

**CITY OF NORTHAMPTON, MASSACHUSETTS**

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

**For the Year Ended June 30, 2024**

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## **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, 2024, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2023), 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, 2024, (except for the Northampton Contributory Retirement System, which is as of December 31, 2023), 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 12, 2025, 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 12, 2025

## **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, 2024. 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 \$69,231,189 (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 \$47,093,454, an increase of \$22,137,735 (47%).
- At the close of the current fiscal year, the City's governmental funds reported total ending fund balance of \$89,255,417, an increase of \$3,308,195 from the previous year.
- The General Fund's total fund balance increased by \$1,516,278 to \$52,542,970. The ending General fund balance is 41% of revenues and transfers in and 41% of expenditures and transfers out.
- The City's long-term liabilities decreased by \$29,207,205 (10.5%) to \$249,214,572 during the fiscal year. This was primarily attributed to a net increase in the bonds payable of \$5,077,885; and net decreases in warrants payable of \$1,828,856, in unearned revenue of \$2,772,690, in the bond anticipation notes payable of \$7,976,363, in the Other Post-Employment Benefits (OPEB) liability of \$13,201,617 and in the pension liability of \$9,494,274.
- The City had free cash certified by the Department of Revenue in the amount of \$11,657,751. The key factors that attributed to the free cash amount for fiscal year 2024 were unexpended/unencumbered appropriations of \$1,350,000 and amount over/(under) budget – state and local receipts of \$5,978,100 and prior year free cash not appropriated of \$4,833,500.
- The City's enterprise fund certified free cash is as follows:

➤ Sewer fund	\$ 1,832,009.
➤ Solid Waste fund	\$ 80,674.
➤ Stormwater fund	\$ 172,810.
➤ Water fund	\$ 2,188,165.

### 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		
	2024	2023	Change
<b>Assets:</b>			
Current assets	\$ 110,129,955	\$ 108,451,263	\$ 1,678,692
Noncurrent assets (excluding capital)	54,633	90,334	(35,701)
Capital assets	109,766,364	105,743,192	4,023,172
<b>Total assets</b>	<b>219,950,952</b>	<b>214,284,789</b>	<b>5,666,163</b>
<b>Deferred Outflows of Resources</b>	<b>23,225,404</b>	<b>41,452,229</b>	<b>(18,226,825)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	15,724,726	19,249,147	(3,524,421)
Current debt payable	4,510,394	4,517,636	(7,242)
Noncurrent liabilities (excluding debt)	181,701,699	202,853,365	(21,151,666)
Noncurrent debt payable	19,373,149	21,888,543	(2,515,394)
<b>Total liabilities</b>	<b>221,309,968</b>	<b>248,508,691</b>	<b>(27,198,723)</b>
<b>Deferred Inflows of Resources</b>	<b>33,969,139</b>	<b>34,109,242</b>	<b>(140,103)</b>
<b>Net Position:</b>			
Net investment in capital assets	85,882,821	79,337,013	6,545,808
Restricted	33,002,790	31,192,905	1,809,885
Unrestricted	(130,988,362)	(137,410,833)	6,422,471
<b>Total net position</b>	<b>\$ (12,102,751)</b>	<b>\$ (26,880,915)</b>	<b>\$ 14,778,164</b>
<b>Business-Type Activities</b>			
	2024	2023	Change
<b>Assets:</b>			
Current assets	\$ 47,856,688	\$ 43,654,782	\$ 4,201,906
Noncurrent assets (excluding capital assets)	581,837	674,231	(92,394)
Capital assets	61,405,883	59,167,258	2,238,625
<b>Total assets</b>	<b>109,844,408</b>	<b>103,496,271</b>	<b>6,348,137</b>
<b>Deferred Outflows of Resources</b>	<b>1,333,746</b>	<b>2,656,814</b>	<b>(1,323,068)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	622,328	489,025	133,303
Current debt payable	4,400,217	11,915,712	(7,515,495)
Noncurrent liabilities (excluding debt)	9,515,120	11,281,063	(1,765,943)
Noncurrent debt payable	13,366,939	6,227,286	7,139,653
<b>Total liabilities</b>	<b>27,904,604</b>	<b>29,913,086</b>	<b>(2,008,482)</b>
<b>Deferred Inflows of Resources</b>	<b>1,939,610</b>	<b>2,265,630</b>	<b>(326,020)</b>
<b>Net Position:</b>			
Net investment in capital assets	43,638,727	41,024,260	2,614,467
Restricted	20,383,402	18,543,051	1,840,351
Unrestricted	17,311,811	14,407,058	2,904,753
<b>Total net position</b>	<b>\$ 81,333,940</b>	<b>\$ 73,974,369</b>	<b>\$ 7,359,571</b>

## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2024	2023	Change
<b>Program Revenues:</b>			
Charges for services	\$ 24,178,271	\$ 22,191,214	\$ 1,987,057
Operating grants and contributions	43,425,292	41,075,962	2,349,330
Capital grants and contributions	1,537,931	1,929,510	(391,579)
<b>General Revenues:</b>			
Property taxes	76,894,131	73,807,319	3,086,812
Motor vehicle and other taxes	3,803,060	3,094,712	708,348
Hotel room occupancy, meals and cannabis taxes	2,813,926	2,596,829	217,097
Penalties and interest on taxes	299,028	195,041	103,987
Nonrestricted grants and contributions	5,815,761	6,898,799	(1,083,038)
Unrestricted investment income	3,354,924	1,300,671	2,054,253
Miscellaneous	11,783	18,603	(6,820)
<b>Total revenues</b>	<b>162,134,107</b>	<b>153,108,660</b>	<b>9,025,447</b>
<b>Expenses:</b>			
General government	11,115,695	8,345,581	2,770,114
Public safety	19,173,366	18,002,766	1,170,600
Public works	5,871,318	9,350,045	(3,478,727)
Education	64,266,944	60,847,530	3,419,414
Health and human services	8,141,709	6,567,125	1,574,584
Culture and recreation	5,876,719	5,786,589	90,130
Employee benefits and insurance	29,319,894	29,223,749	96,145
State assessments	4,148,710	3,866,523	282,187
Interest	543,009	592,290	(49,281)
<b>Total expenses</b>	<b>148,457,364</b>	<b>142,582,198</b>	<b>5,875,166</b>
<b>Transfers, net</b>	<b>1,101,421</b>	<b>(504,908)</b>	<b>1,606,329</b>
<b>Change in net position</b>	<b>14,778,164</b>	<b>10,021,554</b>	<b>4,756,610</b>
<b>Net position - beginning of year</b>	<b>(26,880,915)</b>	<b>(36,902,469)</b>	<b>10,021,554</b>
<b>Net position - end of year</b>	<b>\$ (12,102,751)</b>	<b>\$ (26,880,915)</b>	<b>\$ 14,778,164</b>

	<b>Business-Type Activities</b>		
	<b>2024</b>	<b>2023</b>	<b>Change</b>
<b>Program Revenues:</b>			
Sewer	\$ 7,851,016	\$ 6,840,240	\$ 1,010,776
Water	8,188,855	7,144,655	1,044,200
Solid Waste	657,424	652,031	5,393
<b>Total Revenues</b>	<b>16,697,295</b>	<b>14,636,926</b>	<b>2,060,369</b>
<b>Expenses:</b>			
Sewer	3,309,696	3,470,653	(160,957)
Water	4,149,133	4,225,044	(75,911)
Solid Waste	777,474	417,227	360,247
<b>Total expenses</b>	<b>8,236,303</b>	<b>8,112,924</b>	<b>123,379</b>
<b>Transfers, net</b>	<b>(1,101,421)</b>	<b>504,908</b>	<b>(1,606,329)</b>
<b>Change in net position</b>	<b>7,359,571</b>	<b>7,028,910</b>	<b>330,661</b>
<b>Net position - beginning of year</b>	<b>73,974,369</b>	<b>66,945,459</b>	<b>7,028,910</b>
<b>Net position - end of year</b>	<b>\$ 81,333,940</b>	<b>\$ 73,974,369</b>	<b>\$ 7,359,571</b>

### 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 \$69,231,189 at the close of fiscal year 2024.

Net position of \$129,521,548 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, \$53,386,192 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$113,676,551).

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 \$14,778,164 (55%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2024 are attributed to net increases resulting from the acquisition of \$13,802,692 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$9,779,520 and from the changes in governmental funds of \$3,308,195, in debt of \$2,522,636, in the OPEB liability of \$12,969,246 and in the pension liability of \$8,190,195; and net decreases in the changes in the deferred outflow/(inflow) of resources related to OPEB of \$5,522,088 and in related to pensions of \$12,600,888.

There was an increase of \$7,359,571 (10%) in net position reported in the business-type activities. Of this, there were increases of \$4,123,712 attributed to the sewer department, of \$3,430,984 attributed to the water department and a decrease of \$195,125 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 \$89,255,417, an increase of \$3,308,195 (4%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Nonspendable fund balance – \$786,006 (1%).
- Restricted fund balance – \$28,799,044 (32%).
- Committed fund balance – \$7,191,425 (8%).
- Assigned fund balance – \$19,663,183 (22%).
- Unassigned fund balance – \$32,815,759 (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 \$52,542,970 increasing \$1,516,278 (3%) from the prior year. Of the \$52,542,970, the unassigned amount is \$32,815,759 (62.5%), the assigned amount of \$19,663,183 (37.4%) and restricted amount of \$64,028 (0.1%). General fund revenues increased \$7,039,010 (6%) over the prior fiscal year and the expenditures also increased \$8,029,860 (7%). Other activities in the General Fund were net transfers in from other funds of \$1,811,593.

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 \$2,804,815 (4%), in investment income of \$2,054,253 (158%) and in intergovernmental – "on-behalf" payments of \$1,153,683 (15%) 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 \$542,016 (4%).
- Increase in Education expenditures of \$3,381,410 (7%).
- Increase in Employee benefits and insurance expenditures of \$3,355,227 (11%).

The *Stormwater Fund* is used to account for the construction of road drainage improvements. The fund has a balance of \$4,885,732 and shows an increase of \$166,635 (3.5%) in total operations. This amount was attributed to charges for services and penalties of \$1,847,659, investment income and other receipts of \$70,615, and expenditures of \$1,432,160. Other activity in the Stormwater fund was transfers out to the General fund of \$319,479.

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 \$2,772,690, expenses of \$2,203,690 and transfers out to the Business-type funds of \$569,000. The City has an unearned revenue of \$4,442,621 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 \$34,190,067 and shows an increase of \$4,123,712 (14%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$3,671,416, interest and intergovernmental income of \$984,732, interest expense of \$114,828 and net transfers out to governmental funds of \$417,608. Operating revenues increased by \$388,673 (6%) while operating expenses decreased by \$239,192 (7%) 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 \$44,951,343 and shows an increase of \$3,430,984 (8%) in total operations. This change resulted from operating revenues exceeding operating costs by \$3,983,738, interest and intergovernmental income of \$198,146, interest expense of \$142,162 and net transfers out to governmental funds of \$608,738. Operating revenues increased by \$969,387 (14%) while operating expenses decreased by \$28,370 (1%) 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 \$2,192,530 and shows a decrease of \$195,125 (8%) in total operations. This change resulted from operating costs exceeding operating revenue by \$278,523, interest income of \$158,473 and transfers out to governmental funds of \$75,075. Operating revenues decreased by \$81,405 (5%) while operating expenses increased by \$360,247 (86%) from the prior year.

