

CITY OF NORTHAMPTON, MASSACHUSETTS

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

For the Year Ended June 30, 2023

CITY OF NORTHAMPTON, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	2
INDEPENDENT AUDITOR’S REPORT	3-5
MANAGEMENT’S DISCUSSION AND ANALYSIS	6-15
BASIC FINANCIAL STATEMENTS	16
Government-Wide Financial Statements	
Statement of Net Position	17-18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues and Expenditures – Budgetary Basis – (Non-GAAP) – Budget and Actual – General Fund	24
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	27
Statement of Cash Flows – Proprietary Funds.....	28-29
Statement of Fiduciary Net Position – Fiduciary Funds.....	30
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	31
Notes to the Financial Statements	32-75
REQUIRED SUPPLEMENTARY INFORMATION	76
Pension Plan Schedules	77-78
Other Post Employment Benefit Plan Schedules	79-83
SUPPLEMENTARY SCHEDULE	84
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	85-88

Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the 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, 2023, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2022), 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.

In our opinion, the accompanying 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, 2023, (except for the Northampton Contributory Retirement System, which is as of December 31, 2022), 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Northampton, Massachusetts, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Northampton, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City of Northampton, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Northampton, Massachusetts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 Schedule, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary 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 15, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Northampton, Massachusetts' 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 15, 2024

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, 2023. 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 assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$47,093,454 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$30,042,990, an increase of \$17,050,464 (57%).
- At the close of the current fiscal year, the City's governmental funds reported total ending fund balance of \$85,947,222, an increase of \$7,218,093 (9%) from the previous year.
- The General Fund's total fund balance increased by \$2,978,139 (6%) to \$51,026,692. The ending General fund balance is 42% of revenues and transfers in and 43% of expenditures.
- The City's long-term liabilities increased by \$49,681,444 (22%) to \$278,421,777 during the fiscal year. This was primarily attributed to increases in warrants payable of \$2,538,263, in the Other Post-Employment Benefits (OPEB) liability of \$4,021,923 and in the pension liability of \$42,926,166; and a net decrease in the bonds payable of \$921,401.
- The City had free cash certified by the Department of Revenue in the amount of \$12,986,869. The key factors that attributed to the free cash amount for fiscal year 2023 were unexpended/unencumbered appropriations of \$2,557,400 and amount over/(under) budget – state and local receipts of \$5,226,300 and prior year free cash not appropriated of \$5,520,400.
- The City's enterprise fund certified free cash is as follows:

➤ Sewer fund	\$ 1,419,020.
➤ Solid Waste fund	\$ 219,187.
➤ Stormwater fund	\$ 451,824.
➤ Water fund	\$ 875,454.

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		
	2023	2022	Change
Assets:			
Current assets	\$ 108,451,263	\$ 98,880,868	\$ 9,570,395
Noncurrent assets (excluding capital)	90,334	123,715	(33,381)
Capital assets	105,743,192	101,584,337	4,158,855
Total assets	214,284,789	200,588,920	13,695,869
Deferred Outflows of Resources	41,452,229	22,916,956	18,535,273
Liabilities:			
Current liabilities (excluding debt)	19,249,147	16,669,556	2,579,591
Current debt payable	4,517,636	4,128,011	389,625
Noncurrent liabilities (excluding debt)	202,853,365	158,965,872	43,887,493
Noncurrent debt payable	21,888,543	21,257,032	631,511
Total liabilities	248,508,691	201,020,471	47,488,220
Deferred Inflows of Resources	34,109,242	59,387,874	(25,278,632)
Net Position:			
Net investment in capital assets	79,337,013	76,199,294	3,137,719
Restricted	31,192,905	28,708,771	2,484,134
Unrestricted	(137,410,833)	(141,810,534)	4,399,701
Total net position	\$ (26,880,915)	\$ (36,902,469)	\$ 10,021,554
	Business-Type Activities		
	2023	2022	Change
Assets:			
Current assets	\$ 43,654,782	\$ 40,593,322	\$ 3,061,460
Noncurrent assets (excluding capital assets)	674,231	760,178	(85,947)
Capital assets	59,167,258	56,330,089	2,837,169
Total assets	103,496,271	97,683,589	5,812,682
Deferred Outflows of Resources	2,656,814	992,408	1,664,406
Liabilities:			
Current liabilities (excluding debt)	489,025	9,348,146	(8,859,121)
Current debt payable	11,915,712	1,942,537	9,973,175
Noncurrent liabilities (excluding debt)	11,281,063	8,220,766	3,060,297
Noncurrent debt payable	6,227,286	8,208,413	(1,981,127)
Total liabilities	29,913,086	27,719,862	2,193,224
Deferred Inflows of Resources	2,265,630	4,010,676	(1,745,046)
Net Position:			
Net investment in capital assets	41,024,260	37,385,466	3,638,794
Restricted	18,543,051	14,678,645	3,864,406
Unrestricted	14,407,058	14,881,348	(474,290)
Total net position	\$ 73,974,369	\$ 66,945,459	\$ 7,028,910

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2023	2022	Change
Program Revenues:			
Charges for services	\$ 22,191,214	\$ 21,033,635	\$ 1,157,579
Operating grants and contributions	41,075,962	43,909,881	(2,833,919)
Capital grants and contributions	1,929,510	1,017,334	912,176
General Revenues:			
Property taxes	73,807,319	71,299,386	2,507,933
Motor vehicle and other taxes	3,094,712	3,211,450	(116,738)
Hotel room occupancy, meals and cannabis taxes	2,596,829	2,685,656	(88,827)
Penalties and interest on taxes	195,041	270,275	(75,234)
Nonrestricted grants and contributions	6,898,799	5,145,989	1,752,810
Unrestricted investment income	1,300,671	175,578	1,125,093
Miscellaneous	18,603	26,977	(8,374)
Total revenues	153,108,660	148,776,161	4,332,499
Expenses:			
General government	8,345,581	9,548,117	(1,202,536)
Public safety	18,002,766	16,713,536	1,289,230
Public works	9,350,045	5,575,527	3,774,518
Education	60,847,530	56,385,803	4,461,727
Health and human services	6,567,125	4,861,369	1,705,756
Culture and recreation	5,786,589	5,433,067	353,522
Employee benefits and insurance	29,223,749	13,698,193	15,525,556
State assessments	3,866,523	3,606,328	260,195
Interest	592,290	764,657	(172,367)
Total expenses	142,582,198	116,586,597	25,995,601
Contributions to Permanent Funds	-	9,450	(9,450)
Transfers, net	(504,908)	472,509	(977,417)
Change in net position	10,021,554	32,671,523	(22,649,969)
Net position - beginning of year	(36,902,469)	(69,573,992)	32,671,523
Net position - end of year	\$ (26,880,915)	\$ (36,902,469)	\$ 10,021,554

	Business-Type Activities		
	2023	2022	Change
Program Revenues:			
Sewer	\$ 6,840,240	\$ 6,282,074	\$ 558,166
Water	7,144,655	6,998,390	146,265
Solid Waste	652,031	522,314	129,717
Total Revenues	14,636,926	13,802,778	834,148
Expenses:			
Sewer	3,470,653	3,771,469	(300,816)
Water	4,225,044	5,120,980	(895,936)
Solid Waste	417,227	356,516	60,711
Total expenses	8,112,924	9,248,965	(1,136,041)
Transfers, net	504,908	(472,509)	977,417
Change in net position	7,028,910	4,081,304	2,947,606
Net position - beginning of year	66,945,459	62,864,155	4,081,304
Net position - end of year	\$ 73,974,369	\$ 66,945,459	\$ 7,028,910

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,093,454 at the close of fiscal year 2023.

Net position of \$120,361,273 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, \$49,735,956 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$123,003,775).

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 \$10,021,554 (47%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2023 are attributed to net increases resulting from the acquisition of \$13,187,594 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$9,028,739 and from the changes in governmental funds of \$7,218,093, in the deferred outflow/(inflow) of resources related to OPEB of \$8,416,792 and in related to pensions of \$35,365,942; and net decrease in the changes in the OPEB liability of \$3,952,549 and in the pension liability of \$39,861,235.

There was an increase of \$7,028,910 (10.5%) in net position reported in the business-type activities. Of this, there were increases of \$3,863,612 attributed to the sewer department, of \$3,020,407 attributed to the water department and of \$144,891 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 \$85,947,222, an increase of \$7,218,093 (9%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Nonspendable fund balance – \$786,006 (1%).
- Restricted fund balance – \$28,116,716 (33%).
- Committed fund balance – \$6,584,625 (8%).
- Assigned fund balance – \$18,321,804 (21%).
- Unassigned fund balance – \$32,138,071 (37%).

Major Governmental Funds

The *General Fund* is the City's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a fund balance of \$51,026,692 increasing \$2,978,139 (6%) from the prior year. Of the \$51,026,692, the unassigned amount is \$32,625,012 (63.9%), the assigned amount of \$18,321,804 (35.9%) and restricted amount of \$79,876 (0.2%). General fund revenues increased \$7,368,141 (7%) over the prior fiscal year and the expenditures also increased \$7,678,840 (7%). Other activities in the General Fund were net transfers in from other funds of \$2,282,604.

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 \$1,982,469 (3%), in licenses, permits and fees of \$1,073,141 (10%), in investment income of \$1,125,093 (641%) and in intergovernmental – "on-behalf" payments of \$1,071,503 (17%) from the prior year.

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

- Increase in Public Safety expenditures of \$1,185,496 (9%).
- Increase in Education expenditures of \$2,620,723 (6%).
- Increase in Employee benefits and insurance expenditures of \$1,529,940 (5%).
- Increase in Capital improvements expenditures of \$1,406,904 (29%).

The *Stormwater Fund* is used to account for the construction of road drainage improvements. The fund has a balance of \$4,719,097 and shows an increase of \$593,216 (14%) in total operations. This amount was attributed to charges for services and penalties of \$1,860,313, investment income and other receipts of \$45,568, and expenditures of \$961,369. Other activity in the Stormwater fund was transfers out to the General fund of \$351,296.

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 activity in the Grant were receipts of \$3,184,719, expenses of \$984,942 and transfers out to the Business-type funds of \$2,199,777. The City has an unearned revenue of \$7,215,311 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 \$30,066,355 and shows an increase of \$3,863,612 (15%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$3,043,551, interest income of \$362,629, interest expense of \$36,593 and net transfers in from the governmental funds of \$494,025. Operating revenues increased by \$198,528 (3%) while operating expenses decreased by \$302,563 (8%) 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 \$31,520,359 and shows an increase of \$3,020,407 (8%) in total operations. This change resulted from operating revenues exceeding operating costs by \$2,985,981, interest income of \$98,509, intergovernmental receipts of \$24,824, interest expense of \$189,703 and net transfers in from the governmental funds of \$100,796. Operating revenues increased by \$54,183 (1%) while operating expenses decreased by \$862,290 (18%) 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 \$2,387,655 and shows an increase of \$144,891 (6.5%) in total operations. This change resulted from operating revenue exceeding operating costs by \$163,129, interest income of \$71,675 and transfers out to the governmental funds of \$89,913. Operating revenues increased by \$29,928 (5%) and operating expenses also increased by \$60,711 (17%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2023 was \$131,216,651. This was an increase of \$10,982,025 (9%) over the previous year's final budget.

