in response to the coronavirus pandemic.

The City reports the following major proprietary funds:

The *sewer fund* is used to account for the sewer activities.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The *water fund* is used to account for the water activities.

The *solid waste fund* is used to account for the solid waste activities.

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

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

Additionally, the City reports the following fund types:

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

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

The *Other Post Employment Benefit Trust Fund* accounts for the activities of the City's OPEB plan, which accumulates resources for retiree medical and life insurance benefits.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The City maintains a cash and investment pool 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 cash equivalents".

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

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Investment income from proprietary funds is maintained in those funds.

**E. Investments**

The City maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool. Additional investment disclosures are presented in these Notes.

Investments in the Northampton Contributory Retirement System consist of marketable securities, bonds and short-term money market investments. All investments are carried at fair market value.

**F. Receivables**

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**Property Taxes, Deferred Property Taxes and Tax Liens**

Property taxes are based on assessments as of January 1, 2020 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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is later. The City has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The City mailed preliminary tax bills for the fiscal year 2021 on June 30, 2020 and September 24, 2020, that were due on August 3, 2020 and November 2, 2020 and actual bills on December 28, 2020, and March 22, 2021, that were due on February 1, 2021 and May 3, 2021, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a City. The legal levy limit under Proposition 2 1/2 for fiscal year 2021 is as follows;

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2021	\$ 66,730,590
Add: Debt Exclusion	633,443
Maximum Allowable Levy	\$ 67,364,033

The total amount raised by taxation was \$64,854,760.

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

**Excise Taxes**

Excise taxes consist of motor vehicle excise and vessel excise. Excise taxes are assessed annually for each vehicle and vessel registered in the City and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the City is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

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

**User Charges**

User charges and fees consist of sewer, water and solid waste. Sewer and water are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Solid waste charges are transfer station fees. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water charges, sewer charges, solid waste and water and sewer liens are recorded as receivables in the fiscal year of the levy.

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

**Departmental**

Departmental receivables consist primarily of ambulance, school department fees, storm water fees and other general government receipts.

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

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**Loans**

The Community Development Block Grant office administers loan programs that provide housing assistance to residents of the City and commercial loans to businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

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

**Due from Other Governments**

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

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

**G. Capital Assets**

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

All purchases of equipment in excess of \$15,000 and construction costs of in excess of \$50,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<b>Capital Asset Type</b>	<b>Years</b>
Buildings and renovations	10-40
Machinery, equipment and other	3-15
Infrastructure	20-50

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

**H. Interfund Transfers**

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

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net."

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In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

**I. Deferred Outflows and Inflows of Resources**

**Government-wide financial statements**

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

The government-wide financial statements *Statement of Net Position* will sometimes report a separate section, listed below total liabilities, for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

**Fund financial statements**

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the City's property, excise and other taxes; departmental revenue, loans and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**J. Net Position and Fund Balances**

In the Government-Wide financial statements, the difference between the City's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position display three components – net investment in capital assets, restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Community preservation fund" represents amounts that are restricted for the preservation of open space, historical resources and community housing.

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“Permanent funds – expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Other purposes” represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, which is the City Council action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit.

*Assigned fund balance.* This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Department heads and City board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the City’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

**K. Long-term Debt**

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

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

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**L. Compensated Absences**

The City grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at 20% of their current rates of pay.

**M. Pension Benefits**

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

**N. Post Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% and 80% share for PPO plans and HMO plans, respectively, insurance premiums in the general fund in the fiscal year paid.

**O. Use of Estimates**

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

**P. Total Column**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the City's General Fund. Although legislative approval is required for the acceptance of grants, capital projects and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The City must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds. Supplemental appropriations may be made from available funds after the setting of the tax rate. Appropriations may be transferred between departments with the City Council approval.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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The City follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Every board and committee in charge of a department shall annually, on the first day of December, send to the mayor and to the committee on finances an estimate in detail of the appropriations needed to enable the department to properly perform its duties.
- Hearings are conducted and the Mayor then submits a budget to the City Council.
- The budget is legally enacted by vote of the City Council prior to the end of the fiscal year.
- Throughout the fiscal year, any unencumbered appropriation, balance or portion thereof, may be transferred from one department, commission, board or office, to another by City Council vote.

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2021, the City incurred a final budget deficit of \$11,172,930 for the General Fund.

The City voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 4,761,047
Reserve for Debt	20,932
Prior year's encumbrances	6,390,951
	\$ 11,172,930

**B. Deficit Fund Balances**

The following fund has a deficit at June 30, 2021 as measured by the balance of unreserved fund balance.

- The *Federal emergency management covid-19 grants*' special revenue funds have deficits totaling \$1,527,607. The deficits will be eliminated upon the future receipt of funds or upon appropriation.

**3. DETAILED NOTES**

**A. Deposits and Investments**

**Custodial Credit Risks – Deposits – City Financials**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2021 were \$105,547,176. Of these, \$11,333,021 are exposed to custodial credit risk as uninsured and uncollateralized.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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**Custodial Credit Risks – Deposits – Northampton Contributory Retirement System**

Custodial credit risk is the risk that in the event of a bank failure, the System’s deposits may not be returned. The System does not have a deposit policy for custodial credit risk. Deposits at December 31, 2020 were \$374,260. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies – City Financials**

Investments of funds, 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 in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The 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. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost.

As of June 30, 2021, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
<b>Debt Securities:</b>				
U. S. treasury obligations	\$ 1,612,164	\$ 1,337,013	\$ 275,151	\$ -
U. S. government agencies	1,162,278	-	903,978	258,300
Corporate bonds	5,677,165	788,447	4,888,718	-
Money market mutual funds	1,284,720	1,284,720	-	-
	<u>9,736,327</u>	<u>\$ 3,410,180</u>	<u>\$ 6,067,847</u>	<u>\$ 258,300</u>
<b>Other Investments:</b>				
Equity mutual funds	8,820,893			
	<u>\$ 18,557,220</u>			

**Custodial Credit Risks - Investments**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City’s \$18,557,220, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department and in the City’s name. The City has no policy on custodial credit risk.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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**Interest Rate Risk**

The City does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The City's exposure to credit risk as of June 30, 2021 is as follows:

<b>Related Debt Instruments</b>	<b>Fair Value</b>
<b>Moody's Quality Ratings</b>	
<b>U. S. Treasury Obligations:</b>	
Aaa	\$ 1,612,164
<b>U. S. Government Agencies:</b>	
Aaa	1,162,278
<b>Corporate Bonds:</b>	
Aaa	410,176
A2	1,544,456
Aa3	428,249
Baa1	2,203,432
Baa2	1,090,852
<b>Money Market Mutual Funds:</b>	
Not rated	1,284,720
	<b>\$ 9,736,327</b>

**Concentration of Credit Risk**

The City places no limit on the amount the City may invest in one issuer. More than 5 percent of the City's investments are in the Corporate Bond for Duke Energy amounting to 5.88% of the City's total investments.

**Fair Value of Investments**

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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The City has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 1,612,164	\$ 1,612,164	\$ -	\$ -
U. S. government agencies	1,162,278	1,162,278	-	-
Certificates of deposit	-	-	-	-
Equity mutual funds	8,820,893	8,820,893	-	-
Money market mutual fund	1,284,720	1,284,720	-	-
Corporate bonds	5,677,165	-	5,677,165	-
<b>Total Investments</b>	<b>\$ 18,557,220</b>	<b>\$ 12,880,055</b>	<b>\$ 5,677,165</b>	<b>\$ -</b>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Investment Policies – Northampton Contributory Retirement System City Financials**

Under the Public Employee's Retirement Administration Commission (PERAC) regulations, every retirement board shall file a statement of investment objectives with PERAC. Among the information to be filed are the investment policy, the rate of return expected, the expected level of risk, the asset mix, the degree of diversification, and other pertinent financial information. At all times, the Board's investments are subject to certain limitations set forth in Massachusetts General Laws, Chapter 32. Any investment not specifically addressed in these guidelines is not allowed.

Specific policies for investments of funds for the system are as follows:

- A. The assets shall be diversified among fixed income, equity, and short-term investment and may include:
  - i. up to 3% of the total market value of the portfolio in limited partnerships, such as, but not limited to, venture capital investments;
  - ii. up to 8% of the total equity market value of the portfolio in foreign investments.
- B. The asset allocation of the portfolio shall lie within the range of 45%-65% common stock and 35%-55% fixed income as is permitted by an exemption issued to the Board.
- C. Equity investments shall comply with the following policies as well as relevant PERAC regulations including any modifications permitted by an exemption issued to the Board.
  - i. At least 75% of the market value of equity investments shall be in companies for which the market value of the outstanding shares is at least \$100 million at time of purchase.
  - ii. The investment in any one holding shall not exceed 5% of the total book value of equity investments at the time of purchase.