### General Fund Budgetary Highlights

The final general fund budget for fiscal year 2024 was \$138,268,622. This was an increase of \$7,051,971 (5%) over the previous year's final budget.

There was an increase of \$6,729,595 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 \$6,372,934.

General fund expenditures were less than budgeted by \$19,770,006. Of the \$19,770,006 in under budget expenditures, \$18,419,982 has been carried over to fiscal year 2025.

There were negative variances in property taxes of \$380,654 and in intergovernmental receipts of \$7,759 as revenues did not meet budget expectations.

Overall, the variance with the final budget was a positive \$6,947,495 consisting of a revenue surplus of \$5,597,471 and an appropriation surplus of \$1,350,024.

### 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, 2024 amounts to \$109,766,364 and \$61,405,883, 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:

- Memorial Hall improvements for \$116,348.
- Central Services vehicle purchase for \$64,237.
- Parking enforcement vehicle purchases for \$114,586.
- Broad Brook Greenway parking lot improvements for \$236,514.
- Public Safety radio system improvements for \$3,733,451.
- Police Department improvements for \$11,760.
- Police Department vehicle and equipment purchases for \$329,903.
- Fire Department vehicle purchases for \$1,454,556.
- Highway vehicle and equipment purchases for \$206,171.
- Road and drainage infrastructure improvements for \$3,506,084.
- Northampton Public Schools' improvements for \$561,733.
- Northampton Public Schools' vehicles and equipment purchases for \$253,059.
- Smith Vocational buildings' improvements for \$2,309,536.
- Smith Vocational Schools' vehicles and equipment purchases for \$77,078.
- Health Department vehicle purchases for \$72,744.
- Senior Center improvements for \$179,170.
- Forbes Library improvements for \$158,646.
- Academy of Music improvements for \$382,564.
- Recreation fields improvements for \$34,552.

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

For the Sewer Department:

- Sewer infrastructure improvements for \$3,684,390.

For the Water Department:

- Water infrastructure improvements for \$678,485.

**Debt Administration.** The City's outstanding governmental debt, as of June 30, 2024, totaled \$22,202,750 as follows:

- \$292,500 for school projects.
- \$1,223,200 for City building projects
- \$92,000 for stormwater drainage.
- \$2,015,000 for road, sidewalk and bridge projects.
- \$450,000 for park improvements.
- \$248,000 for energy projects.
- \$110,000 for Departmental vehicles and equipment.
- \$17,772,050 for various other projects.

The City's outstanding business-type debt, as of June 30, 2024, totaled \$15,808,934 of which, sewer debt is \$10,500,980 and water debt is \$5,307,954. 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 \$1,958,222 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, 2024 do not reflect the fiscal year 2025 City Council actions except for the stabilization amount used to fund the 2025 budget. The City Council meeting on June 6, 2024 authorized a fiscal year 2025 operating and capital budget as follows:

<b>From raise and appropriate</b>		\$ 110,513,777
<b>From Business-Type Funds:</b>		
Sewer fund receipts	\$ 6,177,500	
Sewer retained earnings	1,050,260	7,227,760
Solid waste fund receipts	616,652	
Solid waste retained earnings	125,063	741,715
Water fund receipts	6,945,000	
Water retained earnings	707,471	7,652,471
<b>From Other Available Funds:</b>		
<b>General Fund:</b>		
Reserve for Debt		14,450
Fiscal stability stabilization fund		1,243,201
<b>Stormwater Fund:</b>		
Fund receipts	1,996,486	
Retained earnings	341,125	2,337,611
<b>Non-major Governmental Funds:</b>		
Community Preservation Funds	12,680	
Parking Meter Receipts	1,283,712	1,296,392
		<u>\$ 131,027,377</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, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 95,254,919	\$ 39,134,179	\$ 134,389,098
Investments	6,643,958	6,482,997	13,126,955
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,680,644	-	1,680,644
Deferred Property Taxes	119,974	-	119,974
Tax Liens	325,541	-	325,541
Excise Taxes	359,622	-	359,622
User Charges	-	1,321,104	1,321,104
Departmental	1,331,327	-	1,331,327
Loans	50,000	-	50,000
Due from Other Governments	4,331,142	818,714	5,149,856
Leases	32,828	99,694	132,522
Total current assets	<u>110,129,955</u>	<u>47,856,688</u>	<u>157,986,643</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Leases	54,633	581,837	636,470
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	26,468,086	6,243,644	32,711,730
Depreciable	83,298,278	55,162,239	138,460,517
Total noncurrent assets	<u>109,820,997</u>	<u>61,987,720</u>	<u>171,808,717</u>
<b>Total Assets</b>	<u>219,950,952</u>	<u>109,844,408</u>	<u>329,795,360</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	16,764,069	1,105,812	17,869,881
Deferred Outflows Related to OPEB	6,461,335	227,934	6,689,269
<b>Total Deferred Outflows of Resources</b>	<u>\$ 23,225,404</u>	<u>\$ 1,333,746</u>	<u>\$ 24,559,150</u>

(Continued)

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	\$ 2,835,813	\$ 286,675	\$ 3,122,488
Accrued Payroll	5,808,154	119,531	5,927,685
Payroll Withholdings	587,290	-	587,290
Tax Refund Payable	21,000	-	21,000
Other	297,442	-	297,442
Unearned Revenue	4,442,621	-	4,442,621
Accrued Interest	109,611	108,091	217,702
Compensated Absences	1,622,795	108,031	1,730,826
Bond Anticipation Notes Payable	-	1,958,222	1,958,222
Bonds Payable	4,510,394	2,441,995	6,952,389
Total current liabilities	20,235,120	5,022,545	25,257,665
<b>NONCURRENT:</b>			
Landfill Closure	-	1,130,500	1,130,500
Compensated Absences	2,159,280	122,844	2,282,124
Net OPEB Liability	117,787,015	4,188,191	121,975,206
Net Pension Liability	61,755,404	4,073,585	65,828,989
Bonds Payable	19,373,149	13,366,939	32,740,088
Total noncurrent liabilities	201,074,848	22,882,059	223,956,907
<b>Total Liabilities</b>	221,309,968	27,904,604	249,214,572
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Leases	87,461	681,531	768,992
Deferred Inflows Related to Pensions	76,809	5,067	81,876
Deferred Inflows Related to OPEB	33,804,869	1,253,012	35,057,881
<b>Total Deferred Inflows of Resources</b>	33,969,139	1,939,610	35,908,749
<b>NET POSITION</b>			
Net Investment in Capital Assets	85,882,821	43,638,727	129,521,548
Restricted for:			
Capital Projects	6,578,713	20,383,402	26,962,115
Federal & State Grants	8,212,298	-	8,212,298
Community Preservation	3,484,706	-	3,484,706
Permanent Funds:			
Expendable	709,782	-	709,782
Nonexpendable	786,006	-	786,006
Other Purposes	13,231,285	-	13,231,285
Unrestricted	(130,988,362)	17,311,811	(113,676,551)
<b>Total Net Position</b>	\$ (12,102,751)	\$ 81,333,940	\$ 69,231,189

