

CITY OF EASTHAMPTON, MASSACHUSETTS

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

For the Year Ended June 30, 2021

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Independent Auditor's Report

To the Honorable Mayor
City of Easthampton, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Easthampton, Massachusetts, as of June 30, 2021, (except for the Easthampton Contributory Retirement System, which is as of December 31, 2020), and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other post employment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the City of Easthampton Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Easthampton, Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

June 27, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$67,125,995 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,671,330, an increase of \$33,454,665 (99%).
- At the close of the current fiscal year, the City's governmental funds reported total ending fund a balance of \$34,829,122, a decrease of \$23,912,921 (41%) (mainly due to the elementary school construction) in comparison with the prior year.
- The General Fund's total fund balance increased by \$2,518,476 (26%) to \$12,127,283. The ending General fund balance is 22% of revenues, transfers in and the sale of tax foreclosure property; and 23% of expenditures and transfers out.
- Total liabilities of the City decreased by \$2,740,942 (2%) to \$126,753,711 during the fiscal year. This was mainly attributed to net increases in retainage payable of \$2,475,299 and in the other post employment benefits (OPEB) liability of \$2,880,758; and decreases in the pension liability of \$4,161,470 and in bonds payable of \$4,071,922.
- The City had General fund free cash certified by the Department of Revenue in the amount of \$4,020,700. The key factors that attributed to the free cash amount for fiscal year 2021 were unexpended/unencumbered appropriations of \$829,500, excess over budget state and local receipt of \$1,939,900 and prior year free cash not appropriated of \$724,300.
- The City's enterprise fund certified free cash is as follows:
 - Water and Wastewater fund \$ 2,492,007.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Easthampton'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 activity includes water and wastewater activities.

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 Easthampton 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 two types of proprietary funds.

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 water and wastewater activities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The City uses internal service funds to account for dental insurance. Because this service predominately benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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

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

Financial Highlights

Statement of Net Position Highlights

	Governmental Activities		
	2021	2020	Change
Assets:			
Current assets	\$ 52,710,715	\$ 73,937,368	\$ (21,226,653)
Capital assets	133,285,791	81,225,315	52,060,476
Total assets	185,996,506	155,162,683	30,833,823
Deferred Outflows of Resources	8,045,896	4,091,114	3,954,782
Liabilities:			
Current liabilities (excluding debt)	16,550,354	13,235,783	3,314,571
Current debt	3,090,000	4,299,880	(1,209,880)
Noncurrent liabilities (excluding debt)	55,522,607	56,577,418	(1,054,811)
Noncurrent debt	45,305,000	48,395,000	(3,090,000)
Total liabilities	120,467,961	122,508,081	(2,040,120)
Deferred Inflows of Resources	10,887,850	6,482,204	4,405,646
Net Position:			
Net investment in capital assets	97,256,216	68,238,324	29,017,892
Restricted	10,707,992	9,752,191	955,801
Unrestricted	(45,277,617)	(47,727,003)	2,449,386
Total net position	\$ 62,686,591	\$ 30,263,512	\$ 32,423,079
Business-Type Activities			
	2021	2020	Change
Assets:			
Current assets	\$ 3,736,205	\$ 2,819,742	\$ 916,463
Capital assets	7,250,831	7,676,461	(425,630)
Total assets	10,987,036	10,496,203	490,833
Deferred Outflows of Resources	419,552	320,242	99,310
Liabilities:			
Current liabilities (excluding debt)	312,307	201,033	111,274
Current debt	372,291	469,112	(96,821)
Noncurrent liabilities (excluding debt)	3,021,409	3,364,393	(342,984)
Noncurrent debt	2,579,743	2,952,034	(372,291)
Total liabilities	6,285,750	6,986,572	(700,822)
Deferred Inflows of Resources	681,434	422,055	259,379
Net Position:			
Net investment in capital assets	4,298,797	4,255,315	43,482
Unrestricted	140,607	(847,497)	988,104
Total net position	\$ 4,439,404	\$ 3,407,818	\$ 1,031,586

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2021	2020	Change
Program Revenues:			
Charges for services	\$ 2,129,678	\$ 2,325,459	\$ (195,781)
Operating grants and contributions	20,163,488	17,091,854	3,071,634
Capital grants and contributions	25,858,973	13,685,139	12,173,834
General Revenues:			
Property taxes	30,875,458	30,293,185	582,273
Motor vehicle excise and other taxes	1,854,508	1,859,252	(4,744)
Hotel room occupancy and meal taxes	2,070,581	966,519	1,104,062
Penalties and interest on taxes	203,081	149,302	53,779
Nonrestricted grants	3,142,824	3,773,696	(630,872)
Unrestricted investment income	599,012	1,233,447	(634,435)
Miscellaneous	28,148	583	27,565
Gain/(Loss) on disposition of capital assets	106,670	-	106,670
Total revenues	87,032,421	71,378,436	15,653,985
Expenses:			
General government	4,473,112	2,599,248	1,873,864
Public safety	6,713,736	6,784,495	(70,759)
Public works	2,872,225	3,116,100	(243,875)
Education	21,549,689	20,539,639	1,010,050
Health and human services	1,027,426	903,428	123,998
Culture and recreation	1,182,734	1,072,729	110,005
Employee benefits and insurance	13,223,329	14,527,103	(1,303,774)
State assessments	2,802,240	2,682,653	119,587
Interest	1,970,987	2,696,552	(725,565)
Total expenses	55,815,478	54,921,947	893,531
Contributions to Permanent Funds	8,812	7,688	1,124
Transfers, net	1,197,324	1,274,318	(76,994)
Change in net position	32,423,079	17,738,495	14,684,584
Net position - beginning of year	30,263,512	12,525,017	17,738,495
Net position - end of year	\$ 62,686,591	\$ 30,263,512	\$ 32,423,079

	Business-Type Activities		
	2021	2020	Change
Program Revenues:			
Charges for services	\$ 4,998,513	\$ 4,484,561	\$ 513,952
Operating grants and contributions	46,781	55,568	(8,787)
Total revenues	5,045,294	4,540,129	505,165
Expenses:			
Water and Wastewater	2,816,384	2,855,061	(38,677)
Total expenses	2,816,384	2,855,061	(38,677)
Net (expenses) revenues	2,228,910	1,685,068	543,842
Transfers	(1,197,324)	(1,274,318)	76,994
Change in net position	1,031,586	410,750	620,836
Net position - beginning of year	3,407,818	2,997,068	410,750
Net position - end of year	\$ 4,439,404	\$ 3,407,818	\$ 1,031,586

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 \$67,125,995 at the close of fiscal year 2021.

Net position of \$101,555,013 represents 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, \$10,707,992 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$45,137,010).

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 \$32,423,079 (107%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2021 was attributed to an increase in the acquisition of \$55,392,161 in new capital assets exceeding the disposition of capital assets of \$85,558 and the depreciation expense (normally spread out over the useful life of the asset) for the year of \$3,246,127; and a decrease as a result of the net changes in governmental fund balances of \$23,912,921.