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- iii. All equity investments, including ADRs as permitted by an exemption issued to the Board, must be in securities traded on a major exchange or on the NASDAQ.
  - iv. The beta (a measure of equity volatility) shall average no more than 1.15 annually.
  - v. No investment shall be made in a company with less than a five-year operating history.
  - vi. The holdings within the equity portfolio shall be diversified such that:
    - a. The equity portfolio shall consist of no fewer than 25 holdings;
    - b. no single industry shall account for more than 20% of the total market value;
    - c. at no time shall small capitalization stocks represent less than 10% of the total equity market value nor more than 50%.
  - vii. Recognizing that equity turnover may vary with market conditions and the specific characteristics of individual issues, turnover shall be targeted at no more than 150% per year.
- D. Fixed income investments shall comply with the following policies as well as relevant PERAC regulations including any modifications permitted by an exemption issued to the Board.
- i. At least 65% of the market value of the fixed income portfolio shall be in holdings rated no less than A or equivalent.
  - ii. No more than 5% of the portfolio shall have a rating less than investment grade, and no bond shall be below a rating of B. Split-rated bonds, i.e., bonds rated investment grade by at least one agency but rated below investment grade by another, are included in this 5%.
  - iii. No holding shall be purchased unless there is at least \$50 million par of the issue outstanding at the time of purchase.
  - iv. No more than 5% of the total market value of the portfolio shall be invested in the direct (as opposed to asset-backed or mortgage-backed) debt obligations of any one fixed income issuer except that issues of the U.S. government or agencies that have the full faith and credit of the U.S. government may be held without limit. The investment Manager may exceed that level, up to a maximum of 10%, however, if he or she feels it is prudent to do so as long as the Investment Manager promptly advises the Secretary to the Board of the situation so that the Board may review the investment at its next meeting.
  - v. Fixed income holdings which are downgraded below BBB or Baa shall be sold within one year of the downgrading unless the exemption issued to the Board permits retention.
  - vi. The adjusted modified duration of the fixed income portfolio shall be within the range of 75% to 125% of the duration of the Index.
  - vii. Excluding purchases and sales of issues of the U.S. government or agencies that have the full faith and credit of the U.S. government, the turnover of the fixed income portfolio shall not exceed 150% per year.
  - viii. The holdings within the fixed income portfolio shall be diversified such that:
    - a. the holdings shall be diversified across sectors and industries with no single industry representing more than one third the market value
    - b. except that issues of the U.S. government or agencies that have the full faith and credit of the U.S. government may be held without limit.
    - c. the fixed income portfolio will consist of no fewer than 20 holdings
    - d. at no time shall more than 80% of the market value of the holdings nor less than 20% have an adjusted modified duration longer than the Index.

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E. Cash and cash equivalents shall be invested in any or all of the following instruments: money market funds, repurchase agreements, short term instruments issued by the Treasury and other agencies of the U.S. government, commercial paper rated P1 and corporate debt maturing within one year at date of purchase.

As of December 31, 2020, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More than 10
<b>Debt Securities:</b>					
U. S. treasury obligations	\$ 39,362,921	\$ -	\$ 9,998,403	\$ 25,149,998	\$ 4,214,520
Corporate bonds	17,011,461	3,241,382	4,848,302	8,921,777	-
Money market mutual funds	711,764	711,764	-	-	-
	<u>57,086,146</u>	<u>\$ 3,953,146</u>	<u>\$ 14,846,705</u>	<u>\$ 34,071,775</u>	<u>\$ 4,214,520</u>
<b>Other Investments:</b>					
Equity securities-domestic stocks	106,336,943				
PRIM pooled funds	417,745				
	<u>\$ 163,840,834</u>				

**Custodial Credit Risks - Investments**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the System's \$163,840,834 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the System's name. The System has no policy on custodial credit risk.

**Interest Rate Risk**

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The System limits investments in bonds with a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 10% of the market value of fixed income investments may be invested in bonds with a minimum quality rating of Ba or equivalent as rated by one or more recognized bond rating services.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The System's exposure to credit risk as of December 31, 2020 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<b>U. S. Treasury Obligations:</b>	
AAA	\$ 39,362,921
<b>Corporate Bonds:</b>	
AAA	4,045,353
AA	5,355,566
A	7,610,542
<b>Money Market Mutual Funds:</b>	
Not rated	711,764
	\$ 57,086,146

**Concentration of Credit Risk**

The System may invest up to 15% of the account's assets in high yield securities on an opportunistic basis. There is no one investment that is 5 percent of the System's investments.

**Fair Value of Retirement Investments**

The City categorizes its fair value measurements for the System within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements for the System as of December 31, 2020:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 39,362,921	\$ 39,362,921	\$ -	\$ -
Equity securities - domestic	106,336,943	106,336,943	-	-
Money market mutual fund	711,764	711,764	-	-
Corporate bonds	17,011,461	-	17,011,461	-
	163,423,089	\$ 146,411,628	\$ 17,011,461	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (PRIM)	417,745			
Total Investments	\$ 163,840,834			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**B. Receivables**

At June 30, 2021, receivables for the individual major governmental funds, non-major governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 1,561,882	\$ (592,140)	\$ 969,742
Deferred property taxes	125,277	-	125,277
Tax liens	403,095	-	403,095
Taxes in litigation	6,794	(6,794)	-
Excise taxes	996,191	(649,714)	346,477
Departmental	2,821,560	(1,729,969)	1,091,591
Loans	54,000	-	54,000
Due from other governments	3,216,119	-	3,216,119
	<u>\$ 9,184,918</u>	<u>\$ (2,978,617)</u>	<u>\$ 6,206,301</u>

At June 30, 2021, receivables for the sewer, water and solid waste enterprise consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Sewer Fund:</b>			
User charges	\$ 646,188	\$ (6,800)	\$ 639,388
<b>Water Fund:</b>			
User charges	545,525	(1,000)	544,525
<b>Solid Waste Fund:</b>			
User charges	20,302	-	20,302
	<u>\$ 1,212,015</u>	<u>\$ (7,800)</u>	<u>\$ 1,204,215</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The composition of amounts due from other governments as of June 30, 2021 for governmental funds activities are as follows:

**Governmental Funds:**

**General Fund:**

**Commonwealth of Massachusetts:**

Department of Elementary and Secondary Education:

Homeless Transportation \$ 16,223

Department of Revenue:

Veterans, blind and surviving spouse 84,918

Department of Veterans Services:

Veterans benefits 289,283

**Due from Various Municipalities:**

Town of Williamsburg 1,680 \$ 392,104

**Nonmajor Governmental Funds:**

**U. S. Department of Education:**

School title grants 28,777

**U. S. Department of Housing and Urban Development:**

Community Development Block Grant 932,378

Housing Choice Community Grants 7,059

**U. S. Department of Justice**

7,700

**U. S. Department of the Treasury**

211,559

**Commonwealth of Massachusetts:**

Department of Fire Services 14,474

Department of Public Health 17,109

Executive Office of Economic Development 162,991

Executive Office of Environmental Affairs 40,446

Executive Office of Public Safety & Homeland Security 1,281

Department of Revenue 95,112

Massachusetts Gaming Commission 12,500

Massachusetts Department of Transportation:

Complete Streets 61,660

Highway Department-Chapter 90 1,100,287

**Other:**

Northwestern District Attorney 1,175

Private Grants 129,507 2,824,015

\$ 3,216,119

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**C. Deferred Inflows of Resources – Unavailable Revenue**

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

<b>General Fund:</b>			
Property taxes	\$	728,241	
Deferred property taxes		125,277	
Tax liens		397,767	
Excise taxes		346,477	
Departmental		850,364	
Due from other governments		289,283	\$ 2,737,409
<b>Stormwater fund:</b>			
Departmental			241,227
<b>Nonmajor governmental funds:</b>			
Property taxes		18,502	
Tax liens		5,328	
Loans		54,000	
Due from other governments		1,936,348	2,014,178
			\$ 4,992,814

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2021, is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 20,065,891	\$ 158,400	\$ -	\$ 20,224,291
Construction in progress	3,258,055	1,667,539	(3,426,927)	1,498,667
Total capital assets not being depreciated	23,323,946	1,825,939	(3,426,927)	21,722,958
Capital assets being depreciated:				
Buildings and improvements	137,678,291	3,071,430	-	140,749,721
Machinery, equipment and other	19,751,224	185,301	(28,573)	19,907,952
Infrastructure	43,578,410	3,789,556	-	47,367,966
Total capital assets being depreciated	201,007,925	7,046,287	(28,573)	208,025,639
Less accumulated depreciation for:				
Buildings	86,723,630	4,723,937	-	91,447,567
Machinery, equipment and other	14,566,942	1,596,459	(28,573)	16,134,828
Infrastructure	19,334,583	1,694,271	-	21,028,854
Total accumulated depreciation	120,625,155	8,014,667	(28,573)	128,611,249
Total capital assets being depreciated, net	80,382,770	(968,380)	-	79,414,390
Total governmental activities capital assets, net	\$ 103,706,716	\$ 857,559	\$ (3,426,927)	\$ 101,137,348