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, 2024**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General Government	\$ 11,115,695	\$ 3,299,149	\$ 3,659,131	\$ -	\$ (4,157,415)	\$ -	\$ (4,157,415)
Public Safety	19,173,366	6,694,535	995,435	-	(11,483,396)	-	(11,483,396)
Public Works	5,871,318	1,939,847	1,471,087	1,537,931	(922,453)	-	(922,453)
Education	64,266,944	11,104,856	22,811,681	-	(30,350,407)	-	(30,350,407)
Health and Human Services	8,141,709	534,065	5,596,865	-	(2,010,779)	-	(2,010,779)
Culture and Recreation	5,876,719	605,819	258,287	-	(5,012,613)	-	(5,012,613)
Employee Benefits and Insurance	29,319,894	-	8,620,773	-	(20,699,121)	-	(20,699,121)
State Assessments	4,148,710	-	-	-	(4,148,710)	-	(4,148,710)
Interest	543,009	-	12,033	-	(530,976)	-	(530,976)
<b>Total Governmental Activities</b>	<b>148,457,364</b>	<b>24,178,271</b>	<b>43,425,292</b>	<b>1,537,931</b>	<b>(79,315,870)</b>	<b>-</b>	<b>(79,315,870)</b>
<b>Business-Type Activities:</b>							
Sewer	3,309,696	6,866,284	616,795	367,937	-	4,541,320	4,541,320
Water	4,149,133	7,990,709	198,146	-	-	4,039,722	4,039,722
Solid Waste	777,474	498,951	158,473	-	-	(120,050)	(120,050)
<b>Total Primary Government</b>	<b>\$ 156,693,667</b>	<b>\$ 39,534,215</b>	<b>\$ 44,398,706</b>	<b>\$ 1,905,868</b>	<b>(79,315,870)</b>	<b>8,460,992</b>	<b>(70,854,878)</b>
<b>General Revenues:</b>							
Property taxes					76,894,131	-	76,894,131
Motor vehicle and other taxes					3,803,060	-	3,803,060
Hotel room occupancy, meals and cannabis taxes					2,813,926	-	2,813,926
Penalties & interest on taxes					299,028	-	299,028
Grants & contributions not restricted to specific programs					5,815,761	-	5,815,761
Unrestricted investment income					3,354,924	-	3,354,924
Miscellaneous					11,783	-	11,783
<b>Transfers, net</b>					1,101,421	(1,101,421)	-
<b>Total General Revenues and Transfers</b>					<b>94,094,034</b>	<b>(1,101,421)</b>	<b>92,992,613</b>
<b>Change in Net Position</b>					<b>14,778,164</b>	<b>7,359,571</b>	<b>22,137,735</b>
<b>Net Position:</b>							
Beginning of year					(26,880,915)	73,974,369	47,093,454
End of year					<b>\$ (12,102,751)</b>	<b>\$ 81,333,940</b>	<b>\$ 69,231,189</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General Fund	Stormwater Fund	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 55,624,000	\$ 4,380,366	\$ 4,778,948	\$ 30,471,605	\$ 95,254,919
Investments	4,506,132	588,540	-	1,549,286	6,643,958
Receivables, net of allowance for uncollectibles:					
Property Taxes	1,648,736	-	-	31,908	1,680,644
Deferred Property Taxes	119,974	-	-	-	119,974
Tax Liens	321,553	-	-	3,988	325,541
Excise Taxes	359,622	-	-	-	359,622
Departmental	1,094,544	236,783	-	-	1,331,327
Loans	-	-	-	50,000	50,000
Due from Other Governments	426,358	-	-	3,904,784	4,331,142
Lease	-	-	-	87,461	87,461
<b>Total Assets</b>	<b>\$ 64,100,919</b>	<b>\$ 5,205,689</b>	<b>\$ 4,778,948</b>	<b>\$ 36,099,032</b>	<b>\$ 110,184,588</b>
<b>Liabilities:</b>					
Warrants and Accounts Payable	\$ 1,555,748	\$ 70,066	\$ 334,071	\$ 875,928	\$ 2,835,813
Accrued Payroll	5,786,480	13,108	2,256	6,310	5,808,154
Employee Withholdings	588,973	-	-	-	588,973
Tax Refund Payable	21,000	-	-	-	21,000
Other	175,781	-	-	121,661	297,442
Unearned Revenue	-	-	4,442,621	-	4,442,621
<b>Total Liabilities</b>	<b>8,127,982</b>	<b>83,174</b>	<b>4,778,948</b>	<b>1,003,899</b>	<b>13,994,003</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	3,429,967	236,783	-	3,180,957	6,847,707
Related to Leases	-	-	-	87,461	87,461
<b>Total Deferred Inflows of Resources</b>	<b>3,429,967</b>	<b>236,783</b>	<b>-</b>	<b>3,268,418</b>	<b>6,935,168</b>
<b>Fund Balance:</b>					
Nonspendable	-	-	-	786,006	786,006
Restricted	64,028	-	-	28,735,016	28,799,044
Committed	-	4,885,732	-	2,305,693	7,191,425
Assigned	19,663,183	-	-	-	19,663,183
Unassigned	32,815,759	-	-	-	32,815,759
<b>Total Fund Balance</b>	<b>52,542,970</b>	<b>4,885,732</b>	<b>-</b>	<b>31,826,715</b>	<b>89,255,417</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 64,100,919</b>	<b>\$ 5,205,689</b>	<b>\$ 4,778,948</b>	<b>\$ 36,099,032</b>	<b>\$ 110,184,588</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Stormwater Fund	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 74,738,038	\$ -	\$ -	\$ 1,743,439	\$ 76,481,477
Intergovernmental	15,551,720	-	2,772,690	20,534,046	38,858,456
Excise and Other Taxes	3,669,687	-	-	3,771	3,673,458
Hotel Room Occupancy, Meals and Cannabis Taxes	2,813,926	-	-	-	2,813,926
Charges for Services	4,708,100	1,841,778	-	5,433,718	11,983,596
Licenses, Permits, Fees	13,072,896	-	-	-	13,072,896
Interest and Penalties on Taxes	294,010	5,881	-	5,018	304,909
Investment Income	3,354,924	36,645	-	180,202	3,571,771
Gifts and Donations	-	-	-	575,429	575,429
Other	-	33,970	-	277,463	311,433
Intergovernmental - "On-behalf" Payments	8,614,235	-	-	-	8,614,235
<b>Total Revenues</b>	<b>126,817,536</b>	<b>1,918,274</b>	<b>2,772,690</b>	<b>28,753,086</b>	<b>160,261,586</b>
<b>Expenditures:</b>					
Current:					
General Government	7,479,626	-	60,349	2,312,361	9,852,336
Public Safety	15,005,698	-	-	5,901,706	20,907,404
Public Works	2,183,548	600,954	394,089	1,662,333	4,840,924
Education	48,709,332	-	-	14,481,784	63,191,116
Health and Human Services	2,264,650	-	1,749,252	3,865,639	7,879,541
Culture and Recreation	3,756,390	-	-	962,167	4,718,557
Employee Benefits and Insurance	32,875,260	-	-	-	32,875,260
Capital Improvements	5,801,896	794,544	-	-	6,596,440
State Assessments	4,148,710	-	-	-	4,148,710
Debt Service:					
Principal	3,774,900	35,000	-	207,000	4,016,900
Interest	1,112,841	1,662	-	36,669	1,151,172
<b>Total Expenditures</b>	<b>127,112,851</b>	<b>1,432,160</b>	<b>2,203,690</b>	<b>29,429,659</b>	<b>160,178,360</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(295,315)</b>	<b>486,114</b>	<b>569,000</b>	<b>(676,573)</b>	<b>83,226</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	2,597,932	-	-	786,339	3,384,271
Operating Transfers Out	(786,339)	(319,479)	(569,000)	(608,032)	(2,282,850)
Bond Premium	-	-	-	128,548	128,548
Proceeds from Issuance of Bonds	-	-	-	1,995,000	1,995,000
<b>Total Other Financing Sources (Uses)</b>	<b>1,811,593</b>	<b>(319,479)</b>	<b>(569,000)</b>	<b>2,301,855</b>	<b>3,224,969</b>
<b>Net Change in Fund Balances</b>	<b>1,516,278</b>	<b>166,635</b>	<b>-</b>	<b>1,625,282</b>	<b>3,308,195</b>
<b>Fund Balances, Beginning of Year</b>	<b>51,026,692</b>	<b>4,719,097</b>	<b>-</b>	<b>30,201,433</b>	<b>85,947,222</b>
<b>Fund Balances, End of Year</b>	<b>\$ 52,542,970</b>	<b>\$ 4,885,732</b>	<b>\$ -</b>	<b>\$ 31,826,715</b>	<b>\$ 89,255,417</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2024**

<b>Total Governmental Fund Balances</b>		\$ 89,255,417
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		109,766,364
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		6,847,707
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.		(10,654,591)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (23,883,543)	
Net Other Post Employment Benefits Liability	(117,787,015)	
Net Pension Liability	(61,755,404)	
Compensated Absences	<u>(3,782,075)</u>	(207,208,037)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(109,611)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ (12,102,751)</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, 2024**

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,308,195

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	\$ 13,802,692	
Depreciation	<u>(9,779,520)</u>	4,023,172

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. 1,872,521

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

Repayment of Debt Principal	4,016,900	
Net Amortization of Premium from Issuance of Bonds	629,284	
Proceeds from Issuance of Bonds	(1,995,000)	
Premium from the Issuance of Bonds	<u>(128,548)</u>	2,522,636

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	36,296	
Net Change in Net Other Post Employment Benefit Liability	12,969,246	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(5,522,088)	
Net Change in Net Pension Liability	8,190,195	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(12,600,888)	
Net Change in Accrued Interest on Long-Term Debt	<u>(21,121)</u>	3,051,640

**Change in Net Position of Governmental Activities** \$ 14,778,164

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, 2024**

	<u>Budgeted Amounts</u>			Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget			
	Forward from Prior Year	Original Budget				
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 75,012,692	\$ 75,012,692	\$ 74,632,038	\$ -	\$ (380,654)
Intergovernmental	-	15,444,359	15,444,359	15,436,600	-	(7,759)
Excise and Other Taxes	-	2,791,314	2,791,314	3,669,687	-	878,373
Hotel Room Occupancy, Meals and Cannabis Taxes	-	2,174,395	2,174,395	2,813,926	-	639,531
Charges for Services	-	4,010,000	4,010,000	4,708,100	-	698,100
Licenses, Permits, Fees	-	11,843,499	11,843,499	13,072,896	-	1,229,397
Interest and Penalties on Taxes	-	187,000	187,000	294,010	-	107,010
Investment Income	-	171,502	171,502	2,604,975	-	2,433,473
<b>Total Revenues</b>	-	111,634,761	111,634,761	117,232,232	-	5,597,471
<b>Expenditures:</b>						
Current:						
General Government	234,754	7,892,506	8,201,688	7,479,626	332,895	389,167
Public Safety	406,225	15,392,391	15,510,616	15,005,698	65,371	439,547
Public Works	1,008,304	2,733,060	3,910,464	2,183,548	1,718,669	8,247
Education	264,704	48,525,769	48,943,105	48,709,332	163,153	70,620
Health and Human Services	67,713	2,416,296	2,484,009	2,264,650	3,000	216,359
Culture and Recreation	408,467	3,945,715	4,363,766	3,756,390	605,891	1,485
Employee Benefits and Insurance	309,875	24,230,948	24,779,740	24,261,025	411,823	106,892
Capital Improvements	14,350,842	200,000	20,923,776	5,801,896	15,119,180	2,700
State Assessments	-	4,206,684	4,206,684	4,148,710	-	57,974
Debt Service:						
Principal	-	3,774,900	3,774,900	3,774,900	-	-
Interest	-	1,169,874	1,169,874	1,112,841	-	57,033
<b>Total Expenditures</b>	17,050,884	114,488,143	138,268,622	118,498,616	18,419,982	1,350,024
<b>Excess of Revenues Over (Under) Expenditures</b>	(17,050,884)	(2,853,382)	(26,633,861)	(1,266,384)	(18,419,982)	6,947,495
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	3,287,534	6,115,311	6,115,311	-	-
Operating Transfers Out	-	(450,000)	(4,701,329)	(4,701,329)	-	-
<b>Total Other Financing Sources (Uses)</b>	-	2,837,534	1,413,982	1,413,982	-	-
<b>Net Change in Budgetary Fund Balance</b>	(17,050,884)	(15,848)	(25,219,879)	\$ 147,598	\$ (18,419,982)	\$ 6,947,495
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	15,848	8,168,995			
Prior Year Encumbrances	17,050,884	-	17,050,884			
<b>Total Other Budgetary Items</b>	17,050,884	15,848	25,219,879			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2024**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 117,232,232	\$ 118,498,616
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	749,949	-
Net Increase in Revenue from recording Refund Taxes Payable	28,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	8,614,235	-
Recognition of Expenditures - "on behalf payments"	-	8,614,235
Net Increase in Revenue from Recording 60-Day Receipts	78,000	-
Net Change in Accruals for GAAP Purposes	115,120	
<b>Reported on a GAAP Basis</b>	<b>\$ 126,817,536</b>	<b>\$ 127,112,851</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2024**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and Cash Equivalents	\$ 18,377,104	\$ 18,298,523	\$ 2,458,552	\$ 39,134,179
Investments	4,779,265	-	1,703,732	6,482,997
Receivables, net of allowance for uncollectibles:				
User Charges	712,846	590,506	17,752	1,321,104
Due from Other Governments	818,714	-	-	818,714
Lease	-	-	99,694	99,694
Total current assets	24,687,929	18,889,029	4,279,730	47,856,688
<b>NONCURRENT:</b>				
Receivables, net of allowance for uncollectibles:				
Lease	-	-	581,837	581,837
Capital Assets, net of accumulated Depreciation:				
Nondepreciable	2,856,885	3,386,759	-	6,243,644
Depreciable	22,948,452	32,213,787	-	55,162,239
Total noncurrent assets	25,805,337	35,600,546	581,837	61,987,720
<b>Total Assets</b>	50,493,266	54,489,575	4,861,567	109,844,408
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	633,330	438,398	34,084	1,105,812
Deferred Outflows Related to OPEB	73,133	123,383	31,418	227,934
	706,463	561,781	65,502	1,333,746
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants and Accounts Payable	243,560	34,565	8,550	286,675
Accrued Payroll	55,177	55,508	8,846	119,531
Accrued Interest	89,841	18,250	-	108,091
Compensated Absences	45,471	50,841	11,719	108,031
Bond Anticipation Notes Payable	1,958,222	-	-	1,958,222
Bonds Payable	615,001	1,826,994	-	2,441,995
Total current liabilities	3,007,272	1,986,158	29,115	5,022,545
<b>NONCURRENT:</b>				
Landfill Closure	-	-	1,130,500	1,130,500
Compensated Absences	42,135	71,979	8,730	122,844
Net OPEB Liability	1,343,796	2,267,099	577,296	4,188,191
Net Pension Liability	2,333,057	1,614,969	125,559	4,073,585
Bonds Payable	9,885,979	3,480,960	-	13,366,939
Total noncurrent liabilities	13,604,967	7,435,007	1,842,085	22,882,059
<b>Total Liabilities</b>	16,612,239	9,421,165	1,871,200	27,904,604
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Lease	-	-	681,531	681,531
Deferred Inflows Related to Pensions	2,902	2,009	156	5,067
Deferred Inflows Related to OPEB	394,521	676,839	181,652	1,253,012
	397,423	678,848	863,339	1,939,610
<b>NET POSITION</b>				
Net Investment in Capital Assets	13,346,135	30,292,592	-	43,638,727
Restricted for Capital	8,070,384	11,790,006	523,012	20,383,402
Unrestricted	12,773,548	2,868,745	1,669,518	17,311,811
<b>Total Net Position</b>	\$ 34,190,067	\$ 44,951,343	\$ 2,192,530	\$ 81,333,940