There was an increase of \$1,031,586 (30%) in net position reported in connection with the business-type 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, the general fund 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 \$34,829,122, a decrease of \$23,912,921 (41%) (mainly due to the elementary school construction) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance – \$747,709 (2%).
- Restricted fund balance – \$21,837,063 (63%).
- Committed fund balance – \$153,474 (1%).
- Assigned fund balance – \$458,560 (1%).
- Unassigned fund balance – \$11,632,316 (33%).

Major Governmental Funds

At the end of the fiscal year, the General Fund reported a total fund balance of \$12,127,283, increasing \$2,518,476 (26%) from the prior year. Of the \$12,127,283, the unassigned amount is \$11,632,316 (95.9%), the assigned amount is \$458,560 (3.8%) and the restricted amount is \$36,407 (.3%). General fund revenues were \$1,418,558 (3%) more than the prior fiscal year and expenditures also increased by \$1,475,094 (3%). Other activity in the General Fund consisted of net transfers from other funds of \$692,877 and the sale of tax foreclosure property of \$192,228.

The main components of the increases from the prior year in general fund revenues were related to increases in property taxes in the amount of \$982,002 (3%) and in hotel room occupancy, meals and cannabis taxes of \$1,104,062 (114%); and a decrease in licenses, permits and fees of \$840,485 (38%).

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

- Increase in Education expenditures of \$809,100 (5%).
- Increase in Employee benefits and insurance expenditures of \$419,252 (3%).

The *Community Preservation Fund* is for the accumulation of resources generated from a surcharge levy on its real estate property tax and the receipt of state matching funds for the acquisition, creation, preservation, rehabilitation and restriction of open space, historic resources and affordable housing. The fund has accumulated a fund balance of \$3,186,984 and shows an increase of \$543,365 (21%). This amount was mainly attributed to the receipts from surcharge levies on its real property of \$595,903, the Commonwealth of Massachusetts receipts of \$290,204, investment income of \$5,580 and expenditures of \$349,433.

The *Elementary School Construction Fund* is used to account for the resources in the construction of a new elementary school facility. The fund has a balance of \$12,365,425 and shows a decrease of \$28,902,727 (70%). This is attributed to the receipt of Massachusetts School Building Authority funds of \$23,350,372 and expenditures of \$52,253,099.

Major 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.

The *Water and Wastewater Fund* is the financing and operations of the City's water and wastewater system. The fund has accumulated a balance of \$4,439,404 and shows an increase of \$1,031,586 (30%) in total operations. This is the result of operating revenues exceeding operating expenditures by \$2,250,867, intergovernmental revenues (Massachusetts Clean Water Trust subsidies) of \$40,553, interest income of \$6,228, interest expense of \$68,738 and net transfers to the governmental funds of \$1,197,324. Operating revenues increased by \$513,952 (11%) while operating expenses decreased by \$20,618 (1%) from the prior year.

The activity of the internal service fund represents a self-insured dental insurance fund. The fund has accumulated a fund balance of \$498,770. The fund increased by \$120,171 (32%) in total operations, the result of contributions from the employees and employer for \$489,050, expenses of \$370,114 and interest income of \$1,235.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2021 was \$48,056,602. This was an increase of \$891,249 (2%) over the previous year's budget.

There was an increase of \$678,037 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.

General fund expenditures were less than budgeted by \$1,188,046. Of the \$1,188,046 in under budget expenditures, \$358,560 has been carried over to fiscal year 2022.

Overall, the variance with the final budget was a positive \$3,093,223 consisting of a revenue surplus of \$2,263,737 and an appropriation surplus of \$829,486.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$133,285,791 and \$7,250,831, 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 included the following:

- Message boards/trailers for \$35,500.
- Police vehicle purchases for \$186,849.
- Fire Department ambulance equipment purchases for \$78,240.
- Highway equipment purchase for \$19,009.
- Road and street improvements of \$2,749,505.
- Elementary School construction for \$52,253,099.
- Mt. Tom trailhead park improvements for \$43,982.
- Parks' pickleball courts construction of \$25,977.

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

For the Water and Wastewater Department:

- Infrastructure improvements of \$204,730.

Debt. The City’s outstanding governmental debt as of June 30, 2021 totaled \$48,395,000 consisting of the school construction and improvements.

The business-type funds debt as of June 30, 2021 totaled \$2,952,034 consisting of wastewater debt.

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

Next Year’s Annual City Council Votes

The City of Easthampton City Council votes a budget for the next fiscal year at a City Council meeting before the end of the fiscal year. The financial statements for June 30, 2021 do not reflect the fiscal year 2022 City Council action with exception of the stabilization amount used to fund the budget. The City Council meetings on June 16 authorized a fiscal year 2022 operating and capital budget as follows:

From raise and appropriate	\$	40,796,681
From Business-Type Funds:		
Water and wastewater user charges		4,431,828
From Other Available Funds:		
General Fund:		
Tax rate stabilization fund		100,000
Reserve for Debt		4,457
Community Preservation Fund		562,500
Non-major Governmental Funds:		
Parking tickets	\$	2,500
Sale of cemetery lots		5,000
		2,500
		\$ 45,900,466

Requests for Information

This financial report is designed to provide a general overview of the City of Easthampton’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, 50 Payson Avenue, Easthampton, Massachusetts 01027.

BASIC FINANCIAL STATEMENTS

CITY OF EASTHAMPTON, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 38,062,190	\$ 3,253,096	\$ 41,315,286
Investments	8,050,998	-	8,050,998
Cash in Custody of Trustees	68,758	-	68,758
Receivables, net of allowance for uncollectibles:			
Property Taxes	690,880	-	690,880
Tax Liens	101,740	-	101,740
Excise Taxes	206,564	-	206,564
User Charges	-	483,109	483,109
Departmental	257,601	-	257,601
Due from Other Governments	5,271,984	-	5,271,984
Total current assets	<u>52,710,715</u>	<u>3,736,205</u>	<u>56,446,920</u>
NONCURRENT:			
Capital Assets, net of accumulated Depreciation			
Nondepreciable	77,598,532	530,937	78,129,469
Depreciable	55,687,259	6,719,894	62,407,153
Total noncurrent assets	<u>133,285,791</u>	<u>7,250,831</u>	<u>140,536,622</u>
Total Assets	<u>185,996,506</u>	<u>10,987,036</u>	<u>196,983,542</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,805,877	181,649	1,987,526
Deferred Outflows Related to OPEB	6,240,019	237,903	6,477,922
Total Deferred Outflows of Resources	<u>8,045,896</u>	<u>419,552</u>	<u>8,465,448</u>
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	9,662,852	203,438	9,866,290
Accrued Payroll	1,935,223	55,121	1,990,344
Tax Refund Payable	17,760	-	17,760
Payroll Withholdings	261,846	-	261,846
Retainage Payable	3,183,914	-	3,183,914
Unearned Revenue	828,399	-	828,399
Accrued Interest	205,658	23,259	228,917
Compensated Absences	454,702	30,489	485,191
Bonds Payable	3,090,000	372,291	3,462,291
Total current liabilities	<u>19,640,354</u>	<u>684,598</u>	<u>20,324,952</u>
NONCURRENT:			
Compensated Absences	616,584	61,514	678,098
Net OPEB Liability	41,032,360	1,564,375	42,596,735
Net Pension Liability	13,873,663	1,395,520	15,269,183
Bonds Payable	45,305,000	2,579,743	47,884,743
Total noncurrent liabilities	<u>100,827,607</u>	<u>5,601,152</u>	<u>106,428,759</u>
Total Liabilities	<u>120,467,961</u>	<u>6,285,750</u>	<u>126,753,711</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	4,263,851	428,891	4,692,742
Deferred Inflows Related to OPEB	6,623,999	252,543	6,876,542
Total Deferred Inflows of Resources	<u>10,887,850</u>	<u>681,434</u>	<u>11,569,284</u>
NET POSITION			
Net Investment in Capital Assets	97,256,216	4,298,797	101,555,013
Restricted for:			
Capital Projects	68,560	-	68,560
Federal & State Grants	2,277,031	-	2,277,031
Community Preservation	3,200,463	-	3,200,463
Permanent Funds	1,019,564	-	1,019,564
Other Purposes	4,142,374	-	4,142,374
Unrestricted	(45,277,617)	140,607	(45,137,010)
Total Net Position	<u>\$ 62,686,591</u>	<u>\$ 4,439,404</u>	<u>\$ 67,125,995</u>