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 3,134,839	\$ 140,000	\$ -	\$ 3,274,839
Construction in progress	1,764,289	3,812,387	(1,062,799)	4,513,877
Total capital assets not being depreciated	<u>4,899,128</u>	<u>3,952,387</u>	<u>(1,062,799)</u>	<u>7,788,716</u>
Capital assets being depreciated:				
Buildings and Renovations	5,064,373	-	-	5,064,373
Machinery, equipment and other	4,554,910	335,361	(143,646)	4,746,625
Infrastructure	85,795,438	1,302,957	-	87,098,395
Total capital assets being depreciated	<u>95,414,721</u>	<u>1,638,318</u>	<u>(143,646)</u>	<u>96,909,393</u>
Less accumulated depreciation for:				
Buildings and Renovations	4,731,325	28,742	-	4,760,067
Machinery, equipment and other	3,502,923	379,277	(143,646)	3,738,554
Infrastructure	45,715,552	1,560,080	-	47,275,632
Total accumulated depreciation	<u>53,949,800</u>	<u>1,968,099</u>	<u>(143,646)</u>	<u>55,774,253</u>
Total capital assets being depreciated, net	<u>41,464,921</u>	<u>(329,781)</u>	<u>-</u>	<u>41,135,140</u>
Total business-type activities capital assets, net	<u>\$ 46,364,049</u>	<u>\$ 3,622,606</u>	<u>\$ (1,062,799)</u>	<u>\$ 48,923,856</u>

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

**Governmental Activities:**

General government	\$ 821,586
Public safety	1,453,778
Public works	2,374,198
Education	2,491,607
Health and human services	142,925
Culture and recreation	730,573
Total depreciation expense - governmental activities	<u>\$ 8,014,667</u>

**Business-Type Activities:**

Sewer fund	\$ 579,314
Water works fund	1,388,785
Total depreciation expense - business-type activities	<u>\$ 1,968,099</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2021, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Nonmajor Governmental fund	Total
General fund	\$ -	\$ 197,669	\$ 197,669
Stormwater fund	341,407	-	341,407
Nonmajor governmental funds	1,497,089	-	1,497,089
Business-type fund	1,279,560	-	1,279,560
Total transfers out	<u>\$ 3,118,056</u>	<u>\$ 197,669</u>	<u>\$ 3,315,725</u>

**F. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the business type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
<b>Sewer Fund:</b>						
<b>Massachusetts Clean Water Trust Notes:</b>						
Wastewater Treatment Plant upgrades	1.50%	8/26/2023	\$ -	\$ 3,056,140	\$ -	\$ 3,056,140

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**G. Long Term Debt**

**General Obligation Bonds**

The City 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 of the governmental type fund are as follows:

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2021</b>
<b>Inside Debt:</b>					
Municipal Purpose Loan of 2010:					
Qualified energy conservation	1.73%	12/22/2010	11/15/2025	\$ 1,607,000	\$ 535,000
Clean renewable energy	1.73%	12/22/2010	11/15/2025	261,000	85,000
Municipal Purpose Loan of 2012:					
Police Station 1	2.30%	2/9/2012	12/1/2031	10,000,000	5,500,000
Police Station 2	2.32%	2/9/2012	12/1/2031	887,000	545,000
Police Station 3	2.28%	2/9/2012	12/1/2031	5,580,000	3,450,000
High School Track	1.44%	2/9/2012	12/1/2021	50,000	5,000
Drainage DPW	1.44%	2/9/2012	12/1/2021	250,000	25,000
Bean Farm Land Acquisition	1.79%	2/9/2012	12/1/2026	910,000	305,000
Municipal Purpose Loan of 2014:					
Florence Fields	2.34%	2/6/2014	2/1/2027	1,200,000	540,000
Ryan Road School Roof	1.94%	2/6/2014	2/1/2024	150,000	45,000
SVAHS Boiler	1.94%	2/6/2014	2/1/2024	150,000	45,000
Municipal Purpose Loan of 2015:					
River Road Retaining Wall	1.73%	6/4/2015	6/1/2025	375,500	140,000
Streetlights	1.75%	6/4/2015	6/1/2025	700,000	280,000
Connecticut River Levee	1.73%	6/4/2015	6/1/2025	377,000	140,000
Refunding Loan of 2016:					
Library	1.36%	12/23/2015	9/1/2025	579,000	211,000
School Building Remodeling	1.36%	12/23/2015	9/1/2025	372,950	145,200
Surface Drainage	1.36%	12/23/2015	9/1/2025	263,100	140,800
Senior Citizens Building	1.36%	12/23/2015	9/1/2025	1,661,200	930,100
Public Works Building Construction	1.36%	12/23/2015	9/1/2025	116,000	58,900
Outdoor Recreational Facility	1.36%	12/23/2015	9/1/2021	38,000	4,500
Municipal Purpose Loan of 2016:					
Fire Truck	1.34%	6/7/2016	6/1/2026	585,000	285,000
LED Streetlights	1.33%	6/7/2016	6/1/2026	225,000	100,000
Sub-total page 52					<u>\$ 13,515,500</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2021
<b>Inside Debt:</b>					
Continued from Page 52					\$ 13,515,500
Refunding Loan of 2017:					
Forbes Library HVAC	1.52%	6/6/2017	6/1/2027	187,050	105,000
Forbes Library Windows	1.52%	6/6/2017	6/1/2026	46,500	25,000
River Road Retaining Wall	1.52%	6/6/2017	6/1/2027	386,000	225,000
Street Paving	1.52%	6/6/2017	6/1/2022	473,700	90,000
Vehicle Replacement	1.52%	6/6/2017	6/1/2022	715,250	140,000
Municipal Purpose Loan of 2018:					
Clement Street Bridge	2.20%	5/1/2018	5/1/2028	349,875	240,000
Forbes Library Windows	2.20%	5/1/2018	5/1/2028	326,900	220,000
Public Works Storage Building	2.20%	5/1/2018	5/1/2028	470,000	320,000
Street Paving	2.20%	5/1/2018	5/1/2028	1,398,725	975,000
Vehicle Replacement	2.20%	5/1/2018	5/1/2023	864,500	340,000
Municipal Purpose Loan of 2019:					
Jackson Street School Boiler	1.57%	5/29/2019	6/30/2024	167,000	95,000
Roadway Reconstruction	1.57%	5/29/2019	6/30/2029	2,154,000	1,720,000
Spring Grove Cemetery Storage Bldg	1.57%	5/29/2019	6/30/2029	820,000	650,000
Vehicle Replacement	1.57%	5/29/2019	6/30/2024	204,000	120,000
Refunding Loan of 2021:					
Various Governmental Projects	0.48%	10/29/2020	11/15/2028	2,205,650	2,205,650
Municipal Purpose Loan of 2021:					
Various Governmental Projects	0.75%	6/17/2021	6/15/2031	6,395,000	6,395,000
<b>Total Inside Debt</b>					<u>27,381,150</u>
<b>Outside Debt:</b>					
Refunding Loan of 2017:					
Bridge Street Elementary School Roof	1.52%	6/6/2017	6/1/2027	464,500	270,000
Leeds Elementary School Roof	1.52%	6/6/2017	6/1/2027	464,500	270,000
Pulaski Park Phase II	1.52%	6/6/2017	6/1/2027	627,500	365,000
<b>Total Outside Debt</b>					<u>905,000</u>
Total Bonded Debt					28,286,150
Add: Unamortized premium on bonds					1,451,225
<b>Total Governmental Type Debt</b>					<u><u>\$ 29,737,375</u></u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

General obligation bonds currently outstanding of the business-type fund are as follows:

	Interest	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2021
<b>Inside Debt:</b>					
<b>Sewer:</b>					
Municipal Purpose Loan of 2012:					
Bradford Street Pump Station	2.30%	2/9/2012	12/1/2031	\$ 800,000	\$ 440,000
<b>Massachusetts Clean Water Trust:</b>					
Comprehensive Wastewater					
Management Plan CWP #10-14	2.00%	6/13/2012	7/15/2032	706,047	398,309
Management Plan CWP #10-14-R	2.00%	9/12/2018	7/15/2032	86,222	62,280
<b>Total Inside Debt</b>					<u>900,589</u>
<b>Outside Debt:</b>					
<b>Sewer:</b>					
Wastewater Treatment Plant	1.35%	6/7/2016	6/1/2026	1,354,000	675,000
<b>Water:</b>					
<b>Massachusetts Clean Water Trust:</b>					
Water filtration plant	2.00%	2/1/2007	8/1/2024	2,241,713	626,209
Water filtration plant	2.00%	12/14/2006	7/15/2026	9,612,283	3,302,629
Water filtration plant	2.00%	12/14/2006	7/15/2026	14,000,000	4,810,181
Water filtration plant	2.00%	3/18/2009	7/15/2028	1,250,000	543,532
Well chlorination project	2.00%	7/8/2010	7/15/2025	459,416	168,682
Well chlorination project	2.00%	6/13/2012	7/15/2032	119,412	77,700
Refunding Loan of 2016:					
Water Filter Bed Construction	1.36%	12/23/2015	9/1/2024	409,300	184,000
Water Mains	1.36%	12/23/2015	9/1/2024	450,000	124,000
Water	1.36%	12/23/2015	9/1/2025	470,450	256,500
Refunding Loan of 2021:					
Route 66 water mains	0.65%	10/29/2020	11/15/2028	444,350	444,350
<b>Total Outside Debt</b>					<u>11,212,783</u>
<b>Total Business Type Debt</b>					<u>\$ 12,113,372</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The annual principal and interest payments to retire all governmental and business-type activities long-term debt outstanding as of June 30, 2021 are as follows:

**Governmental**

Year	Principal	Interest	Total
2022	\$ 4,155,300	\$ 1,067,148	\$ 5,222,448
2023	3,873,200	904,870	4,778,070
2024	3,651,900	756,151	4,408,051
2025	3,477,850	614,466	4,092,316
2026	3,336,200	479,622	3,815,822
2027-2031	8,986,700	1,031,874	10,018,574
2032	805,000	12,075	817,075
	<b>\$ 28,286,150</b>	<b>\$ 4,866,206</b>	<b>\$ 33,152,356</b>

**Business-type**

Year	Principal	Interest	Total
2022	\$ 1,923,422	\$ 264,331	\$ 2,187,753
2023	1,949,537	215,411	2,164,948
2024	1,986,128	165,881	2,152,009
2025	2,038,268	115,147	2,153,415
2026	1,827,268	73,490	1,900,758
2027-2031	2,249,121	73,929	2,323,050
2032-2033	139,628	2,603	142,231
	<b>\$ 12,113,372</b>	<b>\$ 910,792</b>	<b>\$ 13,024,164</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

A summary of the changes in governmental activities and business-type long term debt during the year is as follows:

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2021</b>	<b>Amounts Due within One Year</b>
<b>Governmental activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds	\$ 26,242,200	\$ 8,600,650	\$ 6,556,700	\$ 28,286,150	\$ 4,155,300
Add: Unamortized premium	-	1,451,225	-	1,451,225	262,827
<b>Compensated absences</b>	3,668,995	346,540	-	4,015,535	1,661,514
<b>Net OPEB liability</b>	125,594,077	27,685,403	-	153,279,480	-
<b>Net pension liability</b>	45,691,585	-	9,775,191	35,916,394	-
Governmental activity					
Long-term liabilities	<b>\$ 201,196,857</b>	<b>\$ 38,083,818</b>	<b>\$ 16,331,891</b>	<b>\$ 222,948,784</b>	<b>\$ 6,079,641</b>
<b>Business-type activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds	\$ 2,531,800	\$ 444,350	\$ 852,300	\$ 2,123,850	\$ 353,700
Massachusetts Clean Water Trust bonds	11,539,476	62,280	1,612,234	9,989,522	1,569,722
<b>Landfill closure</b>	1,560,000	-	65,000	1,495,000	-
<b>Compensated absences</b>	197,908	19,294	2,945	214,257	118,974
<b>Net OPEB liability</b>	2,739,234	444,396	-	3,183,630	-
<b>Net pension liability</b>	2,328,934	383,746	-	2,712,680	-
Business-type activity					
Long-term liabilities	<b>\$ 20,897,352</b>	<b>\$ 1,354,066</b>	<b>\$ 2,532,479</b>	<b>\$ 19,718,939</b>	<b>\$ 2,042,396</b>

**Massachusetts Clean Water Trust (MCWT)**

The City is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$28,475,093 and interest costs of \$6,587,881 for eight loans which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2021 for principal and interest combined for the loans is \$10,651,113. The net repayments, including interest, are scheduled to be \$10,557,346. Since the City is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2021 principal and interest subsidies totaled \$28,770.

**Current Refunding – October 29, 2020**

On October 29, 2020, the Town issued \$2,650,000 general obligation refunding bonds with an effective interest rate of 0.48 percent. The current refund is Municipal Purpose Loan 2009 and 2010 in \$3,020,000 (\$2,470,000 in governmental debt and \$550,000 in business-type debt) of outstanding bonds with an average interest rate of 2.0 to 5.0 percent. As a result, the funded bonds are considered to be defeased and the liability has been removed from the general obligation long-term debt. This current refunding was undertaken to refund of various projects in the governmental debt and a water main in business-type debt. The current refunding resulted in an economic gain of \$282,123.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws, a City may authorize indebtedness up to a limit of 5 percent of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The City's inside debt at June 30, 2021, totaled \$28,281,739.

In addition, the City is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit." The following is a computation of the legal debt limit as of June 30, 2021:

Equalized Valuation-Real Estate and Personal Property (2020)		<u>\$ 3,915,520,200</u>
Debt Limit: 5 % of Equalized value		195,776,010
Total Debt Outstanding		
Governmental Activity Debt	\$ 28,286,150	
Less: Debt Outside Debt Limit	(905,000)	27,381,150
Business-Type Activity Debt	12,113,372	
Less: Debt Outside Debt Limit	(11,212,783)	900,589
		<u>28,281,739</u>
Inside Debt Excess Borrowing Capacity at June 30, 2021		<u>\$ 167,494,271</u>

**Loans Authorized and Unissued - Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts, a City must authorize debt at a City Council meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or City Council votes to rescind the authorized debt.

The loan authorizations of the governmental activities as of June 30, 2021, which are not reflected in the City's financial statements, are as follows:

<u>Date</u> <u>City Council</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u>
6/11/2019	Wastewater Treatment Plant electrical upgrades	\$ 11,943,860
4/20/2021	Radio System Upgrades	250,000
4/20/2021	Portable Radios, Other Equipment and Services	2,750,000
		<u>\$ 14,943,860</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**H. Fund Balances**

The following is a summary of the City Governmental Fund balances at the year ended June 30, 2021:

	<b>General Fund</b>	<b>Major Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>				
Permanent funds	\$ -	\$ -	\$ 786,006	\$ 786,006
<b>Restricted:</b>				
Federal, state and local grants	-	-	4,393,854	4,393,854
School revolving funds	-	-	7,924,671	7,924,671
City revolving funds	-	-	1,219,116	1,219,116
Donations and gifts	-	-	1,446,761	1,446,761
Community preservation fund	-	-	1,931,336	1,931,336
Reserve for debt	115,979	-	-	115,979
Capital projects	-	-	8,941,818	8,941,818
Permanent funds	-	-	734,054	734,054
Other	-	-	1,121,924	1,121,924
	<u>115,979</u>	<u>-</u>	<u>27,713,534</u>	<u>27,829,513</u>
<b>Committed:</b>				
Stormwater fund	-	3,116,322	-	3,116,322
Parking fund	-	-	863,976	863,976
Workers Compensation	-	-	250,678	250,678
	<u>-</u>	<u>3,116,322</u>	<u>1,114,654</u>	<u>4,230,976</u>
<b>Assigned:</b>				
General government	167,755	-	-	167,755
Public safety	429,671	-	-	429,671
Public works	327,976	-	-	327,976
Education	251,780	-	-	251,780
Culture and recreation	162,124	-	-	162,124
Employee benefits and insurance	208,640	-	-	208,640
Capital improvements	11,920,345	-	-	11,920,345
	<u>13,468,291</u>	<u>-</u>	<u>-</u>	<u>13,468,291</u>
<b>Unassigned:</b>				
General Fund	20,867,507	-	-	20,867,507
Deficit special revenue funds	-	-	(1,527,607)	(1,527,607)
	<u>20,867,507</u>	<u>-</u>	<u>(1,527,607)</u>	<u>19,339,900</u>
<b>Total Governmental fund balances</b>	<u>\$ 34,451,777</u>	<u>\$ 3,116,322</u>	<u>\$ 28,086,587</u>	<u>\$ 65,654,686</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**I. Stabilization Fund**

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

At June 30, 2021 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$	5,814,089
Capital stabilization fund		3,336,300
Fiscal stability stabilization fund		3,077,135
		12,227,524
	\$	12,227,524

At June 30, 2021, the balance in the stormwater stabilization fund is \$557,274 and is reported in the Stormwater Fund as committed fund balance.