There was an increase of \$10,061,908 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 \$9,474,602.

General fund expenditures were less than budgeted by \$19,594,212. Of the \$19,594,212 in under budget expenditures, \$17,036,850 has been carried over to fiscal year 2024.

There were negative variances in property taxes of \$117,790, in intergovernmental receipts of \$102,832 and in interest and penalties on taxes of \$57,395 as revenues did not meet budget expectations.

Overall, the variance with the final budget was a positive \$7,665,898 consisting of a revenue surplus of \$5,108,536 and an appropriation surplus of \$2,557,362.

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, 2023 amounts to \$105,743,192 and \$59,167,258, 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:

- Purchases of land for \$3,865,000.
- Improvements to telephone systems for \$139,505.
- Roundhouse parking lot improvements for \$15,031.
- Police Department vehicle and equipment purchases for \$308,138.
- Fire Department vehicle purchases for \$250,471.
- Fire Station parking lot improvements for \$323,707.
- Police Animal Control facility improvements for \$15,230.
- Animal Control vehicle purchase for \$59,202.
- Building inspector vehicle purchase for \$36,899.
- Highway buildings' improvements for \$178,105.
- Highway dispatch system upgrades for \$768,519.
- Highway vehicle and equipment purchases for \$376,056.
- Road and drainage infrastructure improvements for \$4,159,722.
- Northampton Public Schools' improvements for \$324,301.
- Northampton Public Schools' vehicles and equipment purchases for \$400,408.
- Smith Vocational buildings' improvements for \$249,705.
- Smith Vocational Schools' vehicles and equipment purchases for \$1,334,561.
- Health Department vehicle purchases for \$159,953.
- A dock on the Connecticut River for \$65,320.
- Recreation fields improvements for \$157,761.

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 \$75,887.
- Sewer infrastructure improvements for \$3,437,412.

For the Water Department:

- Water infrastructure improvements for \$1,336,713.

Debt Administration. The City's outstanding governmental debt, as of June 30, 2023, totaled \$24,224,650 as follows:

- \$481,400 for school projects.
- \$1,647,200 for City building projects
- \$152,000 for stormwater drainage.
- \$2,570,000 for road, sidewalk and bridge projects.
- \$600,000 for park improvements.
- \$372,000 for energy projects.
- \$205,000 for Departmental vehicles and equipment.
- \$18,197,050 for various other projects.

The City's outstanding business-type debt totaled, as of June 30, 2023, totaled \$8,208,413 of which, sewer debt is \$1,124,834 and water debt is \$7,083,579. 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 \$9,934,585 for a wastewater treatment plant project.

Please refer to notes 3E, 3G and 3H 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, 2023 do not reflect the fiscal year 2024 City Council actions except for the stabilization amount used to fund the 2024 budget. The City Council meeting on June 1, 2023 authorized a fiscal year 2024 operating and capital budget as follows:

From raise and appropriate		\$ 106,218,077
From Business-Type Funds:		
Sewer fund receipts	\$ 6,177,500	
Sewer retained earnings	969,011	7,146,511
Solid waste fund receipts	515,959	
Solid waste retained earnings	93,870	609,829
Water fund receipts	6,945,000	
Water retained earnings	626,335	7,571,335
From Other Available Funds:		
General Fund:		
Reserve for Debt		15,848
Fiscal stability stabilization fund		1,284,954
Stormwater Fund:		
Fund receipts	1,996,486	
Retained earnings	319,479	2,315,965
Non-major Governmental Funds:		
Community Preservation Funds	12,680	
Parking Meter Receipts	1,210,000	1,222,680
		<u>\$ 126,385,199</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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 93,510,692	\$ 36,153,152	\$ 129,663,844
Investments	7,046,244	6,173,628	13,219,872
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,112,198	-	1,112,198
Deferred Property Taxes	99,687	-	99,687
Tax Liens	423,621	-	423,621
Excise Taxes	230,020	-	230,020
User Charges	-	1,242,055	1,242,055
Departmental	1,177,572	-	1,177,572
Loans	50,000	-	50,000
Due from Other Governments	4,767,848	-	4,767,848
Leases	33,381	85,947	119,328
Total current assets	108,451,263	43,654,782	152,106,045
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Leases	90,334	674,231	764,565
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	24,754,002	18,325,727	43,079,729
Depreciable	80,989,190	40,841,531	121,830,721
Total noncurrent assets	105,833,526	59,841,489	165,675,015
Total Assets	214,284,789	103,496,271	317,781,060
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	29,415,291	2,261,740	31,677,031
Deferred Outflows Related to OPEB	12,036,938	395,074	12,432,012
Total Deferred Outflows of Resources	\$ 41,452,229	\$ 2,656,814	\$ 44,109,043

(Continued)

CITY OF NORTHAMPTON, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
CURRENT:			
Warrants Payable	\$ 4,720,581	\$ 230,763	\$ 4,951,344
Accrued Payroll	4,926,936	111,273	5,038,209
Payroll Withholdings	469,342	-	469,342
Tax Refund Payable	49,000	-	49,000
Other	112,621	-	112,621
Unearned Revenue	7,215,311	-	7,215,311
Accrued Interest	88,490	29,047	117,537
Compensated Absences	1,666,866	117,942	1,784,808
Bond Anticipation Notes Payable	-	9,934,585	9,934,585
Bonds Payable	4,517,636	1,981,127	6,498,763
Total current liabilities	23,766,783	12,404,737	36,171,520
NONCURRENT:			
Landfill Closure	-	1,365,000	1,365,000
Compensated Absences	2,151,505	117,387	2,268,892
Net OPEB Liability	130,756,261	4,420,562	135,176,823
Net Pension Liability	69,945,599	5,378,114	75,323,713
Bonds Payable	21,888,543	6,227,286	28,115,829
Total noncurrent liabilities	224,741,908	17,508,349	242,250,257
Total Liabilities	248,508,691	29,913,086	278,421,777
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Leases	123,715	760,178	883,893
Deferred Inflows Related to Pensions	127,143	9,775	136,918
Deferred Inflows Related to OPEB	33,858,384	1,495,677	35,354,061
Total Deferred Inflows of Resources	34,109,242	2,265,630	36,374,872
NET POSITION			
Net Investment in Capital Assets	79,337,013	41,024,260	120,361,273
Restricted for:			
Capital Projects	8,765,679	18,543,051	27,308,730
Federal & State Grants	5,758,281	-	5,758,281
Community Preservation	3,047,410	-	3,047,410
Permanent Funds:			
Expendable	567,896	-	567,896
Nonexpendable	786,006	-	786,006
Other Purposes	12,267,633	-	12,267,633
Unrestricted	(137,410,833)	14,407,058	(123,003,775)
Total Net Position	\$ (26,880,915)	\$ 73,974,369	\$ 47,093,454

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, 2023**

	<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>
Governmental Activities:							
General Government	\$ 8,345,581	\$ 2,813,721	\$ 6,967,187	\$ 400,000	\$ 1,835,327	\$ -	\$ 1,835,327
Public Safety	18,002,766	5,438,873	772,475	-	(11,791,418)	-	(11,791,418)
Public Works	9,350,045	1,914,008	95,936	1,529,510	(5,810,591)	-	(5,810,591)
Education	60,847,530	10,809,637	21,799,707	-	(28,238,186)	-	(28,238,186)
Health and Human Services	6,567,125	610,535	3,489,318	-	(2,467,272)	-	(2,467,272)
Culture and Recreation	5,786,589	604,440	463,120	-	(4,719,029)	-	(4,719,029)
Employee Benefits and Insurance	29,223,749	-	7,471,460	-	(21,752,289)	-	(21,752,289)
State Assessments	3,866,523	-	-	-	(3,866,523)	-	(3,866,523)
Interest	592,290	-	16,759	-	(575,531)	-	(575,531)
Total Governmental Activities	142,582,198	22,191,214	41,075,962	1,929,510	(77,385,512)	-	(77,385,512)
Business-Type Activities:							
Sewer	3,470,653	6,477,611	362,629	-	-	3,369,587	3,369,587
Water	4,225,044	7,021,322	123,333	-	-	2,919,611	2,919,611
Solid Waste	417,227	580,356	71,675	-	-	234,804	234,804
Total Primary Government	\$ 150,695,122	\$ 36,270,503	\$ 41,633,599	\$ 1,929,510	(77,385,512)	6,524,002	(70,861,510)
General Revenues:							
Property taxes					73,807,319	-	73,807,319
Motor vehicle and other taxes					3,094,712	-	3,094,712
Hotel room occupancy, meals and cannabis taxes					2,596,829	-	2,596,829
Penalties & interest on taxes					195,041	-	195,041
Grants & contributions not restricted to specific programs					6,898,799	-	6,898,799
Unrestricted investment income					1,300,671	-	1,300,671
Miscellaneous					18,603	-	18,603
Transfers, net					(504,908)	504,908	-
Total General Revenues and Transfers					87,407,066	504,908	87,911,974
Change in Net Position					10,021,554	7,028,910	17,050,464
Net Position:							
Beginning of year					(36,902,469)	66,945,459	30,042,990
End of year					\$ (26,880,915)	\$ 73,974,369	\$ 47,093,454

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

**CITY OF NORTHAMPTON, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Stormwater Fund	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 54,372,006	\$ 4,191,209	\$ 7,224,511	\$ 27,722,966	\$ 93,510,692
Investments	3,814,125	560,455	-	2,671,664	7,046,244
Receivables, net of allowance for uncollectibles:					
Property Taxes	1,089,978	-	-	22,220	1,112,198
Deferred Property Taxes	99,687	-	-	-	99,687
Tax Liens	418,060	-	-	5,561	423,621
Excise Taxes	230,020	-	-	-	230,020
Departmental	948,482	229,090	-	-	1,177,572
Loans	-	-	-	50,000	50,000
Due from Other Governments	346,144	-	-	4,421,704	4,767,848
Lease	-	-	-	123,715	123,715
Total Assets	\$ 61,318,502	\$ 4,980,754	\$ 7,224,511	\$ 35,017,830	\$ 108,541,597
Liabilities:					
Warrants and Accounts Payable	\$ 2,242,943	\$ 18,488	\$ 9,200	\$ 2,449,950	\$ 4,720,581
Accrued Payroll	4,843,839	14,079	-	69,018	4,926,936
Employee Withholdings	466,555	-	-	-	466,555
Tax Refund Payable	49,000	-	-	-	49,000
Other	-	-	-	112,621	112,621
Unearned Revenue	-	-	7,215,311	-	7,215,311
Total Liabilities	7,602,337	32,567	7,224,511	2,631,589	17,491,004
Deferred Inflows of Resources:					
Unavailable Revenue	2,689,473	229,090	-	2,061,093	4,979,656
Related to Leases	-	-	-	123,715	123,715
Total Deferred Inflows of Resources	2,689,473	229,090	-	2,184,808	5,103,371
Fund Balance:					
Nonspendable	-	-	-	786,006	786,006
Restricted	79,876	-	-	28,036,840	28,116,716
Committed	-	4,719,097	-	1,865,528	6,584,625
Assigned	18,321,804	-	-	-	18,321,804
Unassigned	32,625,012	-	-	(486,941)	32,138,071
Total Fund Balance	51,026,692	4,719,097	-	30,201,433	85,947,222
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 61,318,502	\$ 4,980,754	\$ 7,224,511	\$ 35,017,830	\$ 108,541,597