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

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

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 4,473,112	\$ 315,223	\$ 2,866,538	\$ -	\$ (1,291,351)	\$ -	\$ (1,291,351)
Public Safety	6,713,736	1,570,616	433,487	-	(4,709,633)	-	(4,709,633)
Public Works	2,872,225	31,187	24,078	2,508,601	(308,359)	-	(308,359)
Education	21,549,689	115,648	11,862,252	23,350,372	13,778,583	-	13,778,583
Health and Human Services	1,027,426	31,372	364,234	-	(631,820)	-	(631,820)
Culture and Recreation	1,182,734	65,632	101,252	-	(1,015,850)	-	(1,015,850)
Employee Benefits and Insurance	13,223,329	-	4,511,647	-	(8,711,682)	-	(8,711,682)
State Assessments	2,802,240	-	-	-	(2,802,240)	-	(2,802,240)
Interest	1,970,987	-	-	-	(1,970,987)	-	(1,970,987)
Total Governmental Activities	55,815,478	2,129,678	20,163,488	25,858,973	(7,663,339)	-	(7,663,339)
Business-Type Activities:							
Water and Wastewater	2,816,384	4,998,513	46,781	-	-	2,228,910	2,228,910
Total Primary Government	\$ 58,631,862	\$ 7,128,191	\$ 20,210,269	\$ 25,858,973	(7,663,339)	2,228,910	(5,434,429)
General Revenues:							
Property taxes					30,875,458	-	30,875,458
Motor vehicle excise and other taxes					1,854,508	-	1,854,508
Hotel room occupancy, meals and cannabis taxes					2,070,581	-	2,070,581
Penalties & interest on taxes					203,081	-	203,081
Grants & contributions not restricted to specific programs					3,142,824	-	3,142,824
Unrestricted investment income					599,012	-	599,012
Miscellaneous					28,148	-	28,148
Gain/(Loss) on disposition of capital assets					106,670	-	106,670
Contributions to Permanent Funds					8,812	-	8,812
Transfers, net					1,197,324	(1,197,324)	-
Total General Revenues, Contributions and Transfers					40,086,418	(1,197,324)	38,889,094
Change in Net Position					32,423,079	1,031,586	33,454,665
Net Position:							
Beginning of year (as restated)					30,263,512	3,407,818	33,671,330
End of year					\$ 62,686,591	\$ 4,439,404	\$ 67,125,995

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

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

	General Fund	Elementary School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 8,052,968	\$ 19,620,455	\$ 3,212,496	\$ 6,677,501	\$ 37,563,420
Investments	7,098,486	-	-	952,512	8,050,998
Cash in Custody of Trustees	-	-	-	68,758	68,758
Receivables, net of allowance for uncollectibles:					
Property Taxes	678,543	-	12,337	-	690,880
Tax Liens	100,598	-	1,142	-	101,740
Excise Taxes	206,564	-	-	-	206,564
Departmental	220,773	-	-	36,828	257,601
Due from Other Governments	207,706	4,135,319	-	928,959	5,271,984
Total Assets	\$ 16,565,638	\$ 23,755,774	\$ 3,225,975	\$ 8,664,558	\$ 52,211,945
Liabilities:					
Warrants and Accounts Payable	\$ 1,245,779	\$ 8,206,435	\$ 24,909	\$ 185,729	\$ 9,662,852
Accrued Payroll	1,908,786	-	603	25,834	1,935,223
Tax Refund Payable	17,760	-	-	-	17,760
Retainage Payable	-	3,183,914	-	-	3,183,914
Payroll Withholdings	261,846	-	-	-	261,846
Unearned Revenue	-	-	-	828,399	828,399
Total Liabilities	3,434,171	11,390,349	25,512	1,039,962	15,889,994
Deferred Inflows of Resources:					
Unavailable Revenue	1,004,184	-	13,479	475,166	1,492,829
Fund Balance:					
Nonspendable	-	-	-	747,709	747,709
Restricted	36,407	12,365,425	3,186,984	6,248,247	21,837,063
Committed	-	-	-	153,474	153,474
Assigned	458,560	-	-	-	458,560
Unassigned	11,632,316	-	-	-	11,632,316
Total Fund Balance	12,127,283	12,365,425	3,186,984	7,149,430	34,829,122
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,565,638	\$ 23,755,774	\$ 3,225,975	\$ 8,664,558	\$ 52,211,945

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

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

	General Fund	Elementary School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 30,483,602	\$ -	\$ 595,903	\$ -	\$ 31,079,505
Intergovernmental	11,842,832	23,350,372	290,204	8,433,970	43,917,378
Excise and Other Taxes	1,906,279	-	-	-	1,906,279
Hotel Room Occupancy, Meals and Cannabis Taxes	2,070,581	-	-	-	2,070,581
Charges for Services	-	-	-	705,434	705,434
Licenses, Permits, Fees	1,397,651	-	-	-	1,397,651
Interest on Taxes	201,970	-	1,111	-	203,081
Investment Income	599,012	-	5,580	26,310	630,902
Gifts and Donations	-	-	-	86,219	86,219
Other	-	-	-	344,287	344,287
Intergovernmental - "On-behalf" Payments	4,510,090	-	-	-	4,510,090
Total Revenues	53,012,017	23,350,372	892,798	9,596,220	86,851,407
Expenditures:					
Current:					
General Government	1,964,893	-	44,821	2,373,631	4,383,345
Public Safety	5,928,204	-	-	713,314	6,641,518
Public Works	1,751,767	-	-	2,531,939	4,283,706
Education	17,900,692	52,253,099	-	2,639,513	72,793,304
Health and Human Services	595,020	-	45,887	247,145	888,052
Culture and Recreation	516,671	-	258,725	212,608	988,004
Employee Benefits and Insurance	13,674,742	-	-	151,622	13,826,364
State Assessments	2,802,240	-	-	-	2,802,240
Debt Service:					
Principal	4,299,880	-	-	-	4,299,880
Interest	1,944,537	-	-	-	1,944,537
Total Expenditures	51,378,646	52,253,099	349,433	8,869,772	112,850,950
Excess of Revenues Over (Under) Expenditures	1,633,371	(28,902,727)	543,365	726,448	(25,999,543)
Other Financing Sources (Uses):					
Operating Transfers In	1,286,140	-	-	533,263	1,819,403
Operating Transfers Out	(593,263)	-	-	(28,816)	(622,079)
Proceeds from Bonds and Notes	-	-	-	697,070	697,070
Sale of Tax Foreclosure Property	192,228	-	-	-	192,228
Total Other Financing Sources (Uses)	885,105	-	-	1,201,517	2,086,622
Net Change in Fund Balances	2,518,476	(28,902,727)	543,365	1,927,965	(23,912,921)
Fund Balances, Beginning of Year (as restated)	9,608,807	41,268,152	2,643,619	5,221,465	58,742,043
Fund Balances, End of Year	\$ 12,127,283	\$ 12,365,425	\$ 3,186,984	\$ 7,149,430	\$ 34,829,122