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, 2024**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>Operating Revenues:</b>				
Charges for Services	\$ 6,596,382	\$ 7,652,796	\$ 347,215	\$ 14,596,393
Other	269,902	337,913	151,736	759,551
<b>Total Operating Revenues</b>	<b>6,866,284</b>	<b>7,990,709</b>	<b>498,951</b>	<b>15,355,944</b>
<b>Operating Expenses:</b>				
Salaries & Wages	1,394,138	1,435,062	241,311	3,070,511
Operating Expenses	1,092,230	1,156,159	536,163	2,784,552
Depreciation	708,500	1,415,750	-	2,124,250
<b>Total Operating Expenses</b>	<b>3,194,868</b>	<b>4,006,971</b>	<b>777,474</b>	<b>7,979,313</b>
<b>Operating Income (Loss)</b>	<b>3,671,416</b>	<b>3,983,738</b>	<b>(278,523)</b>	<b>7,376,631</b>
<b>Non-Operating Revenues (Expenses):</b>				
Interest Income	616,795	175,298	158,473	950,566
Intergovernmental	367,937	22,848	-	390,785
Interest Expense	(114,828)	(142,162)	-	(256,990)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>869,904</b>	<b>55,984</b>	<b>158,473</b>	<b>1,084,361</b>
<b>Income (Loss) Before Transfers and Other Items</b>	<b>4,541,320</b>	<b>4,039,722</b>	<b>(120,050)</b>	<b>8,460,992</b>
<b>Transfers and Other Items:</b>				
Transfers In	551,403	17,597	-	569,000
Transfers (Out)	(969,011)	(626,335)	(75,075)	(1,670,421)
<b>Total Transfers and Other Items</b>	<b>(417,608)</b>	<b>(608,738)</b>	<b>(75,075)</b>	<b>(1,101,421)</b>
<b>Change in Net Position</b>	<b>4,123,712</b>	<b>3,430,984</b>	<b>(195,125)</b>	<b>7,359,571</b>
<b>Net Position at Beginning of Year</b>	<b>30,066,355</b>	<b>41,520,359</b>	<b>2,387,655</b>	<b>73,974,369</b>
<b>Net Position at End of Year</b>	<b>\$ 34,190,067</b>	<b>\$ 44,951,343</b>	<b>\$ 2,192,530</b>	<b>\$ 81,333,940</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Business-Type Activities Enterprise Funds</b>			
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>				
Receipts from Customers and Users	\$ 6,514,260	\$ 7,638,019	\$ 365,065	\$ 14,517,344
Receipts from Other Revenues	269,902	337,913	151,736	759,551
Payments to Vendors	(1,556,124)	(1,180,708)	(687,513)	(3,424,345)
Payments to Employees	(1,410,799)	(1,417,788)	(238,120)	(3,066,707)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>3,817,239</b>	<b>5,377,436</b>	<b>(408,832)</b>	<b>8,785,843</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers from (to) Other Funds	(417,608)	(608,738)	(75,075)	(1,101,421)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(417,608)</b>	<b>(608,738)</b>	<b>(75,075)</b>	<b>(1,101,421)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
MCWT Project Drawdowns	1,154,508	-	-	1,154,508
Intergovernmental	-	22,848	-	22,848
Acquisition and Construction of Capital Assets	(3,684,390)	(678,485)	-	(4,362,875)
Principal Payments on Bonds and Notes	(205,502)	(1,775,625)	-	(1,981,127)
Interest Expense	(29,913)	(148,033)	-	(177,946)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(2,765,297)</b>	<b>(2,579,295)</b>	<b>-</b>	<b>(5,344,592)</b>
<b>Cash Flows from Investing Activities:</b>				
Investment Income	616,795	175,298	158,473	950,566
Sale/(Purchase) of Investments	(228,067)	-	(81,302)	(309,369)
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>388,728</b>	<b>175,298</b>	<b>77,171</b>	<b>641,197</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,023,062</b>	<b>2,364,701</b>	<b>(406,736)</b>	<b>2,981,027</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>17,354,042</b>	<b>15,933,822</b>	<b>2,865,288</b>	<b>36,153,152</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 18,377,104</b>	<b>\$ 18,298,523</b>	<b>\$ 2,458,552</b>	<b>\$ 39,134,179</b>

( Continued )

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</b>				
<b>Operating Income (Loss)</b>	\$ 3,671,416	\$ 3,983,738	\$ (278,523)	\$ 7,376,631
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>				
Depreciation	708,500	1,415,750	-	2,124,250
Deferred (Outflows)/Inflows of Resources Related to Pensions	697,411	430,962	22,847	1,151,220
Deferred (Outflows)/Inflows of Resources Related to OPEB	(29,049)	(7,707)	(38,769)	(75,525)
Change in Assets and Liabilities:				
Increase (Decrease) in Warrants Payable	69,455	(11,826)	(1,717)	55,912
Increase (Decrease) in Accrued Payroll	3,142	4,302	814	8,258
Increase (Decrease) in Compensated Absences	(19,803)	12,972	2,377	(4,454)
Increase (Decrease) in Net OPEB Liability	(363,639)	20,450	110,818	(232,371)
Increase (Decrease) in Net Pension Liability	(838,072)	(456,428)	(10,029)	(1,304,529)
Increase (Decrease) in Landfill Closure	-	-	(234,500)	(234,500)
Decrease (Increase) in User Charges Receivable	(82,122)	(14,777)	17,850	(79,049)
<b>Total Adjustments</b>	145,823	1,393,698	(130,309)	1,409,212
<b>Net Cash Provided by (Used for) Operating Activities</b>	\$ 3,817,239	\$ 5,377,436	\$ (408,832)	\$ 8,785,843

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, 2024**

	<b>Pension and Other</b>	
	<b>Employee Benefit Trust Funds (1)</b>	<b>Private Purpose Trust Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 517,525	\$ 238,658
Investments	166,678,908	3,717,187
Accrued Interest and Dividends	254,203	-
Accounts Receivable	15,225	-
<b>Total Assets</b>	<b>167,465,861</b>	<b>3,955,845</b>
<b>LIABILITIES</b>		
Warrants Payable	44,077	-
<b>Total Liabilities</b>	<b>44,077</b>	<b>-</b>
<b>NET POSITION</b>		
Restricted for Pensions	161,933,387	-
Restricted for Other Postemployment Benefits	5,488,397	-
Held in Trust for Other Purposes	-	3,955,845
	<b>\$ 167,421,784</b>	<b>\$ 3,955,845</b>

(1) The Pension Trust Fund is as of December 31, 2023.

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, 2024**

	<b>Pension and Other</b>	
	<b>Employee Benefit Trust Funds (1)</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Contributions:		
Employers	\$ 13,866,867	\$ -
Plan Members	3,724,155	-
Transfers/Reimbursements from Other Systems	622,445	-
Federal Grant Reimbursements	12,677	-
Commonwealth of Massachusetts - COLA	32,787	-
Private Donations	-	147,600
<b>Total Contributions</b>	<b>18,258,931</b>	<b>147,600</b>
Investment Income:		
Interest & Dividends	2,912,300	320,875
Net Change in Fair Value of Investments	17,488,822	-
<b>Total Investment Earnings</b>	<b>20,401,122</b>	<b>320,875</b>
Less Investment Expense	(452,631)	-
<b>Net Investment Earnings</b>	<b>19,948,491</b>	<b>320,875</b>
<b>Total Additions</b>	<b>38,207,422</b>	<b>468,475</b>
<b>Deductions:</b>		
Benefit Payments to Plan Members and Beneficiaries	18,741,354	-
Refunds to Members	237,554	-
Transfers to Other Systems	1,118,016	-
General Expenses	280,595	-
<b>Total Deductions</b>	<b>20,377,519</b>	<b>-</b>
<b>Change in Net Position</b>	<b>17,829,903</b>	<b>468,475</b>
<b>Net Position at Beginning of Year</b>	<b>149,591,881</b>	<b>3,487,370</b>
<b>Net Position at End of Year</b>	<b>\$ 167,421,784</b>	<b>\$ 3,955,845</b>

(1) The Pension Trust Fund is as of December 31, 2023.

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, 2024**

**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, 2024**

**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, 2024**

**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, 2024**

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

**D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

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

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Investment income from proprietary funds is maintained in those funds.

**E. Investments**

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

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

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

Level 3 inputs are unobservable for the asset or liability.

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

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

**F. Receivables**

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

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

Property taxes are based on assessments as of January 1, 2023 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever

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

The City mailed preliminary tax bills for the fiscal year 2024 on June 27, 2023, that were due on August 1, 2023 and November 1, 2023 and actual bills on December 22, 2023, and March 25, 2024, that were due on February 1, 2024 and May 1, 2024, 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 2024 is as follows;

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2024	\$ 74,989,347
Add: Debt Exclusion	575,932
Maximum Allowable Levy	\$ 75,565,279

The total amount raised by taxation was \$75,515,707.

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.

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**Loans**

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

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

**Due from Other Governments**

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

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

**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:

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

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

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**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.

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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**  
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**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, 2024**

**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 department shall annually, send to the mayor an estimate in detail of the appropriations needed to enable the department to properly perform its duties. The Mayor meets with each department to review the budget request.
- The Mayor presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1<sup>st</sup> 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 2024, the City incurred a final budget deficit of \$25,219,879 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	\$ 8,153,147
Reserve for Debt	15,848
Prior year's encumbrances	17,050,884
	\$ 25,219,879
	\$ 25,219,879

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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**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, 2024 were \$132,237,908. Of these, \$4,862,686 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, 2023 were \$123,233. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies – City Financials**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust (“MMDT”), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer’s office. According to the State Treasurer, the Trust’s investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost.

As of June 30, 2024, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
<b>Debt Securities:</b>				
U. S. treasury obligations	\$ 3,982,453	\$ 1,666,609	\$ 2,315,844	\$ -
U. S. government agencies	725,312	254,733	470,579	-
Corporate bonds	5,400,768	2,082,637	2,749,660	568,471
Money market mutual funds	440,705	440,705	-	-
	<u>10,549,238</u>	<u>\$ 4,444,684</u>	<u>\$ 5,536,083</u>	<u>\$ 568,471</u>
<b>Other Investments:</b>				
Equity mutual funds	11,389,010			
	<u>\$ 21,938,248</u>			

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**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**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 \$21,938,248, 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.