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, 2023**

	General Fund	Stormwater Fund	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 71,933,223	\$ -	\$ -	\$ 1,642,729	\$ 73,575,952
Intergovernmental	15,122,583	-	3,184,719	19,701,432	38,008,734
Excise and Other Taxes	3,230,083	-	-	3,363	3,233,446
Hotel Room Occupancy, Meals and Cannabis Taxes	2,596,829	-	-	-	2,596,829
Charges for Services	4,544,201	1,849,047	-	4,822,008	11,215,256
Licenses, Permits, Fees	12,208,479	-	-	-	12,208,479
Interest and Penalties on Taxes	191,905	11,266	-	3,136	206,307
Investment Income	1,300,671	17,243	-	127,648	1,445,562
Gifts and Donations	-	-	-	465,669	465,669
Other	1,190,000	28,325	-	1,680,503	2,898,828
Intergovernmental - "On-behalf" Payments	7,460,552	-	-	-	7,460,552
Total Revenues	119,778,526	1,905,881	3,184,719	28,446,488	153,315,614
Expenditures:					
Current:					
General Government	7,310,683	-	78,594	3,286,805	10,676,082
Public Safety	14,463,682	-	-	2,602,075	17,065,757
Public Works	2,348,744	504,166	906,348	3,891,293	7,650,551
Education	45,327,922	-	-	13,981,944	59,309,866
Health and Human Services	1,978,606	-	-	4,451,674	6,430,280
Culture and Recreation	3,560,653	-	-	1,244,213	4,804,866
Employee Benefits and Insurance	29,520,033	-	-	-	29,520,033
Capital Improvements	6,260,943	419,753	-	-	6,680,696
State Assessments	3,866,523	-	-	-	3,866,523
Debt Service:					
Principal	3,451,200	35,000	-	204,000	3,690,200
Interest	994,002	2,450	-	50,453	1,046,905
Total Expenditures	119,082,991	961,369	984,942	29,712,457	150,741,759
Excess of Revenues Over (Under) Expenditures	695,535	944,512	2,199,777	(1,265,969)	2,573,855
Other Financing Sources (Uses):					
Operating Transfers In	2,282,604	-	-	-	2,282,604
Operating Transfers Out	-	(351,296)	(2,199,777)	(236,439)	(2,787,512)
Bond Premium	-	-	-	539,146	539,146
Proceeds from Issuance of Bonds	-	-	-	4,610,000	4,610,000
Total Other Financing Sources (Uses)	2,282,604	(351,296)	(2,199,777)	4,912,707	4,644,238
Net Change in Fund Balances	2,978,139	593,216	-	3,646,738	7,218,093
Fund Balances, Beginning of Year	48,048,553	4,125,881	-	26,554,695	78,729,129
Fund Balances, End of Year	\$ 51,026,692	\$ 4,719,097	\$ -	\$ 30,201,433	\$ 85,947,222

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, 2023

Total Governmental Fund Balances		\$ 85,947,222
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		105,743,192
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		4,976,869
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.		7,466,702
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (26,406,179)	
Net Other Post Employment Benefits Liability	(130,756,261)	
Net Pension Liability	(69,945,599)	
Compensated Absences	<u>(3,818,371)</u>	(230,926,410)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(88,490)</u>
Net Position of Governmental Activities		<u><u>\$ (26,880,915)</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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 7,218,093

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	\$ 13,187,594	
Depreciation	<u>(9,028,739)</u>	4,158,855

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. (206,954)

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	3,690,200	
Net Amortization of Premium from Issuance of Bonds	437,810	
Proceeds from Issuance of Bonds	(4,610,000)	
Premium from the Issuance of Bonds	<u>(539,146)</u>	(1,021,136)

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	(113,059)	
Net Change in Net Other Post Employment Benefit Liability	(3,952,549)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	8,416,792	
Net Change in Net Pension Liability	(39,861,235)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	35,365,942	
Net Change in Accrued Interest on Long-Term Debt	<u>16,805</u>	(127,304)

Change in Net Position of Governmental Activities \$ 10,021,554

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, 2023

	<u>Budgeted Amounts</u>				Actual	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Final				
	Forward from Prior Year	Original Budget	Budget	Budgetary Basis			
Revenues:							
Property Taxes	\$ -	\$ 71,768,769	\$ 71,808,013	\$ 71,690,223	\$ -	\$ (117,790)	
Intergovernmental	-	15,225,415	15,225,415	15,122,583	-	(102,832)	
Excise and Other Taxes	-	2,565,600	2,565,600	3,230,083	-	664,483	
Hotel Room Occupancy, Meals and Cannabis Taxes	-	2,204,000	2,204,000	2,596,829	-	392,829	
Charges for Services	-	3,225,266	3,225,266	4,544,201	-	1,318,935	
Licenses, Permits, Fees	-	11,047,718	11,047,718	11,969,455	-	921,737	
Interest and Penalties on Taxes	-	249,300	249,300	191,905	-	(57,395)	
Investment Income	-	165,000	165,000	1,063,569	-	898,569	
Other	-	-	-	1,190,000	-	1,190,000	
Total Revenues	-	106,451,068	106,490,312	111,598,848	-	5,108,536	
Expenditures:							
Current:							
General Government	116,498	7,973,150	7,863,709	7,310,683	234,754	318,272	
Public Safety	466,561	14,062,136	15,241,509	14,463,682	406,225	371,602	
Public Works	823,997	2,591,687	3,407,061	2,348,744	1,008,304	50,013	
Education	325,348	45,236,073	45,630,621	45,327,922	264,704	37,995	
Health and Human Services	241,706	2,386,057	2,630,097	1,978,606	67,713	583,778	
Culture and Recreation	144,425	3,794,420	3,976,467	3,560,653	408,467	7,347	
Employee Benefits and Insurance	276,396	23,024,495	23,300,791	22,059,481	309,875	931,435	
Capital Improvements	10,684,343	446,057	20,605,002	6,260,943	14,336,808	7,251	
State Assessments	-	4,054,432	4,054,432	3,866,523	-	187,909	
Debt Service:							
Principal	-	3,451,200	3,451,200	3,451,200	-	-	
Interest	-	1,055,762	1,055,762	994,002	-	61,760	
Total Expenditures	13,079,274	108,075,469	131,216,651	111,622,439	17,036,850	2,557,362	
Excess of Revenues Over (Under) Expenditures	(13,079,274)	(1,624,401)	(24,726,339)	(23,591)	(17,036,850)	7,665,898	
Other Financing Sources (Uses):							
Operating Transfers In	-	2,057,197	4,761,481	4,762,604	-	1,123	
Operating Transfers Out	-	(450,000)	(6,369,369)	(6,369,369)	-	-	
Total Other Financing Sources (Uses)	-	1,607,197	(1,607,888)	(1,606,765)	-	1,123	
Net Change in Budgetary Fund Balance	(13,079,274)	(17,204)	(26,334,227)	\$ (1,630,356)	\$ (17,036,850)	\$ 7,667,021	
Other Budgetary Items:							
Free Cash and Other Reserves	-	17,204	13,254,953				
Prior Year Encumbrances	13,079,274	-	13,079,274				
Total Other Budgetary Items	13,079,274	17,204	26,334,227				
NET BUDGET	\$ -	\$ -	\$ -				

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, 2023

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 111,598,848	\$ 111,622,439
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	476,126	-
Net Increase in Revenue from recording Refund Taxes Payable	126,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	7,460,552	-
Recognition of Expenditures - "on behalf payments"	-	7,460,552
Net Increase in Revenue from Recording 60-Day Receipts	117,000	-
Reported on a GAAP Basis	\$ 119,778,526	\$ 119,082,991

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, 2023**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$ 17,354,042	\$ 15,933,822	\$ 2,865,288	\$ 36,153,152
Investments	4,551,198	-	1,622,430	6,173,628
Receivables, net of allowance for uncollectibles:				
User Charges	630,724	575,729	35,602	1,242,055
Lease	-	-	85,947	85,947
Total current assets	22,535,964	16,509,551	4,609,267	43,654,782
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Lease	-	-	674,231	674,231
Capital Assets, net of accumulated Depreciation:				
Nondepreciable	13,727,337	4,598,390	-	18,325,727
Depreciable	9,102,110	31,739,421	-	40,841,531
Total noncurrent assets	22,829,447	36,337,811	674,231	59,841,489
Total Assets	45,365,411	52,847,362	5,283,498	103,496,271
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	1,333,603	871,116	57,021	2,261,740
Deferred Outflows Related to OPEB	152,597	200,787	41,690	395,074
	1,486,200	1,071,903	98,711	2,656,814
LIABILITIES				
CURRENT:				
Warrants and Accounts Payable	174,105	46,391	10,267	230,763
Accrued Payroll	52,035	51,206	8,032	111,273
Accrued Interest	4,926	24,121	-	29,047
Compensated Absences	57,850	50,612	9,480	117,942
Bond Anticipation Notes Payable	9,934,585	-	-	9,934,585
Bonds Payable	205,502	1,775,625	-	1,981,127
Total current liabilities	10,429,003	1,947,955	27,779	12,404,737
NONCURRENT:				
Landfill Closure	-	-	1,365,000	1,365,000
Compensated Absences	49,559	59,236	8,592	117,387
Net OPEB Liability	1,707,435	2,246,649	466,478	4,420,562
Net Pension Liability	3,171,129	2,071,397	135,588	5,378,114
Bonds Payable	919,332	5,307,954	-	6,227,286
Total noncurrent liabilities	5,847,455	9,685,236	1,975,658	17,508,349
Total Liabilities	16,276,458	11,633,191	2,003,437	29,913,086
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Lease	-	-	760,178	760,178
Deferred Inflows Related to Pensions	5,764	3,765	246	9,775
Deferred Inflows Related to OPEB	503,034	761,950	230,693	1,495,677
	508,798	765,715	991,117	2,265,630
NET POSITION				
Net Investment in Capital Assets	11,770,028	29,254,232	-	41,024,260
Restricted for Capital	7,223,524	10,762,368	557,159	18,543,051
Unrestricted	11,072,803	1,503,759	1,830,496	14,407,058
Total Net Position	\$ 30,066,355	\$ 41,520,359	\$ 2,387,655	\$ 73,974,369