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

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

Total Governmental Fund Balances		\$ 34,829,122
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		133,285,791
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,492,829
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.		(2,841,954)
Internal Service funds are used by management to account for dental insurance activities. The assets and liabilities of the internal service funds are included in the Governmental activities in the Statement of Net Position.		498,770
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (48,395,000)	
Net Other Post Employment Benefits Liability	(41,032,360)	
Net Pension Liability	(13,873,663)	
Compensated Absences	(1,071,286)	(104,372,309)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		(205,658)
Net Position of Governmental Activities		\$ 62,686,591

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

CITY OF EASTHAMPTON, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (23,912,921)

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	\$ 55,392,161	
Disposition of Capital Asset	(85,558)	
Depreciation	<u>(3,246,127)</u>	52,060,476

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.

81,921

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:

Proceeds from Bonds and Notes	(697,070)	
Repayment of Debt Principal	<u>4,299,880</u>	3,602,810

Internal Service funds are used by management to account for dental insurance activities.

The net activity of Internal Service Funds is reported with Governmental Activities 120,171

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	12,973	
Net Change in Net Other Post Employment Benefits Liability	(3,043,321)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	2,167,261	
Net Change in Net Pension Liability	3,978,284	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(2,618,125)	
Net Change in Accrued Interest on Long-Term Debt	<u>(26,450)</u>	470,622

Change in Net Position of Governmental Activities \$ 32,423,079

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

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

	<u>Budgeted Amounts</u>			<u>Actual</u> <u>Budgetary</u> <u>Basis</u>	<u>Amounts</u> <u>Carried</u> <u>Forward to</u> <u>Next Year</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Amounts</u> <u>Carried</u>					
	<u>Forward from</u> <u>Prior Year</u>	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>			
Revenues:						
Property Taxes	\$ -	\$ 30,267,119	\$ 30,152,648	\$ 30,476,462	\$ -	\$ 323,814
Intergovernmental	-	11,677,640	11,677,640	11,842,832	-	165,192
Excise and Other Taxes	-	1,597,997	1,597,997	1,906,279	-	308,282
Hotel Room Occupancy, Meals and Cannabis Taxes	-	571,007	571,007	1,085,994	-	514,987
Licenses, Permits, Fees	-	885,210	885,210	1,397,651	-	512,441
Interest on Taxes	-	84,500	84,500	201,970	-	117,470
Investment Income	-	95,000	95,000	416,551	-	321,551
Total Revenues	-	45,178,473	45,064,002	47,327,739	-	2,263,737
Expenditures:						
Current:						
General Government	40,120	1,922,836	2,204,035	1,964,893	90,507	148,635
Public Safety	139,531	5,652,139	6,163,314	5,928,204	49,594	185,516
Public Works	33,215	1,771,530	1,918,154	1,751,767	45,581	120,806
Education	532,453	17,536,095	18,068,548	17,900,692	167,856	-
Health and Human Services	24,072	655,664	679,736	595,020	3,460	81,256
Culture and Recreation	3,881	560,320	577,201	516,671	1,562	58,968
Employee Benefits and Insurance	-	9,320,671	9,374,048	9,164,652	-	209,396
State Assessments	-	2,820,284	2,820,284	2,802,240	-	18,044
Debt Service:						
Principal	-	4,260,333	4,300,333	4,299,880	-	453
Interest	-	2,105,421	1,950,949	1,944,537	-	6,412
Total Expenditures	773,272	46,605,293	48,056,602	46,868,556	358,560	829,486
Excess of Revenues Over (Under) Expenditures	(773,272)	(1,426,820)	(2,992,600)	459,183	(358,560)	3,093,223
Other Financing Sources (Uses):						
Operating Transfers In	-	1,381,545	1,695,995	1,697,590	-	1,595
Operating Transfers Out	-	(75,000)	(1,807,753)	(1,811,016)	-	(3,263)
Sale of Tax Foreclosure Property	-	-	-	192,228	-	192,228
Total Other Financing Sources (Uses)	-	1,306,545	(111,758)	78,802	-	190,560
Net Change in Budgetary Fund Balance	(773,272)	(120,275)	(3,104,358)	\$ 537,985	\$ (358,560)	\$ 3,283,783
Other Budgetary Items:						
Free Cash and Other Reserves	-	120,275	2,331,086			
Prior Year Encumbrances	773,272	-	773,272			
Total Other Budgetary Items	773,272	120,275	3,104,358			
NET BUDGET	\$ -	\$ -	\$ -			

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

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

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 47,327,739	\$ 46,868,556
<i><u>Adjustments:</u></i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	1,167,048	-
Net Increase in Revenue from recording Refund Taxes Payable	9,140	-
Recognition of Intergovernmental Revenue - "on behalf payments"	4,510,090	-
Recognition of Expenditures - "on behalf payments"	-	4,510,090
Net Decrease in Revenue from Recording 60-Day Receipts	(2,000)	-
Reported on a GAAP Basis	\$ 53,012,017	\$ 51,378,646

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

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

	Business-Type Activities Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS	Water and Wastewater Fund	Funds
CURRENT:		
Cash and Cash Equivalents	\$ 3,253,096	\$ 498,770
User Charges, net of allowance for uncollectibles	483,109	-
Total current assets	3,736,205	498,770
NONCURRENT:		
Capital Assets, net of accumulated depreciation:		
Nondepreciable	530,937	-
Depreciable	6,719,894	-
Total noncurrent assets	7,250,831	-
Total Assets	10,987,036	498,770
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	181,649	-
Deferred Outflows Related to OPEB	237,903	-
Total Deferred Outflows of Resources	419,552	-
 LIABILITIES		
CURRENT:		
Accounts Payable	203,438	-
Accrued Payroll	55,121	-
Accrued Interest	23,259	-
Compensated Absences	30,489	-
Bonds Payable	372,291	-
Total current liabilities	684,598	-
NONCURRENT:		
Compensated Absences	61,514	-
Net OPEB Liability	1,564,375	-
Net Pension Liability	1,395,520	-
Bonds Payable	2,579,743	-
Total noncurrent liabilities	5,601,152	-
Total Liabilities	6,285,750	-
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	428,891	-
Deferred Inflows Related to OPEB	252,543	-
Total Deferred Inflows of Resources	681,434	-
 NET POSITION		
Net Investment in Capital Assets	4,298,797	-
Unrestricted	140,607	498,770
Total Net Position	\$ 4,439,404	\$ 498,770