**Credit Risk**

The City's exposure to credit risk as of June 30, 2024 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<b>U. S. Treasury Obligations:</b>	
Aaa	\$ 3,982,453
<b>U. S. Government Agencies:</b>	
Aaa	725,312
<b>Corporate Bonds:</b>	
Aaa	574,695
A1	1,068,049
A2	1,637,763
A3	537,201
Baa1	967,458
Baa2	615,602
<b>Money Market Mutual Funds:</b>	
Not rated	440,705
	\$ 10,549,238

**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.

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The City has the following recurring fair value measurements as of June 30, 2024:

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	\$ 3,982,453	\$ 3,982,453	\$ -	\$ -
U. S. government agencies	725,312	725,312	-	-
Certificates of deposit	-	-	-	-
Equity mutual funds	11,389,010	11,389,010	-	-
Money market mutual fund	440,705	440,705	-	-
Corporate bonds	5,400,768	-	5,400,768	-
<b>Total Investments</b>	<b>\$ 21,938,248</b>	<b>\$ 16,537,480</b>	<b>\$ 5,400,768</b>	<b>\$ -</b>

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

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

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

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

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

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

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

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, 2023, 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
<b>Debt Securities:</b>				
U. S. treasury obligations	\$ 28,438,097	\$ -	\$ 10,857,931	\$ 17,580,166
U. S. government agencies	4,321,447	-	4,321,447	-
Corporate bonds	11,696,551	-	6,013,611	5,682,940
Money market mutual funds	2,664,449	2,664,449	-	-
	<u>47,120,544</u>	<u>\$ 2,664,449</u>	<u>\$ 21,192,989</u>	<u>\$ 23,263,106</u>
<b>Other Investments:</b>				
Equity securities-domestic stocks	114,129,279			
PRIM pooled funds	334,980			
	<u>\$ 161,584,803</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 \$161,584,803 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, 2024**

The System's exposure to credit risk as of December 31, 2023 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<b>U. S. Treasury Obligations:</b>	
Aaa	\$ 28,438,097
<b>U. S. Government Agencies:</b>	
Aaa	4,321,447
<b>Corporate Bonds:</b>	
Aaa	1,111,402
Aa	1,782,842
A	6,890,695
Baa	1,911,612
<b>Money Market Mutual Funds:</b>	
Not rated	2,664,449
	\$ 47,120,544

**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, 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	\$ 28,438,097	\$ 28,438,097	\$ -	\$ -
U. S. government agencies	4,321,447	4,321,447	-	-
Equity securities - domestic	114,129,279	114,129,279	-	-
Money market mutual fund	2,664,449	2,664,449	-	-
Corporate bonds	11,696,551	-	11,696,551	-
	161,249,823	\$ 149,553,272	\$ 11,696,551	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (PRIM)	334,980			
Total Investments	\$ 161,584,803			

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

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, 2024, receivables for the individual major governmental funds, non-major governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 2,310,536	\$ (629,892)	\$ 1,680,644
Deferred property taxes	119,974	-	119,974
Rollback taxes	1,308	(1,308)	-
Tax liens	325,541	-	325,541
Taxes in litigation	6,794	(6,794)	-
Excise taxes	612,124	(252,502)	359,622
Departmental	2,769,331	(1,438,004)	1,331,327
Loans	50,000	-	50,000
Due from other governments	4,331,142	-	4,331,142
Lease	87,461	-	87,461
<b>Fiduciary funds:</b>			
<b>Northampton Employees Retirement System (at December 31, 2023):</b>			
Accounts Receivable	15,225	-	15,225
	<u>\$ 10,629,436</u>	<u>\$ (2,328,500)</u>	<u>\$ 8,300,936</u>

At June 30, 2024, receivables for the sewer, water and solid waste enterprise consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Sewer Fund:</b>			
User charges	\$ 720,646	\$ (7,800)	\$ 712,846
Due from other governments	818,714	-	818,714
<b>Water Fund:</b>			
User charges	591,506	(1,000)	590,506
<b>Solid Waste Fund:</b>			
User charges	17,752	-	17,752
Lease	681,531	-	681,531
	<u>\$ 2,830,149</u>	<u>\$ (8,800)</u>	<u>\$ 2,821,349</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

The composition of amounts due from other governments as of June 30, 2024 for governmental funds and business-type funds are as follows:

**Governmental Funds:**

**General Fund:**

**Commonwealth of Massachusetts:**

Department of Elementary and Secondary Education:		
Homeless Transportation	\$	35,700
Department of Revenue:		
Veterans, blind and surviving spouse		115,120
Department of Veterans Services:		
Veterans benefits		275,538
		\$ 426,358

**Nonmajor Governmental Funds:**

<b>U. S. Department of Homeland Security</b>		6,500	
<b>U. S. Department of Housing and Urban Development:</b>			
Community Development Block Grant		318,987	
<b>U. S. Department of Justice</b>		302,525	
<b>Commonwealth of Massachusetts:</b>			
Department of Elementary and Secondary Education:			
School lunch		275	
School title grants		6,189	
Department of Fish and Game		66,171	
Executive Office of Environmental Affairs		343,396	
Executive Office of Public Safety & Homeland Security		11,737	
Massachusetts Department of Mental Health:		46,558	
Massachusetts Department of Transportation:			
Highway Department-Chapter 90		2,776,074	
Massachusetts Office on Disability		7,566	
<b>Other:</b>			
Northwestern District Attorney		5,193	
Due from Various Companies		10,613	
Private Grants		3,000	
		3,904,784	
		\$ 4,331,142	

**Business-Type Funds:**

**Sewer Fund:**

**Commonwealth of Massachusetts:**

**Massachusetts Clean Water Trust:**

Wastewater Treatment Plant upgrades (CWP-22-43)	\$	818,714
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**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**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 2024, the City recognized \$36,254 of lease revenue and \$4,066 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
2025	\$ 32,828	\$ 2,334	\$ 35,162
2026	38,139	1,309	39,448
2027	16,494	144	16,638
	\$ 87,461	\$ 3,787	\$ 91,248

**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, 2024**

In Fiscal year 2024, the City recognized \$78,646 of lease revenue and \$23,253 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
2025	\$ 99,694	\$ 24,117	\$ 123,811
2026	99,171	18,788	117,959
2027	106,294	15,204	121,498
2028	113,778	11,365	125,143
2029	121,640	7,257	128,897
2030-2031	140,954	2,900	143,854
	<u>\$ 681,531</u>	<u>\$ 79,631</u>	<u>\$ 761,162</u>

**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:

<b>General Fund:</b>			
Property taxes	\$	1,258,736	
Deferred property taxes		119,974	
Tax liens		321,553	
Excise taxes		359,622	
Departmental		1,094,544	
Due from other governments		<u>275,538</u>	\$ 3,429,967
<b>Stormwater fund:</b>			
Departmental			236,783
<b>Nonmajor governmental funds:</b>			
Property taxes		31,908	
Tax liens		3,988	
Loans		50,000	
Due from other governments		<u>3,095,061</u>	3,180,957
			<u>\$ 6,847,707</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2024, is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 22,800,393	\$ -	\$ -	\$ 22,800,393
Construction in progress	1,953,609	5,263,208	(3,549,124)	3,667,693
Total capital assets not being depreciated	24,754,002	5,263,208	(3,549,124)	26,468,086
Capital assets being depreciated:				
Buildings and improvements	145,062,269	1,845,535	-	146,907,804
Machinery, equipment and other	25,738,255	7,423,804	(95,151)	33,066,908
Infrastructure	55,694,557	2,819,269	-	58,513,826
Total capital assets being depreciated	226,495,081	12,088,608	(95,151)	238,488,538
Less accumulated depreciation for:				
Buildings	101,391,941	5,143,364	-	106,535,305
Machinery, equipment and other	19,156,117	2,338,015	(95,151)	21,398,981
Infrastructure	24,957,833	2,298,141	-	27,255,974
Total accumulated depreciation	145,505,891	9,779,520	(95,151)	155,190,260
Total capital assets being depreciated, net	80,989,190	2,309,088	-	83,298,278
Total governmental activities capital assets, net	\$ 105,743,192	\$ 7,572,296	\$ (3,549,124)	\$ 109,766,364

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 3,274,839	\$ -	\$ -	\$ 3,274,839
Construction in progress	15,050,888	2,885,479	(14,967,562)	2,968,805
Total capital assets not being depreciated	18,325,727	2,885,479	(14,967,562)	6,243,644
Capital assets being depreciated:				
Buildings and Renovations	5,064,373	-	-	5,064,373
Machinery, equipment and other	5,081,487	-	-	5,081,487
Infrastructure	90,518,612	16,444,958	-	106,963,570
Total capital assets being depreciated	100,664,472	16,444,958	-	117,109,430
Less accumulated depreciation for:				
Buildings and Renovations	4,817,551	28,742	-	4,846,293
Machinery, equipment and other	4,474,480	228,074	-	4,702,554
Infrastructure	50,530,910	1,867,434	-	52,398,344
Total accumulated depreciation	59,822,941	2,124,250	-	61,947,191
Total capital assets being depreciated, net	40,841,531	14,320,708	-	55,162,239
Total business-type activities capital assets, net	\$ 59,167,258	\$ 17,206,187	\$ (14,967,562)	\$ 61,405,883

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

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

**Governmental Activities:**

General government	\$ 987,139
Public safety	1,841,511
Public works	2,633,431
Education	2,976,491
Health and human services	203,690
Culture and recreation	1,137,258
Total depreciation expense - governmental activities	<u>\$ 9,779,520</u>

**Business-Type Activities:**

Sewer fund	\$ 708,500
Water fund	1,415,750
Total depreciation expense - business-type activities	<u>\$ 2,124,250</u>

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

Interfund transfers for the fiscal year ended June 30, 2024, are summarized below:

Transfers Out:	Transfers In:			Total
	General fund	Nonmajor Governmental fund	Business-type fund	
General fund	\$ -	\$ 786,339	\$ -	\$ 786,339
Major funds	319,479	-	569,000	888,479
Nonmajor governmental funds	608,032	-	-	608,032
Business-type fund	1,670,421	-	-	1,670,421
Total transfers out	<u>\$ 2,597,932</u>	<u>\$ 786,339</u>	<u>\$ 569,000</u>	<u>\$ 3,953,271</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.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

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, 2023	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2024
<b>Bond anticipation notes:</b>						
<b>Sewer Fund:</b>						
<b>Massachusetts Clean Water Trust Notes:</b>						
Wastewater Treatment Plant upgrades	1.50%	8/26/2023	\$ 9,934,585	\$ 15,000	\$ 9,949,585	\$ -
Wastewater Treatment Plant upgrades	0.00%	9/8/2026	-	1,958,222	-	1,958,222
Total Business-type activities			<u>\$ 9,934,585</u>	<u>\$ 1,973,222</u>	<u>\$ 9,949,585</u>	<u>\$ 1,958,222</u>