At June 30, 2021 the balances in the stabilization funds are reported in the Business-type Funds as unrestricted net position consisting of the following:

Sewer stabilization fund	\$	11,039,703
Solid Waste stabilization funds		3,585,962
Water stabilization fund		2,205,571
		16,831,236
	\$	16,831,236

**4. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Contingent Liabilities**

**Litigation**

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The City has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, City management believes such disallowances, if any, will not be material.

**C. Tax Abatements**

The City enters into property tax abatement agreements with local businesses under the Commonwealth of Massachusetts Economic Development Incentive Program Act of 1993 and as amended in 2009. Under this Act, state municipalities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining these businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City of Northampton.

As of June 30, 2021, the City of Northampton abated property taxes amounting to \$5,243 under this program, including the following tax abatement agreements.

A 5% property tax abatement agreement was approved in June 2006 for the Big Y grocery store chain to make improvements to the property at the North King Street location of at least \$20 million, retain its existing employment level of 171 employees and add 68 new jobs. In addition, the Big Y Foods, Inc. agrees to operate its business and maintain the level of jobs as long as the agreement is in effect (term is fifteen years). The abatement for this fiscal year totaled \$5,243.

**D. Landfill Closure and Post-closure Cost**

State and federal laws and regulations require that the City of Northampton place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. The landfill ceased operations and no longer accepts solid waste in fiscal year 2013. Post-closure care is to be substantially performed by City employees in the normal course of their duties.

The City has reflected a balance of \$1,495,000 as the estimate of the landfill maintenance and monitoring costs as of June 30, 2021 as a liability in the business-type activities of the government-wide financial statements. The amount is based on estimates of what it would cost to perform all future post closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**E. Coronavirus (COVID-19)**

The Covid-19 pandemic in the United States and across the globe has resulted in economic uncertainties. The disruption was expected to be temporary, but there remains considerable uncertainty around the duration and scope. The United States Federal Government and State of Massachusetts established funding through various sources; the Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) in addition to several other federal and state grants. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the full extent to which Covid-19 may impact our financial condition or results of operations remains uncertain.

**F. Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available to be issued.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**G. Pension Plan**

**Plan Description**

The City is a member of the Northampton Contributory Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Northampton Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at Memorial Hall, 240 Main Street, Northampton, Massachusetts.

The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the City does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

**Special Funding Situation**

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the City does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2020. The City's portion of the collective pension expense contributed by the Commonwealth of \$11,929,677 on-behalf payments for the fiscal year ending June 30, 2021 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

**Benefits Provided**

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Contributions**

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The City's proportionate share of the required contribution to the System for the year ended December 31, 2020 was \$6,559,443, representing 21.20% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**Pension Liability**

As of June 30, 2021, the City reported a liability of \$38,629,074 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the City's proportional percentage was 95.01%, which was a slight increase from the last measurement.

**Pension Expense**

For the year ended June 30, 2021, the City recognized a pension cost of \$3,565,805, reported deferred outflows of resources related to pensions of \$8,753,726, from the difference between expected and actual experience, the change in assumptions and the changes in proportion and differences between employer contributions and proportion share of the contributions; and deferred inflows of resources related to pensions of \$15,421,896 from the net difference between projected and actual investment earnings on pension plan investments, the changes in proportion and differences between employer contributions and proportion share of the contributions and the difference between expected and actual experience.

The City's net deferred outflows/(inflows) of resources related to pensions will be recognized in the pension expense as follows:

<b>For years ended June 30,</b>	
<b>2022</b>	\$ (3,002,307)
<b>2023</b>	(434,706)
<b>2024</b>	(1,915,053)
<b>2025</b>	(1,559,133)
<b>2026</b>	<u>243,029</u>
	<u><u>\$ (6,668,170)</u></u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2020:

Valuation date	January 1, 2020
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**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Actuarial cost method	Entry Age Normal
Asset valuation method	Market value adjusted by accounts payable and receivables
Investment rate of return	7.125% per year
Mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table adjusted to 2006, projected generationally using MP-2019 (gender distinct). Post retirement rates reflect RP-2014 Blue Collar Healthy Mortality table is used. For disabled retirees, the rates reflect RP-2014 Blue Collar Healthy Annuitant table is used, set forward two years. Death is assumed to be due to the same cause as the disability 40% of the time.

**Long-term Expected Rate of Return**

The long-term expected real rate of return reflects the expected rate of return on pension plan assets minus the expected rate of inflation. Note that the discount rate includes the effect on inflation. The long-term real rate of return removes the effect of inflation on the return amounts. It is a long-term assumption and is meant to reflect a best estimate of future experience, based on the expected asset allocation. The real rates of return below are based on 30-year return estimates provided by NEPC through the Pension Reserve Investment Trust, adjusted using NEPC's 2.20% inflation assumption. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Large Capital Equities	41.0%	4.11%
Mid/Small Capital Equities	15.0%	4.11%
International Equities	5.0%	4.31%
Emerging Market Equities	3.0%	6.07%
Fixed income	35.0%	0.49%
Private Equity	1.0%	7.83%
Total	<u>100.0%</u>	

**Rate of Return**

For the year ended December 31, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 17.72%.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.125%. The discount rate is consistent with the actuarial funding valuation. One of the objectives of the provisions of GASB 68 is to examine how benefit payments, plan contributions and investment earnings interact on the cash flow. GASB requires that these amounts be calculated with Market Value of Assets and using the Entry Age Normal cost method.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125%. As well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

	<b>1% Decrease (6.125%)</b>	<b>Current Discount Rate (7.125%)</b>	<b>1% Increase (8.125%)</b>
City's net pension liability	\$ 60,488,752	\$ 38,629,074	\$ 20,207,514

**H. Other Post Employment Benefits Payable**

**GASB Statement No. 74 and GASB Statement No. 75**

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The City recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the City's future cash flows.

**Plan Description**

In addition to providing pension benefits as described on the following footnote, the City provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately 1,858 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**Investment Policy**

The City's policy in regard to the allocation of invested assets is established and may be amended by the City Council by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City's investment policy. As of June 30, 2021, investments, concentration and rate of return information consisted of pooled funds in the City's Commonwealth Financial Network investments described earlier under Deposits and Investments (refer to note 3A).

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended through City ordinances. For the period ending on June 30, 2021 Measurement Date, total City premiums plus implicit costs for the retiree medical program were \$4,455,377. The City also made a contribution to an OPEB Trust of \$300,000 for a total contribution during the measurement period of \$4,755,377. The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$3,259,894 as of June 30, 2021.

**Measurement Date**

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

**Plan Membership:**

Current active members	1,013
Current retirees, beneficiaries and dependents	845
Total	1,858

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<b>6/30/2021</b>
Total OPEB liability	159,723,004
Less: Plan fiduciary net position	(3,259,894)
City's Net OPEB liability	\$ 156,463,110
 Plan fiduciary net position as a percentage of the total OPEB liability	2.04%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2021:

Valuation date	July 1, 2019 and a measurement date of June 30, 2021
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value of assets as of the measurement date, June 30, 2021.
Investment rate of return	6.16%, net of OPEB plan investment expense, including inflation
Single Equivalent Discount rate	3.25%, net of OPEB plan investment expense, including inflation
Inflation	2.50% annually as of June 30, 2021 and for future periods

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Projected salary increases	3.00% annually as of June 30, 2021 and for future periods
Cost of living adjustments	Not applicable
Mortality rates	
Pre-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Employees, projected generationally with Scale MP-2016 for males and females, set forward one year for females.
Post-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Annuitants, projected generationally with Scale MP-2016 for males and females, set forward one year for females.
Disabled mortality (General)	RP-2014 Mortality Table for Blue Collar Annuitants, projected generationally with Scale MP-2016 for males and females, set forward one year for females.
Pre-retirement mortality (Teachers)	RP-2014 Mortality Table for White Collar Employees, projected generationally with Scale MP-2016 for males and females.
Post-retirement mortality (Teachers)	RP-2014 Mortality Table for White Collar Annuitants, projected generationally with Scale MP-2016 for males and females.
Disabled mortality (Teachers)	RP-2014 Mortality Table for White Collar Annuitants, projected generationally with Scale MP-2016 for males and females.

The actuarial assumptions used in the June 30, 2021 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index (SAPIHG) as of June 30, 2021 is 2.18%.