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

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

	Business-Type Activities Enterprise Fund	
	Water and Wastewater Fund	Governmental Activities - Internal Service Funds
Operating Revenues:		
Employer Contributions	\$ -	\$ 240,859
Employee/Retirees Contributions	-	248,191
Charges for Services	4,998,513	-
Total Operating Revenues	4,998,513	489,050
Operating Expenses:		
Salaries & Wages	1,103,472	-
Operating Expenses	1,013,814	-
Depreciation	630,360	-
Employee Benefits and Dental Insurance	-	370,114
Total Operating Expenses	2,747,646	370,114
Operating Income (Loss)	2,250,867	118,936
Non-Operating Revenues (Expenses):		
Intergovernmental	40,553	-
Interest Income	6,228	1,235
Interest Expense	(68,738)	-
Total Non-Operating Revenues (Expenses)	(21,957)	1,235
Income (Loss) Before Operating Transfers	2,228,910	120,171
Operating Transfers:		
Transfers In	75,698	-
Transfers (Out)	(1,273,022)	-
Total Operating Transfers	(1,197,324)	-
Change in Net Position	1,031,586	120,171
Net Position at Beginning of Year	3,407,818	378,599
Net Position at End of Year	\$ 4,439,404	\$ 498,770

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

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

	Business-Type Activities Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Wastewater Fund	
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 5,020,629	\$ -
Receipts from Interfund Services Provided	-	489,050
Payments to Vendors	(1,098,729)	-
Payments to Employees	(1,087,678)	-
Payments for Interfund Services Used	-	(370,114)
Net Cash Provided by (Used for) Operating Activities	2,834,222	118,936
Cash Flows from Noncapital Financing Activities:		
Transfers from (to) Other Funds	(1,197,324)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,197,324)	-
Cash Flows from Capital and Related Financing Activities:		
Disposal of Capital Assets		-
Acquisition and Construction of Capital Assets	(204,730)	-
Intergovernmental Revenues	40,553	-
Principal Payments on Bonds	(469,112)	-
Interest Expense	(71,258)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(704,547)	-
Cash Flows from Investing Activities:		
Investment Income	6,228	1,235
Net Cash Provided by (Used for) Investing Activities	6,228	1,235
Net Increase (Decrease) in Cash and Cash Equivalents	938,579	120,171
Cash and Cash Equivalents at Beginning of Year	2,314,517	378,599
Cash and Cash Equivalents at End of Year	\$ 3,253,096	\$ 498,770
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:		
Operating Income (Loss)	\$ 2,250,867	\$ 118,936
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	630,360	-
Deferred (Outflows)/Inflows of Resources Related to Pensions	261,405	-
Deferred (Outflows)/Inflows of Resources Related to OPEB	(101,336)	-
Change in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	100,765	-
Increase (Decrease) in Accrued Payroll	9,664	-
Increase (Decrease) in Compensated Absences	6,130	-
Increase (Decrease) in Net OPEB Liability	(162,563)	-
Increase (Decrease) in Net Pension Liability	(183,186)	-
Decrease (Increase) in User Charges Receivable	22,116	-
Total Adjustments	583,355	-
Net Cash Provided by (Used for) Operating Activities	\$ 2,834,222	\$ 118,936

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

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

	Pension and Other	
	Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ASSETS		
Cash and Cash Equivalents	\$ 362,146	\$ 100
Investments	67,719,882	423,385
Cash in Custody of Trustees	-	1,964
Total Assets	68,082,028	425,449
LIABILITIES		
Warrants Payable	-	-
Total Liabilities	-	-
NET POSITION		
Restricted for Pensions	66,313,803	-
Restricted for Other Postemployment Benefits	1,768,225	-
Held in Trust for Other Purposes	-	425,449
	\$ 68,082,028	\$ 425,449

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

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

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

	Pension and Other	
	Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
Additions		
Contributions:		
Employers	\$ 5,043,260	\$ -
Plan Members	1,226,253	-
Transfers/Reimbursements from Other Systems	345,820	-
Commonwealth of Massachusetts - COLA	20,679	-
Private Donations	-	2,667
Total Contributions	6,636,012	2,667
Investment Income:		
Interest & Dividends	1,432,546	6,875
Net Change in Fair Value of Investments	6,287,078	3,997
Total Investment Earnings	7,719,624	10,872
Less Investment Expense	(286,821)	-
Net Investment Earnings	7,432,803	10,872
Total Additions	14,068,815	13,539
Deductions:		
Benefit Payments to Plan Members and Beneficiaries	6,244,834	-
Refunds to Members	224,965	-
Transfers to Other Systems	299,351	-
Educational Scholarships	-	5,669
Charitable Expenses	-	200
General Expenses	176,903	-
Total Deductions	6,946,053	5,869
Change in Net Position	7,122,762	7,670
Net Position at Beginning of Year	60,959,266	417,779
Net Position at End of Year	\$ 68,082,028	\$ 425,449

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Easthampton (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 accounting policies are described herein.

A. Reporting Entity

The City of Easthampton, Massachusetts is a municipality in which citizens elect the mayor, five council members and four 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, 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 Easthampton 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 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 199 Easthampton Street, Easthampton, Massachusetts.

The City is responsible for electing the governing board and/or committee members of the Easthampton 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:

Easthampton 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 EASTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (e.g., statement of net position and the statement of activities) 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 the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the 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 fund 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 EASTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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

Government-Wide Financial Statements

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *community preservation fund* is a special revenue fund that is used to account for the accumulation of resources generated from a surcharge levy on its real estate property tax and the receipt of state matching funds for the acquisition, creation, preservation rehabilitation and restriction of open space, historic resources and affordable housing.

The *elementary school construction fund* is used to account for financial resources in the construction of a new elementary school facility.

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

The City reports the following major proprietary funds:

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

The *internal service fund* is used to account for the activity in the dental insurance fund.

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 *Easthampton 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 Benefits (OPEB) Trust Fund* is used to account for the assets held by the City in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the City's operations.

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.

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

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).

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.

F. Accounts 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.

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

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2020 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterment, 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 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 fiscal year 2021 on June 30, 2020, that were due on August 3, 2020 and November 2, 2020 and actual bills on December 31, 2020, that were due on February 1, 2021 and May 3, 2021, respectively.

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

The legal levy limit under Proposition 2 1/2 for fiscal year 2021 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2021	\$ 25,055,743
Add: Debt Exclusion	<u>5,514,884</u>
Maximum Levy Limit	<u><u>\$ 30,570,627</u></u>

The total amount to be raised by taxation was \$30,452,859.

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

Excise Taxes

Excise taxes consist of motor vehicle excise. Motor vehicle excise taxes are assessed annually for each vehicle 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 tax calculation is the fair market value of the vehicle multiplied by \$25 per \$1,000 of value.