**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, 2024
<b>Inside Debt:</b>					
Municipal Purpose Loan of 2010:					
Qualified energy conservation	1.73%	12/22/2010	11/15/2025	\$ 1,607,000	\$ 214,000
Clean renewable energy	1.73%	12/22/2010	11/15/2025	261,000	34,000
Municipal Purpose Loan of 2014:					
Florence Fields	2.34%	2/6/2014	2/1/2027	1,200,000	270,000
Municipal Purpose Loan of 2015:					
River Road Retaining Wall	1.73%	6/4/2015	6/1/2025	375,500	35,000
Streetlights	1.75%	6/4/2015	6/1/2025	700,000	70,000
Connecticut River Levee	1.73%	6/4/2015	6/1/2025	377,000	35,000
Municipal Purpose Loan of 2016:					
Fire Truck	1.34%	6/7/2016	6/1/2026	585,000	110,000
LED Streetlights	1.33%	6/7/2016	6/1/2026	225,000	40,000
Refunding Loan of 2016:					
Library	1.36%	12/23/2015	9/1/2025	579,000	70,000
School Building Remodeling	1.36%	12/23/2015	9/1/2025	372,950	22,500
Surface Drainage	1.36%	12/23/2015	9/1/2025	263,100	57,000
Senior Citizens Building	1.36%	12/23/2015	9/1/2025	1,661,200	375,000
Public Works Building Construction	1.36%	12/23/2015	9/1/2025	116,000	23,200
Refunding Loan of 2017:					
Forbes Library HVAC	1.52%	6/6/2017	6/1/2027	187,050	45,000
Forbes Library Windows	1.52%	6/6/2017	6/1/2026	46,500	10,000
River Road Retaining Wall	1.52%	6/6/2017	6/1/2027	386,000	105,000
Sub-total page 56					<u>\$ 1,515,700</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2024
<b>Inside Debt:</b>					
Continued from Page 55					\$ 1,515,700
Municipal Purpose Loan of 2018:					
Clement Street Bridge	2.20%	5/1/2018	5/1/2028	349,875	135,000
Forbes Library Windows	2.20%	5/1/2018	5/1/2028	326,900	120,000
Public Works Storage Building	2.20%	5/1/2018	5/1/2028	470,000	180,000
Street Paving	2.20%	5/1/2018	5/1/2028	1,398,725	555,000
Municipal Purpose Loan of 2019:					
Roadway Reconstruction	1.57%	5/29/2019	6/30/2029	2,154,000	1,075,000
Spring Grove Cemetery Storage Bldg	1.57%	5/29/2019	6/30/2029	820,000	400,000
Refunding Loan of 2021:					
Various Governmental Projects	0.48%	10/29/2020	11/15/2028	2,205,650	940,050
Municipal Purpose Loan of 2021:					
Various Governmental Projects	0.75%	6/17/2021	6/15/2031	6,395,000	4,475,000
Refunding Loan of 2022:					
Various Governmental Projects	1.65%	3/24/2022	12/1/2031	7,934,000	6,227,000
Municipal Purpose Loan of 2023:					
Various Governmental Projects	2.62%	9/27/2022	9/15/2032	4,610,000	4,135,000
Municipal Purpose Loan of 2023:					
Various Governmental Projects	3.50%	10/24/2023	10/15/2033	1,995,000	<u>1,995,000</u>
<b>Total Inside Debt</b>					<u>21,752,750</u>
<b>Outside Debt:</b>					
Refunding Loan of 2017:					
Bridge Street Elementary School Roof	1.52%	6/6/2017	6/1/2027	464,500	135,000
Leeds Elementary School Roof	1.52%	6/6/2017	6/1/2027	464,500	135,000
Pulaski Park Phase II	1.52%	6/6/2017	6/1/2027	627,500	<u>180,000</u>
<b>Total Outside Debt</b>					<u>450,000</u>
Total Bonded Debt					22,202,750
Add: Unamortized premium on bonds					<u>1,680,793</u>
<b>Total Governmental Type Debt</b>					<u>\$ 23,883,543</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

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, 2024
<b>Inside Debt:</b>					
<b>Sewer:</b>					
<b>Massachusetts Clean Water Trust:</b>					
Comprehensive Wastewater					
Management Plan CWP #10-14	2.00%	6/13/2012	7/15/2032	\$ 706,047	\$ 308,150
Management Plan #CWP-10-14-R	2.00%	9/11/2020	7/15/2032	62,280	48,182
Wastewater Treatment Plant Upgrade	1.50%	11/21/2023	1/15/2044	9,581,648	9,581,648
Refunding Loan of 2022:					
Bradford Street Pump Station	1.65%	3/24/2022	12/1/2031	361,000	293,000
<b>Total Inside Debt</b>					<u>10,230,980</u>
<b>Outside Debt:</b>					
<b>Sewer:</b>					
Wastewater Treatment Plant	1.35%	6/7/2016	6/1/2026	1,354,000	270,000
<b>Water:</b>					
<b>Massachusetts Clean Water Trust:</b>					
Water filtration plant	2.00%	2/1/2007	8/1/2024	2,241,713	163,198
Water filtration plant	2.00%	12/14/2006	7/15/2026	9,612,283	1,700,841
Water filtration plant	2.00%	12/14/2006	7/15/2026	14,000,000	2,477,223
Water filtration plant	2.00%	3/18/2009	7/15/2028	1,250,000	349,827
Well chlorination project	2.00%	7/8/2010	7/15/2025	459,416	69,503
Well chlorination project	2.00%	6/13/2012	7/15/2032	119,412	60,112
Refunding Loan of 2016:					
Water Filter Bed Construction	1.36%	12/23/2015	9/1/2024	409,300	59,000
Water Mains	1.36%	12/23/2015	9/1/2024	450,000	31,000
Water	1.36%	12/23/2015	9/1/2025	470,450	102,300
Refunding Loan of 2021:					
Route 66 water mains	0.65%	10/29/2020	11/15/2028	444,350	294,950
<b>Total Outside Debt</b>					<u>5,577,954</u>
<b>Total Business Type Debt</b>					<u>\$ 15,808,934</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

The annual principal and interest payments to retire all governmental and business-type activities long-term debt outstanding as of June 30, 2024 are as follows:

**Governmental**

Year	Principal	Interest	Total
2025	\$ 4,111,850	\$ 1,004,647	\$ 5,116,497
2026	3,970,200	773,162	4,743,362
2027	2,971,600	615,888	3,587,488
2028	2,663,100	483,661	3,146,761
2029	2,387,000	361,475	2,748,475
2030-2034	6,099,000	505,650	6,604,650
	<u>\$ 22,202,750</u>	<u>\$ 3,744,483</u>	<u>\$ 25,947,233</u>

**Business-type**

Year	Principal	Interest	Total
2025	\$ 2,441,995	\$ 282,906	\$ 2,724,901
2026	2,237,779	213,008	2,450,787
2027	2,049,632	168,514	2,218,146
2028	641,886	143,056	784,942
2029-2033	657,536	130,560	788,096
2034-2038	2,594,924	507,428	3,102,352
2035-2039	2,485,705	315,548	2,801,253
2040-2044	2,699,477	122,813	2,822,290
	<u>\$ 15,808,934</u>	<u>\$ 1,883,833</u>	<u>\$ 17,692,767</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

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

	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2024</b>	<b>Amounts Due within One Year</b>
<b>Governmental activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 24,224,650	\$ 1,995,000	\$ 4,016,900	\$ 22,202,750	\$ 4,111,850
Add: Unamortized premium	2,181,529	-	500,736	1,680,793	398,554
Compensated absences	3,818,371	189,274	225,570	3,782,075	1,622,795
Net OPEB liability	130,756,261	-	12,969,246	117,787,015	-
Net pension liability	69,945,599	-	8,190,195	61,755,404	-
<b>Governmental activity Long-term liabilities</b>	<b>\$ 230,926,410</b>	<b>\$ 2,184,274</b>	<b>\$ 25,902,647</b>	<b>\$ 207,208,037</b>	<b>\$ 6,133,199</b>
<b>Business-type activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 1,422,141	\$ -	\$ 371,891	\$ 1,050,250	\$ 362,150
Massachusetts Clean Water Trust bonds	6,786,272	9,581,648	1,609,236	14,758,684	2,079,845
Landfill closure	1,365,000	-	234,500	1,130,500	-
Compensated absences	235,329	15,349	19,803	230,875	108,031
Net OPEB liability	4,420,562	-	232,371	4,188,191	-
Net pension liability	5,378,114	-	1,304,529	4,073,585	-
<b>Business-type activity Long-term liabilities</b>	<b>\$ 19,607,418</b>	<b>\$ 9,596,997</b>	<b>\$ 3,772,330</b>	<b>\$ 25,432,085</b>	<b>\$ 2,550,026</b>

**Massachusetts Clean Water Trust (MCWT)**

The City is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$37,926,423 and interest costs of \$8,173,778 for nine loans which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2024 for principal and interest combined for the loans is \$16,552,359. The net repayments, including interest, are scheduled to be \$16,533,453. 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 2024 principal and interest subsidies totaled \$22,848.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**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, 2024, totaled \$31,983,730.

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, 2024:

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	\$ 22,202,750	
Less: Debt Outside Debt Limit	(450,000)	21,752,750
Business-Type Activity Debt	15,808,934	
Less: Debt Outside Debt Limit	(5,577,954)	10,230,980
		<u>31,983,730</u>
Inside Debt Excess Borrowing Capacity at June 30, 2024		<u>\$ 179,680,470</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, 2024, 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	\$ 3,850,400
5/24/2022	Wastewater Treatment Plant sludge dewatering clarifier, water system and SCADA upgrades	20,541,778
12/21/2023	Road paving projects	2,000,000
3/21/2024	Purchase of Fire Engine	1,100,000
3/21/2024	Ryan Road School playground	720,000
		<u>\$ 28,212,178</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**I. Fund Balances**

The following is a summary of the City Governmental Fund balances at the year ended June 30, 2024:

	<b>General Fund</b>	<b>Major Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>				
Permanent funds	\$ -	\$ -	\$ 786,006	\$ 786,006
<b>Restricted:</b>				
Federal, state and local grants	-	-	5,067,237	5,067,237
School revolving funds	-	-	6,377,610	6,377,610
City revolving funds	-	-	1,966,033	1,966,033
Community preservation fund	-	-	3,448,810	3,448,810
Donations and gifts	-	-	1,579,921	1,579,921
Reserve for debt	64,028	-	-	64,028
Capital projects	-	-	6,578,713	6,578,713
Permanent funds	-	-	709,782	709,782
Other	-	-	3,006,910	3,006,910
	<u>64,028</u>	<u>-</u>	<u>28,735,016</u>	<u>28,799,044</u>
<b>Committed:</b>				
Stormwater fund	-	4,885,732	-	4,885,732
Parking fund	-	-	2,006,378	2,006,378
Workers Compensation	-	-	299,315	299,315
	<u>-</u>	<u>4,885,732</u>	<u>2,305,693</u>	<u>7,191,425</u>
<b>Assigned:</b>				
General government	332,895	-	-	332,895
Public safety	65,371	-	-	65,371
Public works	1,718,669	-	-	1,718,669
Education	163,153	-	-	163,153
Health and human services	3,000	-	-	3,000
Culture and recreation	605,891	-	-	605,891
Employee benefits and insurance	411,823	-	-	411,823
Capital improvements	15,119,180	-	-	15,119,180
Subsequent year's budget	1,243,201	-	-	1,243,201
	<u>19,663,183</u>	<u>-</u>	<u>-</u>	<u>19,663,183</u>
<b>Unassigned:</b>				
General Fund	<u>32,815,759</u>	<u>-</u>	<u>-</u>	<u>32,815,759</u>
<b>Total Governmental fund balances</b>	<u>\$ 52,542,970</u>	<u>\$ 4,885,732</u>	<u>\$ 31,826,715</u>	<u>\$ 89,255,417</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**J. Stabilization Fund**

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. A fund created broadly for any lawful purpose would be known as a general purpose stabilization fund, while a fund created for a more specific category of spending purposes would be known as a special purpose stabilization fund. The creation of any fund (special or general purpose) 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 also requires a two-thirds vote of the legislative body. Appropriations into a general or special purpose stabilization fund requires a majority vote of the legislative body. Appropriations from a general purpose stabilization fund require a two-thirds vote of the legislative body while appropriations from a special purpose stabilization fund require a majority vote of the legislative body. Any interest shall be added to and become a part of the fund.