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2020	\$ 130,654,260	\$ 2,320,949	\$ 128,333,311
Service cost	4,747,722	-	4,747,722
Interest on Total OPEB Liability	5,660,893	-	5,660,893
Changes in benefit terms *	-	-	-
Changes in assumptions **	25,680,574	-	25,680,574
Difference between actual and expected experience **	(2,565,068)	-	(2,565,068)
Net investment income	-	638,945	(638,945)
Employer contributions to Trust	-	4,755,377	(4,755,377)
Total benefit payments including implicit cost	(4,455,377)	(4,455,377)	-
Net change in total OPEB liability	29,068,744	938,945	28,129,799
Balances at June 30, 2021	\$ 159,723,004	\$ 3,259,894	\$ 156,463,110

\* = Recognized immediately

\*\* = Amortized over 5.69 years

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments is developed based on the City's investment policy is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity - Large Capital	26.67%	4.90%
Domestic Equity - Small/Mid Capital	13.33%	5.40%
International Equity - Developed Market	16.67%	5.32%
International Equity - Emerging Market	8.33%	6.26%
Domestic Fixed Income	25.00%	1.40%
International Fixed Income	10.00%	1.30%
Alternatives	0.00%	6.32%
Real Estate	0.00%	6.25%
Total	100.00%	
I. Real Rate of Return		3.91%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		6.41%
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		6.16%

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 25.95%.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with the City's funding policy. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments is applied to the projected benefit payments which the fiduciary net position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the City's net OPEB liability using a discount rate of 3.25% as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.25%) or 1-percentage-point higher (4.25%) than the current rate:

	<b>1% Decrease (2.25%)</b>	<b>Current Discount Rate (3.25%)</b>	<b>1% Increase (4.25%)</b>
City's net OPEB liability	\$ 187,020,940	\$ 156,463,110	\$ 130,744,817

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the City's the net OPEB liability with the healthcare cost trend rate of 4.50% as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower at (3.50%) or 1-percentage-point higher at (5.50%) than the current healthcare cost trend rates:

	<b>1% Decrease (3.50%)</b>	<b>Healthcare Cost Trend Rates (4.50%)</b>	<b>1% Increase (5.50%)</b>
City's net OPEB liability	\$ 134,216,403	\$ 156,463,110	\$ 190,333,139

**Summary of Significant Accounting Policies**

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

**Expense, Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense of \$1,878,123 and reported deferred outflows of resources related to OPEB of \$21,691,360 from the changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments and deferred inflows of resources related to OPEB of \$34,996,255 from the differences between actual and expected experience, the changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The City's net deferred outflows/(inflows) of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>For years ended June 30,</u>		
<b>2022</b>	\$	(7,379,289)
<b>2023</b>		(5,049,997)
<b>2024</b>		(4,499,584)
<b>2025</b>		2,863,895
<b>2026</b>		760,080
	<u>\$</u>	<u>(13,304,895)</u>

**I. Financial Statements for Individual Pension and Other Post Employment Benefit Trust Funds**

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

	<b>NORTHAMPTON</b>		
	<b>Employees</b>		<b>Total Pension</b>
	<b>Retirement</b>		<b>and Other</b>
	<b>System Pension</b>	<b>Other</b>	<b>Post Employment</b>
	<b>Trust Fund</b>	<b>Post Employment</b>	<b>Post Employment</b>
	<b>(as of December</b>	<b>Benefits</b>	<b>Benefit</b>
	<b>31, 2020)</b>	<b>Trust Fund</b>	<b>Trust Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 161,267	\$ -	\$ 161,267
Investments	163,840,834	3,259,894	167,100,728
Accrued Interest and Dividends	187,999	-	187,999
<b>Total Assets</b>	<b>164,190,100</b>	<b>3,259,894</b>	<b>167,449,994</b>
<b>LIABILITIES</b>			
Warrants Payable	45,081	-	45,081
<b>Total Liabilities</b>	<b>45,081</b>	<b>-</b>	<b>45,081</b>
<b>NET POSITION</b>			
Restricted for Pensions	164,145,019	-	164,145,019
Restricted for Other Postemployment Benefits	-	3,259,894	3,259,894
	<b>\$ 164,145,019</b>	<b>\$ 3,259,894</b>	<b>\$ 167,404,913</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

	<b>NORTHAMPTON Employees Retirement System Pension Trust Fund (as of December 31, 2020)</b>	<b>Other Post Employment Benefits Trust Fund</b>	<b>Total Pension and Other Post Employment Benefit Trust Funds</b>
<b>Additions</b>			
Contributions:			
Employers	\$ 6,904,132	\$ 4,755,377	\$ 11,659,509
Plan Members	3,222,608	-	3,222,608
Transfers/Reimbursements from Other Systems	551,341	-	551,341
Federal Grant Reimbursements	32,822	-	32,822
Commonwealth of Massachusetts - COLA	47,314	-	47,314
<b>Total Contributions</b>	<b>10,758,217</b>	<b>4,755,377</b>	<b>15,513,594</b>
Investment Income:			
Interest & Dividends	2,173,131	50,791	2,223,922
Net Change in Fair Value of Investments	23,242,279	588,154	23,830,433
<b>Total Investment Earnings</b>	<b>25,415,410</b>	<b>638,945</b>	<b>26,054,355</b>
Less Investment Expense	(455,519)	-	(455,519)
<b>Net Investment Earnings</b>	<b>24,959,891</b>	<b>638,945</b>	<b>25,598,836</b>
<b>Total Additions</b>	<b>35,718,108</b>	<b>5,394,322</b>	<b>41,112,430</b>
<b>Deductions:</b>			
Benefit Payments to Plan Members and Beneficiaries	11,493,170	4,455,377	15,948,547
Refunds to Members	307,060	-	307,060
Transfers to Other Systems	918,091	-	918,091
General Expenses	251,367	-	251,367
<b>Total Deductions</b>	<b>12,969,688</b>	<b>4,455,377</b>	<b>17,425,065</b>
<b>Change in Net Position</b>	<b>22,748,420</b>	<b>938,945</b>	<b>23,687,365</b>
<b>Net Position at Beginning of Year</b>	<b>141,396,599</b>	<b>2,320,949</b>	<b>143,717,548</b>
<b>Net Position at End of Year</b>	<b>\$ 164,145,019</b>	<b>\$ 3,259,894</b>	<b>\$ 167,404,913</b>

**J. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2021. The pronouncement establishes criteria for identifying fiduciary activities and its objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2021. This pronouncement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

**K. Future GASB Pronouncements**

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2022. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022. This pronouncement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023. This pronouncement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal year 2022. Some governments have entered into agreements in which variable payments made or received depend on an interbank rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rates or adding or changing fallback provisions related to the reference rate.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

## **5. RESTATEMENT**

The net position as of June 30, 2020 has been restated. As required by GASB Statement No. 84, the beginning nonmajor governmental fund balance in governmental funds and net position increased \$212,551 for governmental activities to reflect the change in the fiduciary activities. Accordingly, the previously reported net position of (\$22,603,445) has been revised to (\$22,390,894) {(\$80,938,333) for governmental activities and \$58,547,439 for business-type activities}.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Northampton Contributory Retirement System**  
**For the Year Ended June 30, 2021**

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the City's proportion of the net pension liability and related ratios.

**Schedule of the City's Proportionate Share of the Net pension Liability:**

<b>Measurement Date</b>	<b>City's proportion of the net pension liability (asset)</b>	<b>City's proportionate share of the net pension liability (asset)</b>	<b>City's covered employee payroll</b>	<b>Net pension liability percentage of covered employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
12/31/2020	95.01%	\$ 38,629,074	\$ 30,442,745	126.89%	80.10%
12/31/2019	94.65%	\$ 48,020,519	\$ 28,571,526	168.07%	73.60%
12/31/2018	94.56%	\$ 53,390,653	\$ 27,464,340	194.40%	69.60%
12/31/2017	95.36%	\$ 44,380,060	\$ 26,722,409	166.08%	73.00%
12/31/2016	95.31%	\$ 57,770,212	\$ 25,946,748	222.65%	63.73%
12/31/2015	95.41%	\$ 48,946,370	\$ 24,725,513	197.96%	68.20%
12/31/2014	95.01%	\$ 40,806,119	\$ 23,013,954	177.31%	72.30%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Northampton Contributory Retirement System**  
**For the Year Ended June 30, 2021**

The Schedule of the Employer Contributions presents multiyear trend information on the City's required and actual payments to the pension plan and related ratios.