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

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

User Charges

User charges and fees consist of water and wastewater and 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. Water and wastewater liens are processed each year and are included as a lien on the property owner's tax bill. Water and wastewater charges 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, income and expense fees and outside duty details.

The receivables with the exception of ambulance are considered 100% collectible and, therefore, do not report an allowance for uncollectibles. The ambulance uncollectible is based upon an aged list.

Due from Other Governments

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

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

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, 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 purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

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

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

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.

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

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. 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*.

In addition to liabilities, the *Statement of Net Position* 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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

Fund financial statements

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

J. Net Position and Fund Balances

In the Governmental-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 displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

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

Net position has been “restricted for” the following:

“Capital projects” represents amounts restricted for capital purposes.

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

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

“Community Preservation” represents amounts restricted for the purposes under the community preservation act adopted by the City.

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

“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 vote and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit.

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

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

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

K. Long-term Debt

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

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

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

L. Compensated Absences

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

M. Pension Benefits

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

N. Post-Retirement Benefits

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

O. Use of Estimates

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

P. Total Column

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

The City follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

Before the end of the fiscal year of the City, the mayor shall submit to the City Council a proposed operating budget for the ensuing fiscal year with an accompanying budget message and supporting documents.

Upon its receipt of the proposed operating budget the City Council shall provide for the publication in a local newspaper of a notice stating the time and place, not less than seven nor more than fourteen days following such publication, at which time it will hold a public hearing on the proposed operating budget as submitted.

The City Council shall consider, in open public meetings, the detailed expenditures proposed for each City agency and may confer with representatives of each such agency in connection with its review and consideration.

The City Council shall adopt the budget, with or without amendments, within ninety days following the day the proposed budget is received.

With the approval of the mayor, funds appropriated for one line item within the appropriation made for a particular municipal agency may be transferred to another line item within the same municipal agency.

With the approval of the City Council, funds appropriated to the use of one municipal agency may be transferred to the use of another municipal agency.

Whenever the mayor shall submit to the City Council a request for a new appropriation of any sum of money, either as a supplement to some item in the annual operating budget or for an item, or items, not included in the annual operating budget as adopted, the City Council shall not act upon such request until it has (1) given notice by publication in a local newspaper of the request, and (2) held a public hearing concerning such request.

Every board and committee in charge of a department shall annually, on the first day of December, send to the mayor and to the committee on finances an estimate in detail of the appropriations needed to enable the department to properly perform its duties.

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

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

For fiscal year 2021, the City incurred a final budget deficit of \$3,104,358 for the General Fund.

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

Unassigned fund balance:	
Council votes - Free cash	\$ 2,327,776
Reserved for debt	3,310
Prior year's encumbrances	<u>773,272</u>
	<u><u>\$ 3,104,358</u></u>

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

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The government has a deposit policy for custodial credit risk. Deposits at June 30, 2021 were \$42,456,851. Of these, \$2,691,650 are exposed to custodial credit risk as uninsured and uncollateralized.

Custodial Credit Risks – Deposits – Easthampton Contributory Retirement System

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned. The System does not have a deposit policy for custodial credit risk.

Deposits at December 31, 2020 were \$517,571. Of these deposits, none are exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies – City Financials

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

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

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

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

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. treasury obligations	\$ 1,213,600	\$ 828,402	\$ 385,198	\$ -
U. S. government agencies	1,364,366	-	1,046,459	317,907
Bond mutual funds	912,965	912,965	-	-
Corporate bonds	949,450	106,944	842,506	-
Money market mutual funds	1,906,389	1,906,389	-	-
	<u>6,346,770</u>	<u>\$ 3,754,700</u>	<u>\$ 2,274,163</u>	<u>\$ 317,907</u>
Other Investments:				
Certificate of deposits	1,685,726			
Equity mutual funds	1,338,747			
Equity securities-domestic stocks	871,365			
	<u>\$ 10,242,608</u>			

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$10,242,608 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 City's name. The City has no policy on custodial credit risk.

Interest Rate Risk

The City 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.

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

Credit Risk

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

Related Debt Instruments	Fair Value
Standards & Poors Ratings	
<i>U. S. Treasury Obligations:</i>	
AAA	\$ 1,213,600
<i>U. S. Government Agencies:</i>	
AAA	1,364,366
<i>Bond Mutual Funds:</i>	
Not rated	912,965
<i>Corporate Bonds:</i>	
Aa3	56,296
A1	113,031
A2	105,830
Baa1	461,143
Baa2	213,150
<i>Money Market Mutual Funds:</i>	
Not rated	1,906,389
	\$ 6,346,770

Concentration of Credit Risk

The City places no limit on the amount the City may invest in one issuer. More than 5 percent of the City's investments are in the Federal Home Loan Mortgage Corporation amounting to 6.11% of the City's total investments.

Cash in Custody of Trustees

Cash in Custody of trustees represent cemetery funds, worthy poor funds and the Patrick Flynn fund in the control of specific committees.

Fair Value of Investments

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

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

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

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 1,213,600	\$ 1,213,600	\$ -	\$ -
U. S. government agencies	1,364,366	1,364,366	-	-
Bond mutual funds	912,965	912,965	-	-
Certificates of deposit	1,685,726	1,685,726	-	-
Equity mutual funds	1,338,747	1,338,747	-	-
Equity securities - domestic	871,365	871,365	-	-
Money market mutual funds	1,906,389	1,906,389	-	-
Corporate bonds	949,450	-	949,450	-
Total Investments	\$ 10,242,608	\$ 9,293,158	\$ 949,450	\$ -

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 – Easthampton Contributory Retirement System

Under 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.

As of December 31, 2020, the System investments of \$65,951,657 were invested in Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund is a pooled investment fund created under the supervision of the Pension Reserves Investment Management (PRIM) Board. The PRIT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. PRIT's fair value is measured at amortized cost.

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 \$65,951,657 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.

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

Credit Risk

The System does not have any exposure to credit risk as of December 31, 2020.

Concentration of Credit Risk

The System has no specific investments that are more than 5 percent of the System's investments.

Fair Value of Investments

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

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

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at Amortized Cost:				
External Investment Pools (PRIT)-cash	100,025			
External Investment Pools (PRIT)-hedge funds	65,851,632			
Total Investments	<u>\$ 65,951,657</u>			

B. Receivables

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 693,780	\$ (2,900)	\$ 690,880
Tax liens	101,740	-	101,740
Excise taxes	224,664	(18,100)	206,564
Departmental	895,889	(638,288)	257,601
Due from other governments	5,271,984	-	5,271,984
	<u>\$ 7,188,057</u>	<u>\$ (659,288)</u>	<u>\$ 6,528,769</u>

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

At June 30, 2021, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water and Wastewater Fund:			
Water User charges	\$ 159,244	\$ (500)	\$ 158,744
Water liens	16,443	-	16,443
Enterprise liens	21,203	-	21,203
Wastewater User charges	263,917	(500)	263,417
Wastewater liens	23,302	-	23,302
	<u>\$ 484,109</u>	<u>\$ (1,000)</u>	<u>\$ 483,109</u>