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, 2023

Business-Type Activities
Enterprise Funds

	Sewer Fund	Water Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges for Services	\$ 6,127,389	\$ 6,757,012	\$ 431,241	\$ 13,315,642
Other	350,222	264,310	149,115	763,647
Total Operating Revenues	6,477,611	7,021,322	580,356	14,079,289
Operating Expenses:				
Salaries & Wages	1,433,208	1,389,572	236,421	3,059,201
Operating Expenses	1,429,250	1,204,528	180,806	2,814,584
Depreciation	571,602	1,441,241	-	2,012,843
Total Operating Expenses	3,434,060	4,035,341	417,227	7,886,628
Operating Income (Loss)	3,043,551	2,985,981	163,129	6,192,661
Non-Operating Revenues (Expenses):				
Interest Income	362,629	98,509	71,675	532,813
Intergovernmental	-	24,824	-	24,824
Interest Expense	(36,593)	(189,703)	-	(226,296)
Total Non-Operating Revenues (Expenses)	326,036	(66,370)	71,675	331,341
Income (Loss) Before Transfers and Other Items	3,369,587	2,919,611	234,804	6,524,002
Transfers and Other Items:				
Transfers In	1,496,000	703,777	-	2,199,777
Transfers (Out)	(1,001,975)	(602,981)	(89,913)	(1,694,869)
Total Transfers and Other Items	494,025	100,796	(89,913)	504,908
Change in Net Position	3,863,612	3,020,407	144,891	7,028,910
Net Position at Beginning of Year	26,202,743	38,499,952	2,242,764	66,945,459
Net Position at End of Year	\$ 30,066,355	\$ 41,520,359	\$ 2,387,655	\$ 73,974,369

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, 2023**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 6,085,575	\$ 6,682,045	\$ 426,891	\$ 13,194,511
Receipts from Other Revenues	350,222	264,310	149,115	763,647
Payments to Vendors	(1,442,606)	(1,346,849)	(354,244)	(3,143,699)
Payments to Employees	(1,451,377)	(1,375,816)	(230,820)	(3,058,013)
Net Cash Provided by (Used for) Operating Activities	3,541,814	4,223,690	(9,058)	7,756,446
Cash Flows from Noncapital Financing Activities:				
Transfers from (to) Other Funds	494,025	100,796	(89,913)	504,908
Net Cash Provided by (Used for) Noncapital Financing Activities	494,025	100,796	(89,913)	504,908
Cash Flows from Capital and Related Financing Activities:				
MCWT Project Drawdowns	1,241,355	-	-	1,241,355
Intergovernmental	-	24,824	-	24,824
Acquisition and Construction of Capital Assets	(3,513,299)	(1,336,713)	-	(4,850,012)
Principal Payments on Bonds and Notes	(202,747)	(1,739,790)	-	(1,942,537)
Interest Expense	(37,415)	(195,740)	-	(233,155)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,512,106)	(3,247,419)	-	(5,759,525)
Cash Flows from Investing Activities:				
Investment Income	362,629	98,509	71,675	532,813
Sale/(Purchase) of Investments	(120,657)	-	(43,012)	(163,669)
Net Cash Provided by (Used for) Investing Activities	241,972	98,509	28,663	369,144
Net Increase (Decrease) in Cash and Cash Equivalents	1,765,705	1,175,576	(70,308)	2,870,973
Cash and Cash Equivalents at Beginning of Year	\$15,588,337	\$14,758,246	\$2,935,596	\$33,282,179
Cash and Cash Equivalents at End of Year	\$ 17,354,042	\$ 15,933,822	\$ 2,865,288	\$ 36,153,152

(Continued)

**CITY OF NORTHAMPTON, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Operating Income (Loss)	\$ 3,043,551	\$ 2,985,981	\$ 163,129	\$ 6,192,661
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	571,602	1,441,241	-	2,012,843
Deferred (Outflows)/Inflows of Resources Related to Pensions	(1,603,389)	(1,047,341)	(68,555)	(2,719,285)
Deferred (Outflows)/Inflows of Resources Related to OPEB	(175,009)	(308,966)	(126,375)	(610,350)
Change in Assets and Liabilities:				
Increase (Decrease) in Warrants Payable	(56,287)	(13,132)	634	(68,785)
Increase (Decrease) in Accrued Payroll	1,023	8,069	1,557	10,649
Increase (Decrease) in Compensated Absences	(19,192)	5,687	4,044	(9,461)
Increase (Decrease) in Net OPEB Liability	14,136	46,654	8,584	69,374
Increase (Decrease) in Net Pension Liability	1,807,193	1,180,464	77,274	3,064,931
Increase (Decrease) in Landfill Closure	-	-	(65,000)	(65,000)
Decrease (Increase) in User Charges Receivable	(41,814)	(74,967)	(4,350)	(121,131)
Total Adjustments	498,263	1,237,709	(172,187)	1,563,785
Net Cash Provided by (Used for) Operating Activities	\$ 3,541,814	\$ 4,223,690	\$ (9,058)	\$ 7,756,446

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, 2023**

	Pension and Other	
	Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ASSETS		
Cash and Cash Equivalents	\$ 160,498	\$ 1,526,740
Investments	149,217,445	1,960,630
Accrued Interest and Dividends	220,730	-
Accounts Receivable	33,562	-
Total Assets	149,632,235	3,487,370
LIABILITIES		
Warrants Payable	40,354	-
Total Liabilities	40,354	-
NET POSITION		
Restricted for Pensions	145,373,589	-
Restricted for Other Postemployment Benefits	4,218,292	-
Held in Trust for Other Purposes	-	3,487,370
	\$ 149,591,881	\$ 3,487,370

(1) The Pension Trust Fund is as of December 31, 2022.

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, 2023**

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
Additions		
Contributions:		
Employers	\$ 12,657,936	\$ -
Plan Members	3,459,489	-
Transfers/Reimbursements from Other Systems	725,723	-
Federal Grant Reimbursements	22,756	-
Commonwealth of Massachusetts - COLA	36,965	-
Total Contributions	16,902,869	-
Investment Income:		
Interest & Dividends	2,485,650	294,349
Net Change in Fair Value of Investments	(31,387,195)	-
Total Investment Earnings	(28,901,545)	294,349
Less Investment Expense	(456,991)	-
Net Investment Earnings	(29,358,536)	294,349
Total Additions	(12,455,667)	294,349
Deductions:		
Benefit Payments to Plan Members and Beneficiaries	17,566,357	-
Refunds to Members	385,836	-
Transfers to Other Systems	984,453	-
Educational Scholarships	-	46,122
General Expenses	276,973	-
Total Deductions	19,213,619	46,122
Change in Net Position	(31,669,286)	248,227
Net Position at Beginning of Year	181,261,167	3,239,143
Net Position at End of Year	\$ 149,591,881	\$ 3,487,370

(1) The Pension Trust Fund is as of December 31, 2022.

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, 2023

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, 2023

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, 2023

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, 2023

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).

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2022 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
Notes to the Financial Statements
Year Ended June 30, 2023

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 2023 on June 30, 2022 and September 30, 2022, that were due on August 1, 2022 and November 1, 2022 and actual bills on December 28, 2022, and March 30, 2023, that were due on February 1, 2023 and May 1, 2023, 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 2023 is as follows;

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2023	\$ 72,260,937
Add: Debt Exclusion	585,396
Maximum Allowable Levy	\$ 72,846,333

The total amount raised by taxation was \$72,342,854.

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, stormwater fees and other general government receipts.

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

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

Lease Receivable

Lease receivable consists of cell tower facilities in the governmental activities and business-type activities. The lease receivable is measured at the present value of lease payments expected to be received during the lease term.

This receivable is considered 100% collectible and, therefore, does 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:

Capital Asset Type	Years
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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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."

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 leases, 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 two types of items, 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; and related to leases. 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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

“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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

L. Investment Income

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).

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

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 2023, the City incurred a final budget deficit of \$26,334,227 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	\$ 13,237,749
Reserve for Debt	17,204
Prior year's encumbrances	13,079,274
	\$ 26,334,227
	\$ 26,334,227

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

B. Deficit Fund Balances

The following fund has a deficit at June 30, 2023 as measured by the balance of unreserved fund balance.

- The *Federal emergency management covid-19 grants*' special revenue funds have deficits totaling \$486,941. 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, 2023 were \$129,121,820. Of these, \$303,573 are exposed to custodial credit risk as uninsured and uncollateralized.

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, 2022 were \$313,435. 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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

As of June 30, 2023, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 3,634,383	\$ 850,177	\$ 2,784,206
U. S. government agencies	696,912	-	696,912
Corporate bonds	4,618,656	1,090,182	3,528,474
Money market mutual funds	178,853	178,853	-
	<u>9,128,804</u>	<u>\$ 2,119,212</u>	<u>\$ 7,009,592</u>
Other Investments:			
Equity mutual funds	10,269,990		
	<u>\$ 19,398,794</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 \$19,398,794, 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.

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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Credit Risk

The City's exposure to credit risk as of June 30, 2023 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Treasury Obligations:	
Aaa	\$ 3,634,383
U. S. Government Agencies:	
Aaa	696,912
Corporate Bonds:	
A1	483,431
A2	963,974
A3	537,812
Baa1	1,548,880
Baa2	1,084,559
Money Market Mutual Funds:	
Not rated	178,853
	\$ 9,128,804

Concentration of Credit Risk

The City places no limit on the amount the City may invest in one issuer. The City does not have more than 5 percent of the City's investments in one issuer.

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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

The City has the following recurring fair value measurements as of June 30, 2023:

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	\$ 3,634,383	\$ 3,634,383	\$ -	\$ -
U. S. government agencies	696,912	696,912	-	-
Certificates of deposit	-	-	-	-
Equity mutual funds	10,269,990	10,269,990	-	-
Money market mutual fund	178,853	178,853	-	-
Corporate bonds	4,618,656	-	4,618,656	-
Total Investments	\$ 19,398,794	\$ 14,780,138	\$ 4,618,656	\$ -

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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

- 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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2022, 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
Debt Securities:				
U. S. treasury obligations	\$ 53,823,985	\$ -	\$ 43,522,628	\$ 10,301,357
U. S. government agencies	1,717,374	-	1,717,374	-
Corporate bonds	10,539,098	-	8,117,394	2,421,704
Money market mutual funds	10,405,599	10,405,599	-	-
	<u>76,486,056</u>	<u>\$ 10,405,599</u>	<u>\$ 53,357,396</u>	<u>\$ 12,723,061</u>
Other Investments:				
Equity securities-domestic stocks	68,202,843			
PRIM pooled funds	310,254			
	<u>\$ 144,999,153</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 \$144,999,153 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, 2023

The System's exposure to credit risk as of December 31, 2022 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
AAA	\$ 53,823,985
<i>U. S. Government Agencies:</i>	
Aaa	1,717,374
<i>Corporate Bonds:</i>	
AAA	2,345,121
AA	1,718,092
A	5,352,517
BAA	1,123,368
<i>Money Market Mutual Funds:</i>	
Not rated	10,405,599
	\$ 76,486,056

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, 2022:

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	\$ 53,823,985	\$ 53,823,985	\$ -	\$ -
U. S. government agencies	1,717,374	1,717,374	-	-
Equity securities - domestic	68,202,843	68,202,843	-	-
Money market mutual fund	10,405,599	10,405,599	-	-
Corporate bonds	10,539,098	-	10,539,098	-
	144,688,899	\$ 134,149,801	\$ 10,539,098	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (PRIM)	310,254			
Total Investments	\$ 144,999,153			

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

B. Receivables

At June 30, 2023, 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:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 1,748,402	\$ (636,204)	\$ 1,112,198
Deferred property taxes	99,687	-	99,687
Rollback taxes	1,308	(1,308)	-
Tax liens	423,621	-	423,621
Taxes in litigation	6,794	(6,794)	-
Excise taxes	461,455	(231,435)	230,020
Departmental	3,788,237	(2,610,665)	1,177,572
Loans	50,000	-	50,000
Due from other governments	4,767,848	-	4,767,848
Lease	123,715	-	123,715
Fiduciary funds:			
Northampton Employees Retirement System (at December 31, 2022):			
Accounts Receivable	33,562	-	33,562
	<u>\$ 11,504,629</u>	<u>\$ (3,486,406)</u>	<u>\$ 8,018,223</u>

At June 30, 2023, receivables for the sewer, water and solid waste enterprise consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
User charges	\$ 638,524	\$ (7,800)	\$ 630,724
Water Fund:			
User charges	576,729	(1,000)	575,729
Solid Waste Fund:			
User charges	35,602	-	35,602
Lease	760,178	-	760,178
	<u>\$ 2,011,033</u>	<u>\$ (8,800)</u>	<u>\$ 2,002,233</u>

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

The composition of amounts due from other governments as of June 30, 2023 for governmental funds activities are as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Revenue:

Veterans, blind and surviving spouse \$ 91,934

Department of Veterans Services:

Veterans benefits 215,246

Other:

Due from Various Municipalities 34,983

Due from Various Companies 3,981 \$ 346,144

Nonmajor Governmental Funds:

U. S. Department of Education:

School title grants 35,228

U. S. Department of Homeland Security

326,177

U. S. Department of Housing and Urban Development:

Community Development Block Grant 76,334

U. S. Department of Justice

124,069

Commonwealth of Massachusetts:

Department of Conservation and Recreation 335,139

Department of Elementary and Secondary Education:

School lunch 9,174

Department of Fire Services 19,000

Department of Housing and Community Development 17,653

Department of Mental Health 54,405

Executive Office of Education 1,152,096

Executive Office of Environmental Affairs 307,000

Executive Office of Public Safety & Homeland Security 21,218

Massachusetts Department of Transportation:

Equipment Grant 8,877

Highway Department-Chapter 90 1,910,157

Other:

Private Grants 25,177 4,421,704

\$ 4,767,848

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

C. Lease Receivable

Governmental Funds

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. On June 21, 2011, the City entered into a 5-year property lease with the Global Tower Assets, LLC, to lease real property within the City of Northampton on Smith Vocational and Agricultural High School property for the purpose of constructing, installing and operating a telecommunications facility (cellular service monopole-type tower). The Commencement Date of the property lease was the date the lessee signed the agreement. The fixed payment will be equal to \$26,400 per annum paid in twelve equal monthly installments with 3.0% increases every year of the lease term plus 25% of the gross rent received by the lessee (Owner's Shared Revenue") for the use of the facility by third-party telecommunication providers. The property lease has provisions for additional option periods to renew the lease for 4 extension terms of five years each. The lease receivable is measured at the present value of the future minimum payments expected to be received during the lease term at a discount rate of 3.5%.

In Fiscal year 2023, the City recognized \$31,172 of lease revenue and \$4,928 of interest revenue under the lease which is included in Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

The future minimum lease receivable is as follows:

Year	Principal	Interest	Total
2024	\$ 33,381	\$ 3,802	\$ 37,183
2025	35,701	2,597	38,298
2026	38,139	1,309	39,448
2027	16,494	145	16,639
	\$ 123,715	\$ 7,853	\$ 131,568

Business-type Funds

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. On December 9, 2018, the City entered into a 10-year property lease with the American Tower, L.P., to lease real property within the City of Northampton on a former landfill for the purpose of constructing, installing and operating a telecommunications facility (cellular service monopole-type tower). The Commencement Date of the property lease was September 1, 2020. The fixed payment will be equal to \$102,000 per annum paid in twelve equal monthly installments with 3.0% increases every year of the lease term plus 25% of the gross rent received by the lessee (Owner's Shared Revenue") for the use of the facility by third-party telecommunication providers. The property lease has provisions for additional option periods to renew the lease for 4 extension terms of five years each. The lease receivable is measured at the present value of the future minimum payments expected to be received during the lease term at a discount rate of 3.5%.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

In Fiscal year 2023, the City recognized \$79,817 of lease revenue and \$28,132 of interest revenue under the lease which is included in Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds.

The future minimum lease receivable is due as follows:

Year	Principal	Interest	Total
2024	\$ 85,947	\$ 25,240	\$ 111,187
2025	92,394	22,130	114,524
2026	99,171	18,788	117,959
2027	106,294	15,204	121,498
2028	113,778	11,364	125,142
2029-2032	262,594	10,157	272,751
	\$ 760,178	\$ 102,883	\$ 863,061

D. 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:

General Fund:			
Property taxes	\$	777,978	
Deferred property taxes		99,687	
Tax liens		418,060	
Excise taxes		230,020	
Departmental		948,482	
Due from other governments		215,246	\$ 2,689,473
Stormwater fund:			
Departmental			229,090
Nonmajor governmental funds:			
Property taxes		22,220	
Tax liens		5,561	
Loans		50,000	
Due from other governments		1,983,312	2,061,093
			\$ 4,979,656

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

E. Capital Assets

Capital asset activity for the year ended June 30, 2023, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 20,522,893	\$ 2,277,500	\$ -	\$ 22,800,393
Construction in progress	2,319,562	2,313,342	(2,679,295)	1,953,609
Total capital assets not being depreciated	22,842,455	4,590,842	(2,679,295)	24,754,002
Capital assets being depreciated:				
Buildings and improvements	142,596,564	2,465,705	-	145,062,269
Machinery, equipment and other	22,677,814	3,116,472	(56,031)	25,738,255
Infrastructure	50,000,687	5,693,870	-	55,694,557
Total capital assets being depreciated	215,275,065	11,276,047	(56,031)	226,495,081
Less accumulated depreciation for:				
Buildings	96,362,530	5,029,411	-	101,391,941
Machinery, equipment and other	17,290,096	1,922,052	(56,031)	19,156,117
Infrastructure	22,880,557	2,077,276	-	24,957,833
Total accumulated depreciation	136,533,183	9,028,739	(56,031)	145,505,891
Total capital assets being depreciated, net	78,741,882	2,247,308	-	80,989,190
Total governmental activities capital assets, net	\$ 101,584,337	\$ 6,838,150	\$ (2,679,295)	\$ 105,743,192

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,274,839	\$ -	\$ -	\$ 3,274,839
Construction in progress	11,380,927	3,669,961	-	15,050,888
Total capital assets not being depreciated	14,655,766	3,669,961	-	18,325,727
Capital assets being depreciated:				
Buildings and Renovations	5,064,373	-	-	5,064,373
Machinery, equipment and other	4,930,045	151,442	-	5,081,487
Infrastructure	89,490,003	1,028,609	-	90,518,612
Total capital assets being depreciated	99,484,421	1,180,051	-	100,664,472
Less accumulated depreciation for:				
Buildings and Renovations	4,788,809	28,742	-	4,817,551
Machinery, equipment and other	4,139,395	335,085	-	4,474,480
Infrastructure	48,881,894	1,649,016	-	50,530,910
Total accumulated depreciation	57,810,098	2,012,843	-	59,822,941
Total capital assets being depreciated, net	41,674,323	(832,792)	-	40,841,531
Total business-type activities capital assets, net	\$ 56,330,089	\$ 2,837,169	\$ -	\$ 59,167,258

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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

Governmental Activities:

General government	\$ 969,345
Public safety	1,434,635
Public works	2,597,241
Education	2,751,397
Health and human services	171,462
Culture and recreation	1,104,659
Total depreciation expense - governmental activities	<u>\$ 9,028,739</u>

Business-Type Activities:

Sewer fund	\$ 571,602
Water fund	1,441,241
Total depreciation expense - business-type activities	<u>\$ 2,012,843</u>

F. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2023, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Business-type fund	Total
Major funds	\$ 351,296	\$ 2,199,777	\$ 2,551,073
Nonmajor governmental funds	236,439	-	236,439
Business-type fund	1,694,869	-	1,694,869
Total transfers out	<u>\$ 2,282,604</u>	<u>\$ 2,199,777</u>	<u>\$ 4,482,381</u>

G. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the City 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, 2022	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2023
Sewer Fund:						
Massachusetts Clean Water Trust Notes:						
Wastewater Treatment Plant upgrades	1.50%	8/26/2023	\$ 8,793,673	\$ 1,140,912	\$ -	\$ 9,934,585

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

H. 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:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2023
Inside Debt:					
Municipal Purpose Loan of 2010:					
Qualified energy conservation	1.73%	12/22/2010	11/15/2025	\$ 1,607,000	\$ 321,000
Clean renewable energy	1.73%	12/22/2010	11/15/2025	261,000	51,000
Municipal Purpose Loan of 2014:					
Florence Fields	2.34%	2/6/2014	2/1/2027	1,200,000	360,000
Ryan Road School Roof	1.94%	2/6/2014	2/1/2024	150,000	15,000
SVAHS Boiler	1.94%	2/6/2014	2/1/2024	150,000	15,000
Municipal Purpose Loan of 2015:					
River Road Retaining Wall	1.73%	6/4/2015	6/1/2025	375,500	70,000
Streetlights	1.75%	6/4/2015	6/1/2025	700,000	140,000
Connecticut River Levee	1.73%	6/4/2015	6/1/2025	377,000	70,000
Municipal Purpose Loan of 2016:					
Fire Truck	1.34%	6/7/2016	6/1/2026	585,000	165,000
LED Streetlights	1.33%	6/7/2016	6/1/2026	225,000	60,000
Refunding Loan of 2016:					
Library	1.36%	12/23/2015	9/1/2025	579,000	117,000
School Building Remodeling	1.36%	12/23/2015	9/1/2025	372,950	61,400
Surface Drainage	1.36%	12/23/2015	9/1/2025	263,100	82,000
Senior Citizens Building	1.36%	12/23/2015	9/1/2025	1,661,200	560,100
Public Works Building Construction	1.36%	12/23/2015	9/1/2025	116,000	35,100
Refunding Loan of 2017:					
Forbes Library HVAC	1.52%	6/6/2017	6/1/2027	187,050	65,000
Forbes Library Windows	1.52%	6/6/2017	6/1/2026	46,500	15,000
River Road Retaining Wall	1.52%	6/6/2017	6/1/2027	386,000	145,000
Municipal Purpose Loan of 2018:					
Clement Street Bridge	2.20%	5/1/2018	5/1/2028	349,875	170,000
Forbes Library Windows	2.20%	5/1/2018	5/1/2028	326,900	150,000
Public Works Storage Building	2.20%	5/1/2018	5/1/2028	470,000	225,000
Street Paving	2.20%	5/1/2018	5/1/2028	1,398,725	695,000
Sub-total page 56					<u>\$ 3,587,600</u>