**Schedule of the City's Contributions:**

<b>Measurement Date</b>	<b>Actuarially determined contribution</b>	<b>Less: Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>City's covered employee payroll</b>	<b>Contributions percentage of covered employee payroll</b>
12/31/2020	\$ 6,559,443	\$ (6,590,624)	\$ (31,181)	\$ 30,442,745	21.20%
12/31/2019	\$ 6,301,238	\$ (6,319,807)	\$ (18,569)	\$ 28,571,526	22.05%
12/31/2018	\$ 5,826,095	\$ (5,834,464)	\$ (8,369)	\$ 27,464,340	21.21%
12/31/2017	\$ 5,654,580	\$ (5,669,920)	\$ (15,340)	\$ 26,722,409	21.16%
12/31/2016	\$ 5,365,570	\$ (5,380,525)	\$ (14,955)	\$ 25,946,748	20.68%
12/31/2015	\$ 5,166,378	\$ (5,166,378)	-	\$ 24,725,513	20.89%
12/31/2014	\$ 4,766,326	\$ (4,766,326)	-	\$ 23,013,954	20.71%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Changes in the Net OPEB Liability:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Total OPEB liability</b>					
Service cost	\$ 4,747,722	\$ 4,651,771	\$ 6,523,269	\$ 6,119,919	\$ 6,842,408
Interest on OPEB liability	5,660,893	6,871,830	6,596,297	6,835,272	5,951,743
Changes in Benefit terms	-	-	-	-	-
Changes in Assumptions	25,680,574	(39,221,676)	-	(14,945,034)	45,406,942
Difference between actual and expected experience	(2,565,068)	(6,694,335)	-	-	(7,352,606)
Benefit payments, including refunds of member contributions	(4,455,377)	(4,153,884)	(4,561,584)	(4,217,570)	(3,567,254)
Net change in total OPEB liability	29,068,744	(38,546,294)	8,557,982	(6,207,413)	47,281,233
Total OPEB liability-beginning	130,654,260	169,200,554	160,642,572	166,849,985	119,568,752
<b>Total OPEB liability-ending (a)</b>	<u>\$ 159,723,004</u>	<u>\$ 130,654,260</u>	<u>\$ 169,200,554</u>	<u>\$ 160,642,572</u>	<u>\$ 166,849,985</u>
<b>Plan fiduciary net position</b>					
Net investment income	\$ 638,945	\$ 77,845	\$ 85,910	\$ 24,494	\$ 32,071
Employer contributions to Trust	4,755,377	5,003,747	5,031,673	4,596,547	3,732,254
Benefit payments, including refunds of member contributions	(4,455,377)	(4,153,884)	(4,561,584)	(4,217,570)	(3,567,254)
Net change in plan fiduciary net position	938,945	927,708	555,999	403,471	197,071
Total fiduciary net position-beginning	2,320,949	1,393,241	837,242	433,771	236,700
<b>Total fiduciary net position-ending (b)</b>	<u>\$ 3,259,894</u>	<u>\$ 2,320,949</u>	<u>\$ 1,393,241</u>	<u>\$ 837,242</u>	<u>\$ 433,771</u>
<b>City's net OPEB liability (a-b)</b>	<u>\$ 156,463,110</u>	<u>\$ 128,333,311</u>	<u>\$ 167,807,313</u>	<u>\$ 159,805,330</u>	<u>\$ 166,416,214</u>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Net OPEB Liability:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 159,723,004	\$ 130,654,260	\$ 169,200,554	\$ 160,642,572	\$ 166,849,985
Less: Plan fiduciary net position	<u>(3,259,894)</u>	<u>(2,320,949)</u>	<u>(1,393,241)</u>	<u>(837,242)</u>	<u>(433,771)</u>
City's Net OPEB liability	<u>\$ 156,463,110</u>	<u>\$ 128,333,311</u>	<u>\$ 167,807,313</u>	<u>\$ 159,805,330</u>	<u>\$ 166,416,214</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.04%	1.78%	0.82%	0.52%	0.26%
City's share of covered employee payroll	\$ 54,903,164	\$ 53,304,043	\$ 51,751,499	\$ 50,244,173	\$ 50,244,173
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	284.98%	240.76%	324.26%	318.06%	331.21%

**Schedule of Contributions:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 10,148,561	\$ 11,988,404	\$ 15,854,340	\$ 15,006,033	\$ 10,396,093
Less: Contributions in relation to the actuarially determined contribution	<u>(4,755,377)</u>	<u>(5,003,747)</u>	<u>(5,031,673)</u>	<u>(4,596,567)</u>	<u>(3,717,254)</u>
Contribution deficiency (excess)	<u>\$ 5,393,184</u>	<u>\$ 6,984,657</u>	<u>\$ 10,822,667</u>	<u>\$ 10,409,466</u>	<u>\$ 6,678,839</u>
City's share of covered employee payroll	\$ 54,903,164	\$ 53,304,043	\$ 51,751,499	\$ 50,244,173	\$ 50,244,173
Contributions percentage of covered-employee payroll	8.66%	9.39%	9.72%	9.15%	7.40%
Annual money-weighted rate of return net of investment expense	25.95%	4.86%	8.05%	4.59%	10.11%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>							
<b>Measurement Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>	
6/30/2021	\$ 3,259,894	\$ 159,723,004	\$ 156,463,110	2.04%	\$ 54,903,164	284.98%	
6/30/2020	\$ 2,320,949	\$ 130,654,260	\$ 128,333,311	1.78%	\$ 53,304,043	240.76%	
6/30/2019	\$ 1,393,241	\$ 169,200,554	\$ 167,807,313	0.82%	\$ 51,751,499	324.26%	
6/30/2018	\$ 837,242	\$ 160,642,572	\$ 159,805,330	0.52%	\$ 50,244,173	318.06%	
6/30/2017	\$ 433,771	\$ 166,849,985	\$ 166,416,214	0.26%	\$ 50,244,173	331.21%	