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

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veterans benefits

\$ 207,706

Elementary School Construction Fund:

Commonwealth of Massachusetts:

Massachusetts School Building Authority

School Building Assistance - capital portion

4,135,319

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch

\$ 48,824

U. S. Department of Health and Human Services:

Healthy Youth Coalition Grant

47,831

U. S. Department of Homeland Security

Edward Byrne Justice Assistance Grant

6,452

U. S. Department of Housing and Urban Development

Community Development Block Grant

18,097

Commonwealth of Massachusetts:

Department of Fire Services:

Fire Equipment Grant

2,811

Department of Elementary and Secondary Education:

School lunch

1,097

Executive Office of Economic Development:

Massachusetts Works Grants

71,463

Executive Office of Environmental Affairs:

Planning Assistance and Vehicle Grants

198,398

Executive Office of Public Safety & Homeland Security:

Public safety grants

13,230

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funds

517,902

Northwestern District Attorney:

Task Force Grants

2,854

928,959

\$ 5,271,984

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

C. Deferred Inflows of Resources – Unavailable Revenue

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

General Fund:			
Property taxes	\$	268,543	
Tax liens		100,598	
Excise taxes		206,564	
Departmental		220,773	
Due from other governments		207,706	\$ 1,004,184
Community Preservation Fund:			
Property taxes		12,337	
Tax liens		1,142	13,479
Nonmajor governmental funds:			
Due from other governments			475,166
			\$ 1,492,829

D. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,461,341	\$ -	\$ (85,558)	\$ 3,375,783
Construction in progress	24,421,500	54,936,456	(5,135,207)	74,222,749
Total capital assets not being depreciated	27,882,841	54,936,456	(5,220,765)	77,598,532
Capital assets being depreciated:				
Buildings and improvements	60,083,673	193,911	-	60,277,584
Machinery, equipment and other	6,093,150	319,598	(153,008)	6,259,740
Infrastructure	25,813,805	5,077,403	-	30,891,208
Total capital assets being depreciated	91,990,628	5,590,912	(153,008)	97,428,532
Less accumulated depreciation for:				
Buildings	22,328,551	1,590,725	-	23,919,276
Machinery, equipment and other	4,599,963	359,530	(153,008)	4,806,485
Infrastructure	11,719,640	1,295,872	-	13,015,512
Total accumulated depreciation	38,648,154	3,246,127	(153,008)	41,741,273
Total capital assets being depreciated, net	53,342,474	2,344,785	-	55,687,259
Total governmental activities capital assets, net	\$ 81,225,315	\$ 57,281,241	\$ (5,220,765)	\$ 133,285,791

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

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 504,693	\$ -	\$ -	\$ 504,693
Construction in progress	190,961	155,385	(320,102)	26,244
Total capital assets not being depreciated	<u>695,654</u>	<u>155,385</u>	<u>(320,102)</u>	<u>530,937</u>
Capital assets being depreciated:				
Machinery, equipment and other	1,538,428	-	-	1,538,428
Infrastructure	28,835,566	369,447	-	29,205,013
Total capital assets being depreciated	<u>30,373,994</u>	<u>369,447</u>	<u>-</u>	<u>30,743,441</u>
Less accumulated depreciation for:				
Machinery, equipment and other	1,105,018	97,949	-	1,202,967
Infrastructure	22,288,169	532,411	-	22,820,580
Total accumulated depreciation	<u>23,393,187</u>	<u>630,360</u>	<u>-</u>	<u>24,023,547</u>
Total capital assets being depreciated, net	<u>6,980,807</u>	<u>(260,913)</u>	<u>-</u>	<u>6,719,894</u>
Total business-type activities capital assets, net	<u>\$ 7,676,461</u>	<u>\$ (105,528)</u>	<u>\$ (320,102)</u>	<u>\$ 7,250,831</u>

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

Governmental Activities:

General government	\$ 125,267
Public safety	374,287
Public works	1,353,026
Education	989,484
Health and human services	139,374
Culture and recreation	264,689
Total depreciation expense - governmental activities	<u>\$ 3,246,127</u>

Business-Type Activities:

Water and wastewater fund	\$ 630,360
Total depreciation expense - business-type activities	<u>\$ 630,360</u>

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

E. Interfund Receivables, Payables and Transfers

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

Transfers Out:	Transfers In:			Total
	General fund	Nonmajor Governmental fund	Business-type fund	
General fund	\$ -	\$ 533,263	\$ 60,000	\$ 593,263
Nonmajor governmental funds	13,118	-	15,698	28,816
Business-type fund	1,273,022	-	-	1,273,022
Total transfers out	\$ 1,286,140	\$ 533,263	\$ 75,698	\$ 1,895,101

F. Short-Term Financing

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

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

Governmental Activities	Interest Rate	Final Maturity Date	Balance July 1, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
Nonmajor Governmental Funds:						
Bond Anticipation Notes:						
Fire Department vehicle	1.20%	5/28/2021	\$ 555,500	\$ -	\$ 555,500	\$ -
Fire Department Ambulance	1.20%	5/28/2021	84,040	-	84,040	-
Highway vehicle	1.20%	5/28/2021	57,530	-	57,530	-
Total Governmental Activities			\$ 697,070	\$ -	\$ 697,070	\$ -

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

G. Long Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2021
Outside Debt:					
Refunding Loan of 2020:					
Easthampton H.S. improvements	1.06%	6/26/2020	3/1/2032	\$ 7,870,000	\$ 7,130,000
Municipal Purpose Loan of 2019:					
Elementary School Construction	3.0-5.0%	4/11/2019	6/1/2039	46,065,000	41,265,000
Total Governmental Type Debt					\$ 48,395,000

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2021, are as follows:

Year	Principal	Interest	Total
2022	\$ 3,090,000	\$ 1,841,350	\$ 4,931,350
2023	2,640,000	1,700,150	4,340,150
2024	2,795,000	1,574,750	4,369,750
2025	2,955,000	1,441,650	4,396,650
2026	3,125,000	1,300,600	4,425,600
2027-2031	15,055,000	4,508,750	19,563,750
2032-2036	12,135,000	2,055,300	14,190,300
2037-2039	6,600,000	396,000	6,996,000
	\$ 48,395,000	\$ 14,818,550	\$ 63,213,550

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

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2021
Inside Debt:					
Wastewater:					
Massachusetts Clean Water Trust:					
Wastewater treatment plant phase II upgrade	N/A	11/26/2002	8/1/2022	\$ 2,056,212	\$ 237,019
Wastewater treatment plant East Street Drainage	N/A	11/16/2005	7/15/2022	174,947	14,598
Integrated water study	2.00%	7/8/2010	7/15/2029	392,843	160,102
	2.00%	4/13/2017	1/15/2037	1,100,000	907,383
Total Inside Debt					<u>1,319,102</u>
Outside Debt:					
Wastewater:					
Massachusetts Clean Water Trust:					
Plains area sanitary sewer	2.00%	3/18/2009	7/15/2028	3,088,291	1,380,255
Plains area sanitary sewer II	2.00%	7/8/2010	7/15/2029	624,320	252,677
Total Outside Debt					<u>1,632,932</u>
Total Business-Type Debt					<u><u>\$ 2,952,034</u></u>