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2023
Inside Debt:					
Continued from Page 56					\$ 3,587,600
Municipal Purpose Loan of 2019:					
Jackson Street School Boiler	1.57%	5/29/2019	6/30/2024	167,000	30,000
Roadway Reconstruction	1.57%	5/29/2019	6/30/2029	2,154,000	1,290,000
Spring Grove Cemetery Storage Bldg	1.57%	5/29/2019	6/30/2029	820,000	480,000
Vehicle Replacement	1.57%	5/29/2019	6/30/2024	204,000	40,000
Refunding Loan of 2021:					
Various Governmental Projects	0.48%	10/29/2020	11/15/2028	2,205,650	1,375,050
Municipal Purpose Loan of 2021:					
Various Governmental Projects	0.75%	6/17/2021	6/15/2031	6,395,000	5,115,000
Refunding Loan of 2022:					
Various Governmental Projects	1.65%	3/24/2022	12/1/2031	7,934,000	7,097,000
Municipal Purpose Loan of 2023:					
Various Governmental Projects	2.62%	9/27/2022	9/15/2032	4,610,000	<u>4,610,000</u>
Total Inside Debt					<u><u>23,624,650</u></u>
Outside Debt:					
Refunding Loan of 2017:					
Bridge Street Elementary School Roof	1.52%	6/6/2017	6/1/2027	464,500	180,000
Leeds Elementary School Roof	1.52%	6/6/2017	6/1/2027	464,500	180,000
Pulaski Park Phase II	1.52%	6/6/2017	6/1/2027	627,500	<u>240,000</u>
Total Outside Debt					<u><u>600,000</u></u>
Total Bonded Debt					24,224,650
Add: Unamortized premium on bonds					<u>2,181,529</u>
Total Governmental Type Debt					<u><u>\$ 26,406,179</u></u>

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023
Inside Debt:					
Sewer:					
Massachusetts Clean Water Trust:					
Comprehensive Wastewater					
Management Plan CWP #10-14	2.00%	6/13/2012	7/15/2032	\$ 706,047	\$ 338,851
Management Plan #CWP-10-14-R	2.00%	9/11/2020	7/15/2032	62,280	52,983
Refunding Loan of 2022:					
Bradford Street Pump Station	1.65%	3/24/2022	12/1/2031	361,000	328,000
Total Inside Debt					<u>719,834</u>
Outside Debt:					
Sewer:					
Wastewater Treatment Plant	1.35%	6/7/2016	6/1/2026	1,354,000	405,000
Water:					
Massachusetts Clean Water Trust:					
Water filtration plant	2.00%	2/1/2007	8/1/2024	2,241,713	323,247
Water filtration plant	2.00%	12/14/2006	7/15/2026	9,612,283	2,245,484
Water filtration plant	2.00%	12/14/2006	7/15/2026	14,000,000	3,270,480
Water filtration plant	2.00%	3/18/2009	7/15/2028	1,250,000	415,691
Well chlorination project	2.00%	7/8/2010	7/15/2025	459,416	103,226
Well chlorination project	2.00%	6/13/2012	7/15/2032	119,412	66,101
Refunding Loan of 2016:					
Water Filter Bed Construction	1.36%	12/23/2015	9/1/2024	409,300	101,000
Water Mains	1.36%	12/23/2015	9/1/2024	450,000	62,000
Water	1.36%	12/23/2015	9/1/2025	470,450	151,400
Refunding Loan of 2021:					
Route 66 water mains	0.65%	10/29/2020	11/15/2028	444,350	344,950
Total Outside Debt					<u>7,488,579</u>
Total Business Type Debt					<u>\$ 8,208,413</u>

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

The annual principal and interest payments to retire all governmental and business-type activities long-term debt outstanding as of June 30, 2023 are as follows:

Governmental

Year	Principal	Interest	Total
2024	\$ 4,016,900	\$ 1,151,173	\$ 5,168,073
2025	3,861,850	863,766	4,725,616
2026	3,720,200	692,162	4,412,362
2027	2,721,600	547,388	3,268,988
2028	2,413,100	427,661	2,840,761
2029-2033	7,491,000	729,750	8,220,750
	<u>\$ 24,224,650</u>	<u>\$ 4,411,900</u>	<u>\$ 28,636,550</u>

Business-type

Year	Principal	Interest	Total
2024	\$ 1,981,127	\$ 168,950	\$ 2,150,077
2025	2,034,268	117,622	2,151,890
2026	1,823,269	75,400	1,898,669
2027	1,628,226	37,123	1,665,349
2028	213,469	17,986	231,455
2029-2033	528,054	26,323	554,377
	<u>\$ 8,208,413</u>	<u>\$ 443,404</u>	<u>\$ 8,651,817</u>

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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

	Balance			Balance	Amounts Due
	July 1, 2022	Additions	Reductions	June 30, 2023	within One
					Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 23,304,850	\$ 4,610,000	\$ 3,690,200	\$ 24,224,650	\$ 4,016,900
Add: Unamortized premium	2,080,193	539,146	437,810	2,181,529	500,736
Compensated absences	3,705,312	203,916	90,857	3,818,371	1,666,866
Net OPEB liability	126,803,712	3,952,549	-	130,756,261	-
Net pension liability	30,084,364	39,861,235	-	69,945,599	-
Governmental activity					
Long-term liabilities	<u>\$ 185,978,431</u>	<u>\$ 49,166,846</u>	<u>\$ 4,218,867</u>	<u>\$ 230,926,410</u>	<u>\$ 6,184,502</u>
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 1,731,150	\$ -	\$ 309,009	\$ 1,422,141	\$ 342,100
Massachusetts Clean					
Water Trust bonds	8,419,800	-	1,633,528	6,786,272	1,639,027
Landfill closure	1,430,000	-	65,000	1,365,000	-
Compensated absences	244,790	9,731	19,192	235,329	117,942
Net OPEB liability	4,351,188	69,374	-	4,420,562	-
Net pension liability	2,313,183	3,064,931	-	5,378,114	-
Business-type activity					
Long-term liabilities	<u>\$ 18,490,111</u>	<u>\$ 3,144,036</u>	<u>\$ 2,026,729</u>	<u>\$ 19,607,418</u>	<u>\$ 2,099,069</u>

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, 2023 for principal and interest combined for the loans is \$7,122,325. The net repayments, including interest, are scheduled to be \$7,080,571. 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 2023 principal and interest subsidies totaled \$24,824.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023, totaled \$24,344,484.

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, 2023:

Equalized Valuation-Real Estate and Personal Property (2022)		<u>\$ 4,233,284,000</u>
Debt Limit: 5 % of Equalized value		211,664,200
Total Debt Outstanding		
Governmental Activity Debt	\$ 24,224,650	
Less: Debt Outside Debt Limit	(600,000)	23,624,650
Business-Type Activity Debt	8,208,413	
Less: Debt Outside Debt Limit	(7,488,579)	719,834
		<u>24,344,484</u>
Inside Debt Excess Borrowing Capacity at June 30, 2023		<u>\$ 187,319,716</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, 2023, which are not reflected in the City's financial statements, are as follows:

Date City Council Authorized	Purpose	Amount
6/11/2019	Wastewater Treatment Plant electrical upgrades	\$ 5,065,415
5/24/2022	Acquire property on Sylvester Road	690,000
5/24/2022	Wastewater Treatment Plant sludge dewatering clarifier, water system and SCADA upgrades	22,500,000
4/3/2023	Department of Public Works purchase of vehicles and equipment	577,500
4/3/2023	Road paving projects	1,500,000
		<u>\$ 30,332,915</u>

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

I. Fund Balances

The following is a summary of the City Governmental Fund balances at the year ended June 30, 2023:

	General Fund	Major Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 786,006	\$ 786,006
Restricted:				
Federal, state and local grants	-	-	3,724,968	3,724,968
School revolving funds	-	-	6,396,981	6,396,981
City revolving funds	-	-	1,930,655	1,930,655
Community preservation fund	-	-	3,019,630	3,019,630
Donations and gifts	-	-	1,188,650	1,188,650
Reserve for debt	79,876	-	-	79,876
Capital projects	-	-	8,765,679	8,765,679
Permanent funds	-	-	567,896	567,896
Other	-	-	2,442,381	2,442,381
	<u>79,876</u>	<u>-</u>	<u>28,036,840</u>	<u>28,116,716</u>
Committed:				
Stormwater fund	-	4,719,097	-	4,719,097
Parking fund	-	-	1,570,281	1,570,281
Workers Compensation	-	-	295,247	295,247
	<u>-</u>	<u>4,719,097</u>	<u>1,865,528</u>	<u>6,584,625</u>
Assigned:				
General government	234,754	-	-	234,754
Public safety	406,225	-	-	406,225
Public works	1,008,304	-	-	1,008,304
Education	264,704	-	-	264,704
Health and human services	67,713	-	-	67,713
Culture and recreation	408,467	-	-	408,467
Employee benefits and insurance	309,875	-	-	309,875
Capital improvements	14,336,808	-	-	14,336,808
Subsequent year's budget	1,284,954	-	-	1,284,954
	<u>18,321,804</u>	<u>-</u>	<u>-</u>	<u>18,321,804</u>
Unassigned:				
General Fund	32,625,012	-	-	32,625,012
Deficit special revenue funds	-	-	(486,941)	(486,941)
	<u>32,625,012</u>	<u>-</u>	<u>(486,941)</u>	<u>32,138,071</u>
Total Governmental fund balances	<u>\$ 51,026,692</u>	<u>\$ 4,719,097</u>	<u>\$ 30,201,433</u>	<u>\$ 85,947,222</u>

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

J. 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, 2023 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$	6,125,035
Capital stabilization fund		4,254,261
Fiscal stability stabilization fund		3,280,002
Opioid Settlement Stabilization		241,556
Climate Mitigation Stabilization		3,004,999
		\$ 16,905,853

At June 30, 2023, the balance in the stormwater stabilization fund is \$560,455 and is reported in the Stormwater Fund as committed fund balance.

At June 30, 2023 the balances in the business-type stabilization funds are reported in the Business-type Funds as unrestricted net position consisting of the following:

Landfill stabilization fund	\$	1,748,617
Sewer stabilization fund		11,307,823
Solid Waste stabilization funds		1,622,430
Water stabilization fund		2,288,655
		\$ 16,967,525

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, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023, the City of Northampton abated property taxes amounting to \$2,556 under one tax abatement agreement. The City has not made any commitments as part of the agreements other than to reduce taxes.

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 \$1,365,000 as the estimate of the landfill maintenance and monitoring costs as of June 30, 2023 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. Subsequent Events

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

F. 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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2022. The City's portion of the collective pension expense contributed by the Commonwealth of \$7,460,552 on-behalf payments for the fiscal year ending June 30, 2023 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund.

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.