At June 30, 2024 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$	4,432,070
Capital stabilization fund		4,841,426
Climate Mitigation Stabilization		3,893,367
Fiscal stability stabilization fund		4,128,303
Special education stabilization fund		800,000
		18,095,166
	\$	18,095,166

At June 30, 2024, the balance in the stormwater stabilization fund is \$588,540 and is reported in the Stormwater Fund as committed fund balance.

At June 30, 2024 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	\$	1,556,554
Sewer stabilization fund		11,843,252
Solid Waste stabilization funds		1,703,732
Water stabilization fund		2,393,528
		17,497,066
	\$	17,497,066

**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.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**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, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2024.

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. 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, 2024 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.

**D. Subsequent Events**

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

**E. Pension Plan**

**Plan Description**

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

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**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, 2023. The City's portion of the collective pension expense contributed by the Commonwealth of \$8,614,235 on-behalf payments for the fiscal year ending June 30, 2024 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, 2023 was \$7,480,027, representing 21.37% 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 \$7,492,034, an excess of \$12,007 over the required contribution.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**Pension Liability**

As of June 30, 2024, the City reported a liability of \$65,828,989 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, 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, 2023, the City's proportional percentage was 94.71%, which was a slight increase from the last measurement.

**Pension Expense**

For the year ended June 30, 2024, the City recognized a pension cost of \$11,758,669, reported deferred outflows of resources related to pensions of \$17,869,881, 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 \$81,876 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:

<b>For years ended June 30,</b>	
<b>2025</b>	\$ 5,132,618
<b>2026</b>	6,929,208
<b>2027</b>	7,404,313
<b>2028</b>	(1,678,592)
<b>2029</b>	458
	<u>\$ 17,788,005</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, 2023:

Valuation date	January 1, 2022
Actuarial cost method	Entry Age Normal
Asset valuation method	Four-year asset smoothing method
Investment rate of return	6.90% per year

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

Mortality rates

Pre-retirement rates reflect the RP-2014 healthy employee mortality table adjusted to 2006, projected generationally using MP-2021 (gender distinct). Post retirement rates reflect RP-2014 Healthy Annuitant table adjusted to 2006, projected generationally using MP-2021. For disabled retirees, the rates reflect RP-2014 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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap Equities	45.0%	4.19% *
Mid/Small Cap Equities	8.0%	4.19% *
International Equities	5.0%	3.90%
Emerging Market Equities	2.0%	6.43%
Fixed income	40.0%	2.24%
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, 2023, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 13.10%

**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, 2024**

**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:

	<b>1% Decrease</b>	<b>Current</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>5.90%</b>	<b>6.90%</b>	<b>7.90%</b>	
City's net pension liability	\$ 90,455,633	\$ 65,828,989	\$	45,109,238

**F. 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 1,962 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, 2024, 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, 2024**

**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, 2024 Measurement Date, total City premiums plus implicit costs for the retiree medical program were \$5,201,506. The City also made a contribution to an OPEB Trust of \$769,292 for a total contribution during the measurement period of \$5,970,798. The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$5,488,397 as of June 30, 2024.

**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, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023.

**Plan Membership:**

Current active members	1,063
Current retirees, beneficiaries and dependents	<u>899</u>
Total	<u><u>1,962</u></u>

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<b>6/30/2024</b>
Total OPEB liability	127,463,603
Less: Plan fiduciary net position	<u>(5,488,397)</u>
City's Net OPEB liability	<u><u>\$ 121,975,206</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 4.31%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2024:

Valuation date	July 1, 2023
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value of assets as of the measurement date, June 30, 2024.
Investment rate of return	6.64%, net of OPEB plan investment expense, including inflation
Single Equivalent Discount rate	5.49%, net of OPEB plan investment expense, including inflation
Inflation	2.50% annually as of June 30, 2024 and for future periods

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

Projected salary increases	3.00% annually as of June 30, 2024 and for future periods
Cost of living adjustments	Not applicable
<b>Mortality rates</b>	
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.
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, 2024 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index (SAPIHG) as of June 30, 2024 is 4.21%.

**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Total OPEB Liability</b>
Balances at June 30, 2023	\$ 139,395,115	\$ 4,218,292	\$ 135,176,823
Service cost	4,177,168	-	4,177,168
Interest on Total OPEB Liability	6,838,613	-	6,838,613
Changes in benefit terms *	-	-	-
Changes in assumptions **	(9,556,828)	-	(9,556,828)
Difference between actual and expected experience **	(8,188,959)	-	(8,188,959)
Net investment income	-	500,813	(500,813)
Employer contributions to Trust	-	5,970,798	(5,970,798)
Total benefit payments including implicit cost	(5,201,506)	(5,201,506)	-
Net change in total OPEB liability	(11,931,512)	1,270,105	(13,201,617)
Balances at June 30, 2024	\$ 127,463,603	\$ 5,488,397	\$ 121,975,206

\* = Recognized immediately

\*\* = Amortized over 6.38 years

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return *</b>
Domestic Equity - Large Capital	32.00%	4.91%
Domestic Equity - Small/Mid Capital	11.25%	5.29%
International Equity - Developed Market	14.75%	5.32%
International Equity - Emerging Market	7.00%	6.13%
Domestic Fixed Income	23.25%	2.30%
International Fixed Income	4.25%	2.02%
Alternatives	3.50%	6.35%
Real Estate	2.75%	6.25%
Cash	1.25%	0.00%
<b>Total</b>	<b>100.00%</b>	
I. Real Rate of Return		4.39%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		6.89%
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		6.64%

\* = Mean Geometric Returns based on 2023 Horizon Survey of Capital Market Assumptions.

**Rate of Return**

For the year ended June 30, 2024, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 11.87%.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.49%. 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, 2024**

**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 5.49% 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 (4.49%) or 1-percentage-point higher (6.49%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>4.49%</b>	<b>Discount Rate</b>	<b>6.49%</b>
	<b>5.49%</b>		
City's net OPEB liability	\$ 141,089,080	\$ 121,975,206	\$ 106,636,018

**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:

	<b>1% Decrease</b>	<b>Healthcare</b>	<b>1% Increase</b>
		<b>Cost Trend</b>	
		<b>Rates</b>	
City's net OPEB liability	\$ 105,062,000	\$ 121,975,206	\$ 143,341,587

**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/(income), Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2024, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense/(income) of (\$7,755,054) and reported deferred outflows of resources related to OPEB of \$6,689,269 from the differences between actual and expected experience and the changes in assumptions; and deferred inflows of resources related to OPEB of \$35,057,881 from the differences between actual and expected experience, the changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

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

<b>For years ended June 30,</b>		
<b>2025</b>	<b>\$</b>	<b>(5,176,566)</b>
<b>2026</b>		<b>(7,280,378)</b>
<b>2027</b>		<b>(8,206,907)</b>
<b>2028</b>		<b>(3,837,479)</b>
<b>2029</b>		<b>(2,810,315)</b>
<b>Thereafter:</b>		<b>(1,056,967)</b>
		<b><u>\$ (28,368,612)</u></b>

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

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

	<b>NORTHAMPTON</b>		
	<b>Employees Retirement System Pension Trust Fund (as of December 31, 2023)</b>	<b>Other Post Employment Benefits Trust Fund</b>	<b>Total Pension and Other Post Employment Benefit Trust Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 123,233	\$ 394,292	\$ 517,525
Investments	161,584,803	5,094,105	166,678,908
Accrued Interest and Dividends	254,203	-	254,203
Accounts Receivable	15,225	-	15,225
<b>Total Assets</b>	<b>161,977,464</b>	<b>5,488,397</b>	<b>167,465,861</b>
<b>LIABILITIES</b>			
Warrants Payable	44,077	-	44,077
<b>Total Liabilities</b>	<b>44,077</b>	<b>-</b>	<b>44,077</b>
<b>NET POSITION</b>			
Restricted for Pensions	161,933,387	-	161,933,387
Restricted for Other Postemployment Benefits	-	5,488,397	5,488,397
	<b>\$ 161,933,387</b>	<b>\$ 5,488,397</b>	<b>\$ 167,421,784</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

	<b>NORTHAMPTON Employees Retirement System Pension Trust Fund (as of December 31, 2023)</b>	<b>Other Post Employment Benefits Trust Fund</b>	<b>Total Pension and Other Post Employment Benefit Trust Funds</b>
<b>Additions</b>			
Contributions:			
Employers	\$ 7,896,069	\$ 5,970,798	\$ 13,866,867
Plan Members	3,724,155	-	3,724,155
Transfers/Reimbursements from Other Systems	622,445	-	622,445
Federal Grant Reimbursements	12,677	-	12,677
Commonwealth of Massachusetts - COLA	32,787	-	32,787
Total Contributions	12,288,133	5,970,798	18,258,931
Investment Income:			
Interest & Dividends	2,411,487	500,813	2,912,300
Net Change in Fair Value of Investments	17,488,822	-	17,488,822
Total Investment Earnings	19,900,309	500,813	20,401,122
Less Investment Expense	(452,631)	-	(452,631)
Net Investment Earnings	19,447,678	500,813	19,948,491
<b>Total Additions</b>	31,735,811	6,471,611	38,207,422
<b>Deductions:</b>			
Benefit Payments to Plan Members and Beneficiaries	13,539,848	5,201,506	18,741,354
Refunds to Members	237,554	-	237,554
Transfers to Other Systems	1,118,016	-	1,118,016
General Expenses	280,595	-	280,595
<b>Total Deductions</b>	15,176,013	5,201,506	20,377,519
<b>Change in Net Position</b>	16,559,798	1,270,105	17,829,903
<b>Net Position at Beginning of Year</b>	145,373,589	4,218,292	149,591,881
<b>Net Position at End of Year</b>	\$ 161,933,387	\$ 5,488,397	\$ 167,421,784

**H. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 99, *Omnibus 2024*, 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.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2024**

**I. 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. 101, *Compensated Absences*, for implementation in fiscal year 2025.

The GASB issued Statement No. 102, *Certain Risk Disclosures*, for implementation in fiscal year 2025.