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

## **SUPPLEMENTARY SCHEDULES**

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
School Grants	\$ 209,645	\$ 4,273,780	\$ 3,844,680	\$ -	\$ 638,745
Arts Lottery Council Grants	12,087	96,850	105,489	-	3,448
Community Development Grants	457,738	942,309	976,387	-	423,660
Council on Aging Grants	1,395	94,616	94,796	-	1,215
Disaster Relief and Hazard Grants	3,584	-	-	-	3,584
Emergency Management Grants (Covid)	(449,594)	1,760,492	3,036,174	197,669	(1,527,607)
Energy Grants	23,811	89,221	110,189	-	2,843
Health Grants	71,087	1,080,846	947,286	-	204,647
Highway Grants	-	1,348,007	1,348,007	-	-
Library Grants	-	92,404	92,404	-	-
Other Programs and Grants	8,880	150,000	-	-	158,880
Planning Grants	140,266	1,337,579	1,367,114	-	110,731
Public Safety Grants	42,817	346,504	333,819	-	55,502
Recycling Grants	19,484	11,400	7,008	-	23,876
Regional Valley Bike Grant	-	896,494	896,494	-	-
Three County Fair Drainage Project	2,766,723	-	-	-	2,766,723
<b>Schools:</b>					
School Lunch Revolving	214,902	1,256,775	914,846	-	556,831
School Lunch Commodities	-	69,731	69,731	-	-
Insurance and Restitution	(6,834)	39,079	7,388	-	24,857
Privately Funded Grants	1,423	60,806	55,410	-	6,819
Revolving Accounts	3,128,093	993,174	1,046,718	-	3,074,549
School Choice	4,059,581	1,241,420	1,679,526	-	3,621,475
State Special Education Reimbursement Fund	696,666	452,483	696,870	-	452,279
Student Activity Funds	212,551	102,688	127,378	-	187,861
<b>Other:</b>					
Affordable Housing Impact Fee	6,945	25,228	-	-	32,173
Baystate Gas Roundhouse Lot Fund	12,910	-	105	-	12,805
<b>Total Special Revenue Page 79</b>	<b>\$ 11,634,160</b>	<b>\$ 16,761,886</b>	<b>\$ 17,757,819</b>	<b>\$ 197,669</b>	<b>\$ 10,835,896</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Continued from Page 79</b>	\$ 11,634,160	\$ 16,761,886	\$ 17,757,819	\$ 197,669	\$ 10,835,896
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Board of Health Revolving	21,683	28,774	22,547	-	27,910
Cable Access Fund	131,375	78,998	-	(196,000)	14,373
Committee on Disabilities Revolving Fund	34,435	2,400	27	-	36,808
Community Preservation Fund	1,207,137	1,899,645	1,159,670	(15,776)	1,931,336
Channel Markers (Connecticut River)	8,631	18,496	19,481	-	7,646
Conservation Wetlands Funds	28,779	3,730	2,069	-	30,440
Council on Aging Revolving Funds	266,782	16,501	25,116	-	258,167
Deputy Collector Fees	-	40,980	41,004	-	(24)
Energy Sustainability Revolving Fund	236,374	39,104	44,732	-	230,746
Fire Department Revolving Funds	109,589	112,448	103,780	-	118,257
Fire Outside Detail	(2,242)	833	2,350	-	(3,759)
Gaming Commission Mitigation Grant	-	50,000	37,500	-	12,500
Gifts & Donations	1,250,898	767,022	363,812	(207,347)	1,446,761
Insurance and Restitution	-	61,508	-	-	61,508
James House Rental	78,519	51,129	29,377	-	100,271
Liquor Licenses Deposits	20,000	-	-	-	20,000
Municipal Waterways Fund	19,236	4,179	-	-	23,415
Other Programs	324,678	450,762	368,039	-	407,401
Parking Meter Reserves and Passes	1,038,726	-	-	(174,750)	863,976
Police Court Time	7,268	-	-	-	7,268
Police Outside Detail	39,656	1,220,864	1,225,489	-	35,031
Public Works Grants Projects Revolving	60,219	-	50,786	-	9,433
Recreation Revolving Funds	204,047	339,010	143,375	-	399,682
Sale of Cemetery Lots	69,750	8,875	-	-	78,625
Sale of Land	287,000	-	-	(95,467)	191,533
<b>Total Special Revenue Page 80</b>	<b>\$ 17,076,700</b>	<b>\$ 21,957,144</b>	<b>\$ 21,396,973</b>	<b>\$ (491,671)</b>	<b>\$ 17,145,200</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Continued from Page 80</b>	\$ 17,076,700	\$ 21,957,144	\$ 21,396,973	\$ (491,671)	\$ 17,145,200
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Septic Repair Loan Repayments	15,735	-	-	-	15,735
Transportation Infrastructure	18,148	2,384	-	(18,148)	2,384
Survival Center Capital Fund	34,242	3,600	-	-	37,842
Tourism Directional Signs	411	-	-	-	411
Affordable Housing Fund	1,016	2	-	-	1,018
Conservation Land Purchase Fund	74,564	20,119	-	-	94,683
Compensated Absences Fund	248,785	1,893	-	-	250,678
Drug Forfeiture Fund	81,482	2,189	11,634	-	72,037
E. Lyman Fund	76	17	-	-	93
Park Street Improvements Fund	3,760	868	-	-	4,628
<b>Total Special Revenue Funds</b>	<b>17,554,919</b>	<b>21,988,216</b>	<b>21,408,607</b>	<b>(509,819)</b>	<b>17,624,709</b>
<b>Capital Projects:</b>					
Department of Public Works Projects	1,818,767	-	673,218	4,135,000	5,280,549
Forbes Library Renovations	3,266	-	-	-	3,266
Northampton Public Schools Projects	82,254	-	-	(75,910)	6,344
Premium on Bonds	25,583	-	116,017	102,093	11,659
Public Safety Projects	-	-	-	3,640,000	3,640,000
<b>Total Capital Projects</b>	<b>\$ 1,929,870</b>	<b>\$ -</b>	<b>\$ 789,235</b>	<b>\$ 7,801,183</b>	<b>\$ 8,941,818</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Fund Balances July 1, 2020</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Fund Balances June 30, 2021</b>
<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care Funds	\$ 776,556	\$ 9,450	\$ -	\$ -	\$ 786,006
<b>Permanent Funds:</b>					
Cemetery Funds	490,877	293,177	-	(50,000)	734,054
<b>Total Non-Major Governmental Funds</b>	<b>\$ 20,752,222</b>	<b>\$ 22,290,843</b>	<b>\$ 22,197,842</b>	<b>\$ 7,241,364</b>	<b>\$ 28,086,587</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY AND ROLLBACK TAXES  
AND DEFERRED PROPERTY TAXES  
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
<b>Real Estate Taxes:</b>						
Levy of 2021	\$ -	\$ 63,290,489	\$ 369,117	\$ 62,257,643	\$ 663,729	\$ 663,729
Levy of 2020	1,204,161	7,658	113,923	911,479	186,417	186,417
Levy of 2019	240,023	7,923	76,740	168,964	2,242	2,242
Levy of 2018	4,011	8,380	4,611	7,780	-	-
Levy of 2017	2,658	7,620	-	7,620	2,658	2,658
Prior Years	2,586	7,385	400	7,385	2,186	2,586
	<u>1,453,439</u>	<u>63,329,455</u>	<u>564,791</u>	<u>63,360,871</u>	<u>857,232</u>	<u>857,632</u>
<b>Personal Property Taxes:</b>						
Levy of 2021	-	1,565,695	741	1,529,084	35,870	35,870
Levy of 2020	47,312	-	15	15,923	31,374	31,374
Levy of 2019	25,464	-	-	832	24,632	24,632
Levy of 2018	18,345	-	-	526	17,819	17,819
Levy of 2017	14,254	-	-	440	13,814	13,814
Prior Years	562,787	-	-	1,456	561,331	561,376
	<u>668,162</u>	<u>1,565,695</u>	<u>756</u>	<u>1,548,261</u>	<u>684,840</u>	<u>684,885</u>
<b>Rollback Taxes</b>	<u>1,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,308</u>	<u>1,308</u>
<b>Total Real Estate, Personal Property and Rollback Taxes</b>	<u>\$ 2,122,909</u>	<u>\$ 64,895,150</u>	<u>\$ 565,547</u>	<u>\$ 64,909,132</u>	<u>\$ 1,543,380</u>	<u>\$ 1,543,825</u>
<b>Deferred Property Taxes</b>	<u>\$ 129,715</u>	<u>\$ 17,944</u>	<u>\$ 1,000</u>	<u>\$ 21,382</u>	<u>\$ 125,277</u>	<u>\$ 125,277</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGE  
AND DEFERRED SURCHARGES  
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
<b>Community Preservation Surcharge</b>						
Levy of 2021	\$ -	\$ 1,428,936	\$ 24,928	\$ 1,388,545	\$ 15,463	\$ 15,463
Levy of 2020	29,223	-	1,833	24,620	2,770	2,770
Levy of 2019	3,967	-	1,232	2,667	68	68
Levy of 2018	87	-	87	-	-	-
Levy of 2017	123	-	-	-	123	123
Prior Years	78	-	-	-	78	78
<b>Total Community Preservation Surcharge</b>	<b>\$ 33,478</b>	<b>\$ 1,428,936</b>	<b>\$ 28,080</b>	<b>\$ 1,415,832</b>	<b>\$ 18,502</b>	<b>\$ 18,502</b>
 <b>Deferred Surcharges</b>	 <b>\$ 36</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ 36</b>	 <b>\$ -</b>	 <b>\$ -</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES  
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2021	\$ -	\$ 2,697,495	\$ 48,147	\$ 2,386,243	\$ 263,105	\$ 263,105
Levy of 2020	311,201	249,900	52,510	447,684	60,907	60,907
Levy of 2019	48,151	-	26,978	(32)	21,205	21,205
Levy of 2018	23,676	-	13,609	(6,099)	16,166	16,166
Levy of 2017	18,882	-	-	2,681	16,201	16,201
Prior Years	598,051	-	29,454	1,989	566,608	568,454
	<u>999,961</u>	<u>2,947,395</u>	<u>170,698</u>	<u>2,832,466</u>	<u>944,192</u>	<u>946,038</u>
<b>Boat Excise Taxes:</b>						
Levy of 2021	-	22,629	12,752	7,140	2,737	2,737
Levy of 2020	1,962	-	3	147	1,812	1,812
Levy of 2019	1,386	-	-	-	1,386	1,386
Levy of 2018	973	-	-	-	973	973
Levy of 2017	1,135	-	-	-	1,135	1,135
Prior Years	43,956	-	-	-	43,956	43,956
	<u>49,412</u>	<u>22,629</u>	<u>12,755</u>	<u>7,287</u>	<u>51,999</u>	<u>51,999</u>
<b>Total Motor Vehicle Excise and Boat Excise Taxes</b>	<u>\$ 1,049,373</u>	<u>\$ 2,970,024</u>	<u>\$ 183,453</u>	<u>\$ 2,839,753</u>	<u>\$ 996,191</u>	<u>\$ 998,037</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**SCHEDULE OF TAX LIENS, COMMUNITY PRESERVATION TAX LIENS AND TAXES IN LITIGATION**  
**JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Accounts July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2021	Uncollected Accounts Per Detail June 30, 2021
<b>Tax Liens</b>	\$ 425,234	\$ 220,346	\$ 10,720	\$ 237,093	\$ 397,767	\$ 397,767
<b>Community Preservation Tax Liens</b>	\$ 5,372	\$ 3,167	\$ -	\$ 3,211	\$ 5,328	\$ 5,328
<b>Taxes in Litigation</b>	\$ 6,794	\$ -	\$ -	\$ -	\$ 6,794	\$ 6,794