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 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, 2022 was \$7,060,854, representing 20.97% 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. The City contributed \$7,082,395, an excess of \$21,541 over the required contribution.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Pension Liability

As of June 30, 2023, the City reported a liability of \$75,323,713 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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, 2022, the City's proportional percentage was 94.66%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2023, the City recognized a pension cost of \$11,923,333, reported deferred outflows of resources related to pensions of \$31,677,031, from the difference between expected and actual experience, the change in assumptions, the net difference between projected and actual investment earnings on pension plan investments 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 \$136,918 from the changes in proportion and differences between employer contributions and proportion share of the contributions.

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

For years ended June 30,	
2024	\$ 6,572,543
2025	6,927,282
2026	8,722,934
2027	9,197,793
2028	119,561
	<u>\$ 31,540,113</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2022:

Valuation date	January 1, 2022
Actuarial cost method	Entry Age Normal
Asset valuation method	Market value adjusted by accounts payable and receivables
Investment rate of return	6.90% per year

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Mortality rates

Pre-retirement rates reflect the RP-2014 Blue Collar Employees table adjusted to 2006, projected generationally using MP-2021 (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 2.60% 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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap Equities	45.0%	4.39% *
Mid/Small Cap Equities	8.0%	4.39% *
International Equities	5.0%	4.19%
Emerging Market Equities	2.0%	6.82%
Fixed income	40.0%	2.05%
Total	100.0%	

* = NEPC's allocation does not provide separate rates by Capitalization; the rate shown is for "U.S. Equity".

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (16.69%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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 6.90%. 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current	1% Increase
	5.90%	Discount Rate	7.90%
	5.90%	6.90%	7.90%
City's net pension liability	\$ 99,272,925	\$ 75,323,713	\$ 55,147,572

G. 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 1,909 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, 2023, 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, 2023

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, 2023 Measurement Date, total City premiums plus implicit costs for the retiree medical program were \$4,825,635. The City also made a contribution to an OPEB Trust of \$375,000 for a total contribution during the measurement period of \$5,200,635. The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$4,218,292 as of June 30, 2023.

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, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Plan Membership:

Current active members	1,032
Current retirees, beneficiaries and dependents	877
Total	1,909

Net OPEB Liability

The components of the net OPEB liability are as follows:

	6/30/2023
Total OPEB liability	139,395,115
Less: Plan fiduciary net position	(4,218,292)
City's Net OPEB liability	\$ 135,176,823
Plan fiduciary net position as a percentage of the total OPEB liability	3.03%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2023:

Valuation date	July 1, 2021
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value of assets as of the measurement date, June 30, 2023.
Investment rate of return	5.90%, net of OPEB plan investment expense, including inflation
Single Equivalent Discount rate	4.85%, net of OPEB plan investment expense, including inflation
Inflation	2.50% annually as of June 30, 2023 and for future periods

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Projected salary increases	3.00% annually as of June 30, 2023 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 Healthy 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 Healthy 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 Healthy Annuitants, projected generationally with Scale MP-2016 for males and females.
Disabled mortality (Teachers)	RP-2014 Mortality Table for White Collar Healthy Annuitants, projected generationally with Scale MP-2016 for males and females.

The actuarial assumptions used in the June 30, 2023 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index (SAPIHG) as of June 30, 2023 is 4.13%.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2022	\$ 134,659,347	\$ 3,504,447	\$ 131,154,900
Service cost	4,137,677	-	4,137,677
Interest on Total OPEB Liability	6,534,155	-	6,534,155
Changes in benefit terms *	-	-	-
Changes in assumptions **	(1,110,429)	-	(1,110,429)
Difference between actual and expected experience **	-	-	-
Net investment income	-	338,845	(338,845)
Employer contributions to Trust	-	5,200,635	(5,200,635)
Total benefit payments including implicit cost	(4,825,635)	(4,825,635)	-
Net change in total OPEB liability	4,735,768	713,845	4,021,923
Balances at June 30, 2023	\$ 139,395,115	\$ 4,218,292	\$ 135,176,823

* = Recognized immediately

** = Amortized over 6.16 years

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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	27.00%	4.10%
Domestic Equity - Small/Mid Capital	15.75%	4.55%
International Equity - Developed Market	15.00%	4.65%
International Equity - Emerging Market	8.50%	5.45%
Domestic Fixed Income	20.75%	1.05%
International Fixed Income	6.00%	0.96%
Alternatives	3.25%	5.95%
Real Estate	3.25%	6.25%
Cash	0.50%	0.00%
Total	100.00%	
I. Real Rate of Return		3.65%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		6.15%
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		5.90%

* = Mean Geometric Returns based on 2022 Horizon Survey of Capital Market Assumptions.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 9.19%.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.85%. The projection of cash flows used to determine the discount rate assumed that 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, 2023

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 4.85% 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 (3.85%) or 1-percentage-point higher (5.85%) than the current rate:

	1% Decrease	Current	1% Increase
	3.85%	Discount Rate	5.85%
		4.85%	
City's net OPEB liability	\$ 197,544,586	\$ 135,176,823	\$ 117,097,220

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

The following presents the City's net OPEB liability with the healthcare cost trend rate 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 or 1-percentage-point higher at than the current healthcare cost trend rates:

	1% Decrease	Healthcare	1% Increase
		Cost Trend	
		Rates	
City's net OPEB liability	\$ 115,316,255	\$ 135,176,823	\$ 160,558,692

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, 2023, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense of \$5,005,220 and reported deferred outflows of resources related to OPEB of \$12,432,012 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; and deferred inflows of resources related to OPEB of \$35,354,061 from the differences between actual and expected experience and the changes in assumptions.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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>		
2024	\$	(9,710,411)
2025		(2,346,932)
2026		(4,450,744)
2027		(5,377,273)
2028		(1,007,844)
Thereafter:		(28,845)
	\$	<u>(22,922,049)</u>

H. 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:

	NORTHAMPTON		
	Employees Retirement System Pension Trust Fund (as of December 31, 2022)	Other Post Employment Benefits Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 160,498	\$ -	\$ 160,498
Investments	144,999,153	4,218,292	149,217,445
Accrued Interest and Dividends	220,730	-	220,730
Accounts Receivable	33,562	-	33,562
Total Assets	145,413,943	4,218,292	149,632,235
LIABILITIES			
Warrants Payable	40,354	-	40,354
Total Liabilities	40,354	-	40,354
NET POSITION			
Restricted for Pensions	145,373,589	-	145,373,589
Restricted for Other Postemployment Benefits	-	4,218,292	4,218,292
	\$ 145,373,589	\$ 4,218,292	\$ 149,591,881

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

	NORTHAMPTON Employees Retirement System Pension Trust Fund (as of December 31, 2022)	Other Post Employment Benefits Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
Additions			
Contributions:			
Employers	\$ 7,457,301	\$ 5,200,635	\$ 12,657,936
Plan Members	3,459,489	-	3,459,489
Transfers/Reimbursements from Other Systems	725,723	-	725,723
Federal Grant Reimbursements	22,756	-	22,756
Commonwealth of Massachusetts - COLA	36,965	-	36,965
Total Contributions	<u>11,702,234</u>	<u>5,200,635</u>	<u>16,902,869</u>
Investment Income:			
Interest & Dividends	2,449,067	36,583	2,485,650
Net Change in Fair Value of Investments	(31,689,457)	302,262	(31,387,195)
Total Investment Earnings	<u>(29,240,390)</u>	<u>338,845</u>	<u>(28,901,545)</u>
Less Investment Expense	(456,991)	-	(456,991)
Net Investment Earnings	<u>(29,697,381)</u>	<u>338,845</u>	<u>(29,358,536)</u>
Total Additions	<u>(17,995,147)</u>	<u>5,539,480</u>	<u>(12,455,667)</u>
Deductions:			
Benefit Payments to Plan Members and Beneficiaries	12,740,722	4,825,635	17,566,357
Refunds to Members	385,836	-	385,836
Transfers to Other Systems	984,453	-	984,453
General Expenses	276,973	-	276,973
Total Deductions	<u>14,387,984</u>	<u>4,825,635</u>	<u>19,213,619</u>
Change in Net Position	<u>(32,383,131)</u>	<u>713,845</u>	<u>(31,669,286)</u>
Net Position at Beginning of Year	<u>177,756,720</u>	<u>3,504,447</u>	<u>181,261,167</u>
Net Position at End of Year	<u>\$ 145,373,589</u>	<u>\$ 4,218,292</u>	<u>\$ 149,591,881</u>

I. Implementation of New GASB Pronouncements

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023. The adoption of this standard did not have a material impact on the City's financial statements.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023. The adoption of this standard did not have a material impact on the City's financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023. The adoption of this standard did not have a material impact on the City's financial statements.

CITY OF NORTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

J. Future GASB Pronouncements

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

The GASB issued Statement No. 99, *Omnibus 2023*, clarification on GASB No. 34 Management's Discussion and Analysis; on GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position; requirements related to leases and requirements related to derivative instruments for implementation in fiscal year 2023 and 2024.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB No. 62*, for implementation in fiscal year 2024.

The GASB issued Statement No. 101, *Compensated Absences*, for implementation in fiscal year 2025.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTHAMPTON, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Northampton Contributory Retirement System
For the Year Ended June 30, 2023

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:

Measurement Date	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2022	94.66%	\$ 75,323,713	\$ 33,675,033	223.68%	64.60%
12/31/2021	94.96%	\$ 32,397,547	\$ 31,649,002	102.37%	83.90%
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, 2023

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:

Measurement Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	City's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2022	\$ 7,060,854	\$ (7,082,395)	\$ (21,541)	\$ 33,675,033	21.03%
12/31/2021	\$ 6,803,018	\$ (6,821,076)	\$ (18,058)	\$ 31,649,002	21.50%
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, 2023

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability				
Service cost	\$ 4,137,677	\$ 5,936,450	\$ 4,747,722	\$ 4,651,771
Interest on OPEB liability	6,534,155	5,312,189	5,660,893	6,871,830
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	(1,110,429)	(33,473,081)	25,680,574	(39,221,676)
Difference between actual and expected experience	-	1,611,365	(2,565,068)	(6,694,335)
Benefit payments, including refunds of member contributions	(4,825,635)	(4,450,580)	(4,455,377)	(4,153,884)
Net change in total OPEB liability	4,735,768	(25,063,657)	29,068,744	(38,546,294)
Total OPEB liability-beginning	134,659,347	159,723,004	130,654,260	169,200,554
Total OPEB liability-ending (a)	<u>\$ 139,395,115</u>	<u>\$ 134,659,347</u>	<u>\$ 159,723,004</u>	<u>\$ 130,654,260</u>
Plan fiduciary net position				
Net investment income	\$ 338,845	\$ (605,447)	\$ 638,945	\$ 77,845
Employer contributions to Trust	5,200,635	5,300,580	4,755,377	5,003,747
Benefit payments, including refunds of member contributions	(4,825,635)	(4,450,580)	(4,455,377)	(4,153,884)
Net change in plan fiduciary net position	713,845	244,553	938,945	927,708
Total fiduciary net position-beginning	3,504,447	3,259,894	2,320,949	1,393,241
Total fiduciary net position-ending (b)	<u>\$ 4,218,292</u>	<u>\$ 3,504,447</u>	<u>\$ 3,259,894</u>	<u>\$ 2,320,949</u>
City's net OPEB liability (a-b)	<u>\$ 135,176,823</u>	<u>\$ 131,154,900</u>	<u>\$ 156,463,110</u>	<u>\$ 128,333,311</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, 2023