The GASB issued Statement No. 103, *Financial Model Reporting Improvements*, for implementation in fiscal year 2026.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Northampton Contributory Retirement System**  
**For the Year Ended June 30, 2024**

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

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

<b>Measurement Date</b>	<b>City's proportion of the net pension liability (asset)</b>	<b>City's proportionate share of the net pension liability (asset)</b>	<b>City's covered employee payroll</b>	<b>Net pension liability percentage of covered employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
12/31/2023	94.71%	\$ 65,828,989	\$ 35,061,207	187.75%	69.97%
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%

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Northampton Contributory Retirement System**  
**For the Year Ended June 30, 2024**

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

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

<b>Measurement Date</b>	<b>Actuarially determined contribution</b>	<b>Less: Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>City's covered employee payroll</b>	<b>Contributions percentage of covered employee payroll</b>
12/31/2023	\$ 7,480,027	\$ (7,492,034)	\$ (12,007)	\$ 35,061,207	21.37%
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%

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2024**

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

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
<b>Total OPEB liability</b>				
Service cost	\$ 4,177,168	\$ 4,137,677	\$ 5,936,450	\$ 4,747,722
Interest on OPEB liability	6,838,613	6,534,155	5,312,189	5,660,893
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	(9,556,828)	(1,110,429)	(33,473,081)	25,680,574
Difference between actual and expected experience	(8,188,959)	-	1,611,365	(2,565,068)
Benefit payments, including refunds of member contributions	(5,201,506)	(4,825,635)	(4,450,580)	(4,455,377)
Net change in total OPEB liability	(11,931,512)	4,735,768	(25,063,657)	29,068,744
Total OPEB liability-beginning	139,395,115	134,659,347	159,723,004	130,654,260
<b>Total OPEB liability-ending (a)</b>	<u>\$ 127,463,603</u>	<u>\$ 139,395,115</u>	<u>\$ 134,659,347</u>	<u>\$ 159,723,004</u>
<b>Plan fiduciary net position</b>				
Net investment income	\$ 500,813	\$ 338,845	\$ (605,447)	\$ 638,945
Employer contributions to Trust	5,970,798	5,200,635	5,300,580	4,755,377
Benefit payments, including refunds of member contributions	(5,201,506)	(4,825,635)	(4,450,580)	(4,455,377)
Net change in plan fiduciary net position	1,270,105	713,845	244,553	938,945
Total fiduciary net position-beginning	4,218,292	3,504,447	3,259,894	2,320,949
<b>Total fiduciary net position-ending (b)</b>	<u>\$ 5,488,397</u>	<u>\$ 4,218,292</u>	<u>\$ 3,504,447</u>	<u>\$ 3,259,894</u>
<b>City's net OPEB liability (a-b)</b>	<u>\$ 121,975,206</u>	<u>\$ 135,176,823</u>	<u>\$ 131,154,900</u>	<u>\$ 156,463,110</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, 2024**

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

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

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, 2024**

**Schedule of Net OPEB Liability:**

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
Total OPEB liability	\$ 127,463,603	\$ 139,395,115	\$ 134,659,347	\$ 159,723,004
Less: Plan fiduciary net position	(5,488,397)	(4,218,292)	(3,504,447)	(3,259,894)
City's Net OPEB liability	<u>\$ 121,975,206</u>	<u>\$ 135,176,823</u>	<u>\$ 131,154,900</u>	<u>\$ 156,463,110</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.31%	3.03%	2.60%	2.04%
City's share of covered employee payroll	\$ 65,839,473	\$ 63,203,792	\$ 61,362,905	\$ 54,903,164
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	185.26%	213.87%	213.74%	284.98%
	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
Actuarially determined contribution	\$ 9,804,873	\$ 9,901,895	\$ 11,487,086	\$ 10,148,561
Less: Contributions in relation to the actuarially determined contribution	(5,970,798)	(5,200,635)	(5,300,580)	(4,755,377)
Contribution deficiency (excess)	<u>\$ 3,834,075</u>	<u>\$ 4,701,260</u>	<u>\$ 6,186,506</u>	<u>\$ 5,393,184</u>
City's share of covered employee payroll	\$ 65,839,473	\$ 63,203,792	\$ 61,362,905	\$ 54,903,164
Contributions percentage of covered-employee payroll	9.07%	8.23%	8.64%	8.66%
Annual money-weighted rate of return net of investment expense	11.87%	9.19%	-17.59%	25.95%

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, 2024**

**Schedule of Contributions:**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 130,654,260	\$ 169,200,554	\$ 160,642,572	\$ 166,849,985
Less: Plan fiduciary net position	(2,320,949)	(1,393,241)	(837,242)	(433,771)
City's Net OPEB liability	<u>\$ 128,333,311</u>	<u>\$ 167,807,313</u>	<u>\$ 159,805,330</u>	<u>\$ 166,416,214</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.78%	0.82%	0.52%	0.26%
City's share of covered employee payroll	\$ 53,304,043	\$ 51,751,499	\$ 50,244,173	\$ 50,244,173
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	240.76%	324.26%	318.06%	331.21%
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 11,988,404	\$ 15,854,340	\$ 15,006,033	\$ 10,396,093
Less: Contributions in relation to the actuarially determined contribution	(5,003,747)	(5,031,673)	(4,596,567)	(3,717,254)
Contribution deficiency (excess)	<u>\$ 6,984,657</u>	<u>\$ 10,822,667</u>	<u>\$ 10,409,466</u>	<u>\$ 6,678,839</u>
City's share of covered employee payroll	\$ 53,304,043	\$ 51,751,499	\$ 50,244,173	\$ 50,244,173
Contributions percentage of covered-employee payroll	9.39%	9.72%	9.15%	7.40%
Annual money-weighted rate of return net of investment expense	4.86%	8.05%	4.59%	10.11%

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2024**

**Schedule of Funding Progress:**

Measurement Date	Other Post Employment Benefits					
	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)
6/30/2024	\$ 5,488,397	\$ 127,463,603	\$ 121,975,206	4.31%	\$ 65,839,473	185.26%
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, 2024**

	Fund Balances July 1, 2023	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2024
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
School Grants	\$ 593,387	\$ 8,930,498	\$ 8,194,103	\$ -	\$ 1,329,782
Arts Lottery Council Grants	5	122,019	121,172	-	852
Community Development Grants	125,000	515,081	415,152	-	224,929
Council on Aging Grants	23,923	119,084	132,453	-	10,554
Disaster Relief and Hazard Grants	3,584	-	-	-	3,584
Emergency Management Grants (Covid)	(486,941)	220,614	-	266,328	1
Energy Grants	30,542	54,559	69,962	-	15,139
Health Grants	353,363	2,419,687	2,560,716	-	212,334
Highway Grants	1,800	669,287	156,298	-	514,789
Library Grants	-	90,934	90,934	-	-
Other Programs and Grants	327,587	631,500	152,634	20,000	826,453
Planning Grants	61,747	766,590	758,886	-	69,451
Public Safety Grants	59,283	671,450	692,177	-	38,556
Recycling Grants	25,648	9,000	5,765	-	28,883
Regional Valley Bike Grant	226,146	7,650	31,795	-	202,001
Three County Fair Drainage Project	1,892,954	-	303,023	-	1,589,931
<b>Schools:</b>					
School Lunch Revolving	1,393,742	1,965,393	1,561,039	-	1,798,096
School Lunch Commodities	-	155,956	155,956	-	-
Insurance and Restitution	1,462,204	305	-	-	1,462,509
Privately Funded Grants	57,572	49,944	60,653	-	46,863
Revolving Accounts	3,172,369	1,753,492	1,745,616	-	3,180,245
School Choice	1,069,132	1,220,126	1,639,568	-	649,690
State Special Education Reimbursement Fund	463,660	731,268	772,270	-	422,658
Student Activity Funds	240,507	306,729	267,179	-	280,057
<b>Other:</b>					
Affordable Housing Impact Fee	75,822	57,698	-	-	133,520
<b>Total Special Revenue Page 84</b>	<b>\$ 11,173,036</b>	<b>\$ 21,468,864</b>	<b>\$ 19,887,351</b>	<b>\$ 286,328</b>	<b>\$ 13,040,877</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Fund Balances July 1, 2023	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2024
<b>Continued from Page 84</b>	\$ 11,173,036	\$ 21,468,864	\$ 19,887,351	\$ 286,328	\$ 13,040,877
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Baystate Gas Roundhouse Lot Fund	12,805	-	-	-	12,805
Board of Health Revolving	542,865	275,429	249,964	-	568,330
Cable Access Fund	146,356	2,848	-	(146,355)	2,849
Committee on Disabilities Revolving Fund	43,657	6,340	7,280	-	42,717
Community Preservation Fund	3,019,630	2,192,581	1,750,721	(12,680)	3,448,810
Channel Markers (Connecticut River)	7,113	24,253	27,000	-	4,366
Conservation Wetlands Funds	27,626	11,460	4,827	-	34,259
Council on Aging Revolving Funds	275,591	97,789	97,615	-	275,765
Deputy Collector Fees	-	33,317	32,644	-	673
Energy Sustainability Revolving Fund	104,804	-	14,780	-	90,024
Fire Department Revolving Funds	99,592	75,179	78,370	-	96,401
Fire Outside Detail	(1,067)	42,744	42,271	-	(594)
Gaming Commission Mitigation Grant	17,000	-	17,000	-	-
Gifts & Donations	584,539	575,428	251,323	(172,173)	736,471
Insurance and Restitution	10,030	115,867	62,785	-	63,112
James House Rental	145,337	51,096	24,833	-	171,600
Liquor Licenses Deposits	20,000	-	-	(20,000)	-
Municipal Waterways Fund	29,474	3,771	-	-	33,245
Opioid Settlement Funds	-	-	31,085	527,518	496,433
Other Programs	325,541	83,059	51,323	-	357,277
Parking Meter Reserves and Passes	1,570,281	692,883	-	(256,786)	2,006,378
Police Court Time	7,268	-	-	-	7,268
Police Outside Detail	(8,137)	1,373,434	1,319,394	-	45,903
Public Works Grants Projects Revolving	9,433	-	-	-	9,433
Public Works Reuse Committee	102	-	-	-	102
Recreation Revolving Funds	664,333	605,819	610,632	-	659,520
Sale of Cemetery Lots	97,925	10,500	-	-	108,425
<b>Total Special Revenue Page 85</b>	<b>\$ 18,925,134</b>	<b>\$ 27,742,661</b>	<b>\$ 24,561,198</b>	<b>\$ 205,852</b>	<b>\$ 22,312,449</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Fund Balances July 1, 2023	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2024
<b>Continued from Page 85</b>	\$ 18,925,134	\$ 27,742,661	\$ 24,561,198	\$ 205,852	\$ 22,312,449
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Sale of Land	31,343	-	-	-	31,343
Septic Repair Loan Repayments	15,735	-	-	-	15,735
Traffic Mitigation Fund	604,111	788,645	549,306	-	843,450
Transportation Infrastructure	2,545	3,565	-	(2,545)	3,565
Survival Center Capital Fund	45,042	7,200	-	-	52,242
Tourism Directional Signs	411	-	-	-	411
Affordable Housing Fund	1,021	2	-	-	1,023
Conservation Land Purchase Fund	56,862	33,242	-	-	90,104
Compensated Absences Fund	295,247	4,068	-	-	299,315
Drug Forfeiture Fund	100,111	6,359	8,641	-	97,829
E. Lyman Fund	85	9	-	-	94
Park Street Improvements Fund	4,205	449	-	-	4,654
<b>Total Special Revenue Funds</b>	<b>20,081,852</b>	<b>28,586,200</b>	<b>25,119,145</b>	<b>203,307</b>	<b>23,752,214</b>
<b>Capital Projects:</b>					
Department of Public Works Projects	3,929,811	-	536,766	2,077,500	5,470,545
Forbes Library Renovations	3,266	-	-	-	3,266
Northampton Public Schools Projects	1,193	-	-	-	1,193
Premium on Bonds	4,475	-	40,297	46,048	10,226
Public Safety Projects	4,826,934	-	3,733,451	-	1,093,483
<b>Total Capital Projects</b>	<b>\$ 8,765,679</b>	<b>\$ -</b>	<b>\$ 4,310,514</b>	<b>\$ 2,123,548</b>	<b>\$ 6,578,713</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Fund Balances July 1, 2023	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2024
<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care Funds	\$ 786,006	\$ -	\$ -	\$ -	\$ 786,006
<b>Permanent Funds:</b>					
Cemetery Funds	567,896	166,886	-	(25,000)	709,782
<b>Total Non-Major Governmental Funds</b>	<b>\$ 30,201,433</b>	<b>\$ 28,753,086</b>	<b>\$ 29,429,659</b>	<b>\$ 2,301,855</b>	<b>\$ 31,826,715</b>