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability			
Service cost	\$ 6,523,269	\$ 6,119,919	\$ 6,842,408
Interest on OPEB liability	6,596,297	6,835,272	5,951,743
Changes in Benefit terms	-	-	-
Changes in Assumptions	-	(14,945,034)	45,406,942
Difference between actual and expected experience	-	-	(7,352,606)
Benefit payments, including refunds of member contributions	(4,561,584)	(4,217,570)	(3,567,254)
Net change in total OPEB liability	8,557,982	(6,207,413)	47,281,233
Total OPEB liability-beginning	160,642,572	166,849,985	119,568,752
Total OPEB liability-ending (a)	<u>\$ 169,200,554</u>	<u>\$ 160,642,572</u>	<u>\$ 166,849,985</u>
Plan fiduciary net position			
Net investment income	\$ 85,910	\$ 24,494	\$ 32,071
Employer contributions to Trust	5,031,673	4,596,547	3,732,254
Benefit payments, including refunds of member contributions	(4,561,584)	(4,217,570)	(3,567,254)
Net change in plan fiduciary net position	555,999	403,471	197,071
Total fiduciary net position-beginning	837,242	433,771	236,700
Total fiduciary net position-ending (b)	<u>\$ 1,393,241</u>	<u>\$ 837,242</u>	<u>\$ 433,771</u>
City's net OPEB liability (a-b)	<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, 2023

Schedule of Net OPEB Liability:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability	\$ 139,395,115	\$ 134,659,347	\$ 159,723,004	\$ 130,654,260
Less: Plan fiduciary net position	(4,218,292)	(3,504,447)	(3,259,894)	(2,320,949)
City's Net OPEB liability	<u>\$ 135,176,823</u>	<u>\$ 131,154,900</u>	<u>\$ 156,463,110</u>	<u>\$ 128,333,311</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.03%	2.60%	2.04%	1.78%
City's share of covered employee payroll	\$ 63,203,792	\$ 61,362,905	\$ 54,903,164	\$ 53,304,043
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	213.87%	213.74%	284.98%	240.76%
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Actuarially determined contribution	\$ 9,901,895	\$ 11,487,086	\$ 10,148,561	\$ 11,988,404
Less: Contributions in relation to the actuarially determined contribution	(5,200,635)	(5,300,580)	(4,755,377)	(5,003,747)
Contribution deficiency (excess)	<u>\$ 4,701,260</u>	<u>\$ 6,186,506</u>	<u>\$ 5,393,184</u>	<u>\$ 6,984,657</u>
City's share of covered employee payroll	\$ 63,203,792	\$ 61,362,905	\$ 54,903,164	\$ 53,304,043
Contributions percentage of covered-employee payroll	8.23%	8.64%	8.66%	9.39%
Annual money-weighted rate of return net of investment expense	9.19%	-17.59%	25.95%	4.86%

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, 2023

Schedule of Contributions:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 169,200,554	\$ 160,642,572	\$ 166,849,985
Less: Plan fiduciary net position	(1,393,241)	(837,242)	(433,771)
City's Net OPEB liability	<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	0.82%	0.52%	0.26%
City's share of covered employee payroll	\$ 51,751,499	\$ 50,244,173	\$ 50,244,173
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	324.26%	318.06%	331.21%
	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 15,854,340	\$ 15,006,033	\$ 10,396,093
Less: Contributions in relation to the actuarially determined contribution	(5,031,673)	(4,596,567)	(3,717,254)
Contribution deficiency (excess)	<u>\$ 10,822,667</u>	<u>\$ 10,409,466</u>	<u>\$ 6,678,839</u>
City's share of covered employee payroll	\$ 51,751,499	\$ 50,244,173	\$ 50,244,173
Contributions percentage of covered-employee payroll	9.72%	9.15%	7.40%
Annual money-weighted rate of return net of investment expense	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, 2023

Schedule of Funding Progress:

Other Post Employment Benefits						
Measurement Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2023	\$ 4,218,292	\$ 139,395,115	\$ 135,176,823	3.03%	\$ 63,203,792	213.87%
6/30/2022	\$ 3,504,447	\$ 134,659,347	\$ 131,154,900	2.60%	\$ 61,362,905	213.74%
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 SCHEDULE

**CITY OF NORTHAMPTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 321,572	\$ 7,119,934	\$ 6,848,119	\$ -	\$ 593,387
Arts Lottery Council Grants	24,394	121,729	146,118	-	5
Community Development Grants	-	1,671,072	1,546,072	-	125,000
Council on Aging Grants	1,215	127,176	49,292	(55,176)	23,923
Disaster Relief and Hazard Grants	3,584	-	-	-	3,584
Emergency Management Grants (Covid)	(1,120,214)	633,273	-	-	(486,941)
Energy Grants	23,192	80,873	72,402	(1,121)	30,542
Health Grants	229,682	2,431,029	2,307,348	-	353,363
Highway Grants	-	1,010,656	1,008,856	-	1,800
Library Grants	-	90,263	90,263	-	-
Other Programs and Grants	421,187	52,000	145,600	-	327,587
Planning Grants	131,129	1,206,470	1,275,852	-	61,747
Public Safety Grants	75,214	530,486	546,417	-	59,283
Recycling Grants	25,100	9,600	9,052	-	25,648
Regional Valley Bike Grant	-	249,980	23,834	-	226,146
Three County Fair Drainage Project	2,198,477	-	305,523	-	1,892,954
Schools:					
School Lunch Revolving	1,065,832	1,782,157	1,454,247	-	1,393,742
School Lunch Commodities	-	133,640	133,640	-	-
Insurance and Restitution	-	1,463,367	1,163	-	1,462,204
Privately Funded Grants	45,770	102,960	91,156	(2)	57,572
Revolving Accounts	3,286,236	1,658,806	1,772,673	-	3,172,369
School Choice	2,658,749	1,120,574	2,710,191	-	1,069,132
State Special Education Reimbursement Fund	534,805	510,730	581,875	-	463,660
Student Activity Funds	211,878	295,412	266,783	-	240,507
Other:					
Affordable Housing Impact Fee	29,792	46,030	-	-	75,822
Total Special Revenue Page 85	\$ 10,167,594	\$ 22,448,217	\$ 21,386,476	\$ (56,299)	\$ 11,173,036

CITY OF NORTHAMPTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Continued from Page 85	\$ 10,167,594	\$ 22,448,217	\$ 21,386,476	\$ (56,299)	\$ 11,173,036
Special Revenue (continued):					
Other (continued):					
Baystate Gas Roundhouse Lot Fund	12,805	-	-	-	12,805
Board of Health Revolving	242,737	385,137	85,009	-	542,865
Cable Access Fund	93,054	53,302	-	-	146,356
Committee on Disabilities Revolving Fund	40,436	3,830	609	-	43,657
Community Preservation Fund	3,214,642	2,376,171	2,560,151	(11,032)	3,019,630
Channel Markers (Connecticut River)	7,791	9,081	9,759	-	7,113
Conservation Wetlands Funds	32,005	3,305	7,684	-	27,626
Council on Aging Revolving Funds	219,818	73,749	74,297	56,321	275,591
Deputy Collector Fees	-	39,383	39,383	-	-
Energy Sustainability Revolving Fund	132,398	517	28,111	-	104,804
Fire Department Revolving Funds	110,713	109,493	120,614	-	99,592
Fire Outside Detail	(617)	37,378	37,828	-	(1,067)
Gaming Commission Mitigation Grant	-	75,000	58,000	-	17,000
Gifts & Donations	1,562,816	465,669	672,024	(167,811)	1,188,650
Insurance and Restitution	-	61,134	51,104	-	10,030
James House Rental	119,767	51,096	25,526	-	145,337
Liquor Licenses Deposits	20,000	-	-	-	20,000
Municipal Waterways Fund	26,111	3,363	-	-	29,474
Other Programs	345,663	45,925	66,047	-	325,541
Parking Meter Reserves and Passes	1,206,274	365,506	-	(1,499)	1,570,281
Police Court Time	7,268	-	-	-	7,268
Police Outside Detail	49,853	1,049,689	1,107,679	-	(8,137)
Public Works Grants Projects Revolving	9,433	-	-	-	9,433
Public Works Reuse Committee	44	58	-	-	102
Recreation Revolving Funds	554,993	604,440	495,100	-	664,333
Sale of Cemetery Lots	86,775	11,150	-	-	97,925
Total Special Revenue Page 86	\$ 18,262,373	\$ 28,272,593	\$ 26,825,401	\$ (180,320)	\$ 19,529,245

**CITY OF NORTHAMPTON, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Continued from Page 86	\$ 18,262,373	\$ 28,272,593	\$ 26,825,401	\$ (180,320)	\$ 19,529,245
Special Revenue (continued):					
Other (continued):					
Sale of Land	60,843	500	-	(30,000)	31,343
Septic Repair Loan Repayments	15,735	-	-	-	15,735
Transportation Infrastructure	1,119	2,545	-	(1,119)	2,545
Survival Center Capital Fund	41,442	3,600	-	-	45,042
Tourism Directional Signs	411	-	-	-	411
Affordable Housing Fund	1,020	1	-	-	1,021
Conservation Land Purchase Fund	16,657	40,205	-	-	56,862
Compensated Absences Fund	286,809	8,438	-	-	295,247
Drug Forfeiture Fund	101,974	2,297	4,160	-	100,111
E. Lyman Fund	79	6	-	-	85
Park Street Improvements Fund	3,892	313	-	-	4,205
Total Special Revenue Funds	18,792,354	28,330,498	26,829,561	(211,439)	20,081,852
Capital Projects:					
Department of Public Works Projects	3,892,800	-	2,057,889	2,094,900	3,929,811
Forbes Library Renovations	3,266	-	-	-	3,266
Northampton Public Schools Projects	5,189	-	3,996	-	1,193
Premium on Bonds	2,721	-	52,492	54,246	4,475
Public Safety Projects	2,595,453	-	768,519	3,000,000	4,826,934
Total Capital Projects	\$ 6,499,429	\$ -	\$ 2,882,896	\$ 5,149,146	\$ 8,765,679

**CITY OF NORTHAMPTON, MASSACHUSETTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Perpetual Permanent Funds:					
Cemetery Perpetual Care Funds	\$ 786,006	\$ -	\$ -	\$ -	\$ 786,006
Permanent Funds:					
Cemetery Funds	476,906	115,990	-	(25,000)	567,896
Total Non-Major Governmental Funds	\$ 26,554,695	\$ 28,446,488	\$ 29,712,457	\$ 4,912,707	\$ 30,201,433