Future Debt Service

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

Year	Principal	Interest	Total
2022	\$ 372,291	\$ 60,912	\$ 433,203
2023	377,325	50,017	427,342
2024	256,652	41,983	298,635
2025	261,893	36,809	298,702
2026	267,241	31,528	298,769
2027-2031	1,039,346	82,170	1,121,516
2032-2036	310,977	25,557	336,534
2037	66,309	1,326	67,635
	<u>\$ 2,952,034</u>	<u>\$ 330,302</u>	<u>\$ 3,282,336</u>

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

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 51,997,810	\$ -	\$ 3,602,810	\$ 48,395,000	\$ 3,090,000
Compensated absences	1,084,259	56,196	69,169	1,071,286	454,702
Net OPEB liability	37,989,039	3,043,321	-	41,032,360	-
Net pension liability	17,851,947	-	3,978,284	13,873,663	-
Governmental activity					
Long-term liabilities	<u>\$ 108,923,055</u>	<u>\$ 3,099,517</u>	<u>\$ 7,650,263</u>	<u>\$ 104,372,309</u>	<u>\$ 3,544,702</u>
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 106,310	\$ -	\$ 106,310	\$ -	\$ -
Massachusetts Clean Water Trust	3,314,836	-	362,802	2,952,034	372,291
Compensated absences	85,873	6,130	-	92,003	30,489
Net OPEB liability	1,726,938	-	162,563	1,564,375	-
Net pension liability	1,578,706	-	183,186	1,395,520	-
Business-type Activity					
Long-term liabilities	<u>\$ 6,812,663</u>	<u>\$ 6,130</u>	<u>\$ 814,861</u>	<u>\$ 6,003,932</u>	<u>\$ 402,780</u>

Massachusetts Clean Water Trust (MCWT)

The City is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$9,924,801 and interest costs of \$3,308,164 for seven loans which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2021 for principal and interest combined for the loans is \$3,282,336. The net repayments, including interest, are scheduled to be \$3,206,387. Since the City is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2021 principal and interest subsidies totaled \$40,553.

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a City may authorize indebtedness up to a limit of five percent of its equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The City's inside debt at June 30, 2021 totaled \$1,319,102.

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

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

Equalized Valuation-Real Estate and Personal Property (2020)		<u>\$ 1,773,024,900</u>	
Debt Limit: 5 % of Equalized value		88,651,245	
Total Debt Outstanding			
Governmental Activity Debt	\$ 48,395,000		
Less: Debt Outside Debt Limit	<u>(48,395,000)</u>	-	
Business-Type Activity Debt	2,952,034		
Less: Debt Outside Debt Limit	<u>(1,632,932)</u>	1,319,102	
		<u>1,319,102</u>	
Inside Debt Excess Borrowing Capacity at June 30, 2021		<u>\$ 87,332,143</u>	

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a City must authorize debt at a City 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 meeting votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2021 and are not reflected in the City's financial statements are as follows:

<u>Date of Council Meeting</u>	<u>Purpose</u>	<u>Amount</u>
6/17/2015	Maple Elementary School feasibility study with Massachusetts School Building Administration assistance	\$ 1,000,000
2/1/2017	Street design of Union Street	260,400
10/17/2018	Maple Elementary School construction with Massachusetts School Building Administration assistance	<u>30,012,594</u>
		<u>\$ 31,272,994</u>

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

H. Fund Balances

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

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 747,709	\$ 747,709
Restricted:				
Federal, state and local grants	-	-	1,801,866	1,801,866
School revolving funds	-	-	3,079,618	3,079,618
Community preservation	-	3,186,984	-	3,186,984
Debt service	36,407	-	-	36,407
Donations and gifts	-	-	272,811	272,811
Capital projects	-	12,365,425	68,560	12,433,985
Permanent funds	-	-	271,855	271,855
Other	-	-	753,537	753,537
	<u>36,407</u>	<u>15,552,409</u>	<u>6,248,247</u>	<u>21,837,063</u>
Committed:				
Capital projects	-	-	138,350	138,350
Conservation fund	-	-	1,551	1,551
Unemployment fund	-	-	13,573	13,573
	<u>-</u>	<u>-</u>	<u>153,474</u>	<u>153,474</u>
Assigned:				
General government	90,507	-	-	90,507
Public safety	49,594	-	-	49,594
Public works	45,581	-	-	45,581
Education	167,856	-	-	167,856
Health and human services	3,460	-	-	3,460
Culture and recreation	1,562	-	-	1,562
Subsequent year's budget	100,000	-	-	100,000
	<u>458,560</u>	<u>-</u>	<u>-</u>	<u>458,560</u>
Unassigned:				
General Fund	11,632,316	-	-	11,632,316
Deficit capital project funds	-	-	-	-
	<u>11,632,316</u>	<u>-</u>	<u>-</u>	<u>11,632,316</u>
Total Governmental fund balances	<u>\$ 12,127,283</u>	<u>\$ 15,552,409</u>	<u>\$ 7,149,430</u>	<u>\$ 34,829,122</u>

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

I. Special Trust Funds

Stabilization Fund

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

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

General purpose stabilization fund	\$ 3,548,481
Cannabis impact stabilization fund	1,356,822
Capital stabilization fund	1,959,752
Tax rate stabilization fund	104,045
	<u>\$ 6,969,100</u>

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 that 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.

Hampshire County Health Group

The City, along with other government entities from the neighboring geographic area, is a member of the Hampshire County Health Group (HCHG), a public entity risk pool, currently operating as a common risk sharing management and health insurance program for eligible active and former employees of its members.

Payments in the form of insurance premiums, are made monthly to the HCHG. These payments are funded in part from the City, recorded as expenditures in the general fund, and payroll withholdings from active employees, or direct payments from retired and certain eligible former employees. The City pays between 55% and 74% of the cost of the insurance for active employees. Retired and other past employees who may be eligible to participate in the plan must pay between 26% and 45% of their premium costs.

The City makes payments to HCHG in the form of monthly premiums based upon actual employee enrollment. HCHG makes payment, through a third-party administrator for actual health claims incurred for the entire group. At the end of HCHG's fiscal year, the Group's insurance consultant will determine if assets are sufficient to meet the anticipated needs of the ensuing year. It is anticipated that if claim liabilities exceed assets, premium rates will be adjusted prospectively to recover the necessary assets to meet claims.

As of the HCHG's most recent audited financial statements (fiscal year ended June 30, 2020), the HCHG had an unrestricted net asset balance of \$29,318,916.

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

B. Contingent Liabilities

Litigation

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

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. Coronavirus (COVID-19)

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

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 Easthampton Contributory Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Easthampton 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 199 Easthampton Street, Easthampton, Massachusetts 01027.

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 EASTHAMPTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the City does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2020. The City's portion of the collective pension expense contributed by the Commonwealth of \$4,510,090 on-behalf payments for the fiscal year ending June 30, 2021 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

Benefits Provided

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

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

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

Contributions

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The City's proportionate share of the required contribution to the System for the year ended December 31, 2020 was \$3,280,732, representing 30.44% 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.

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

Pension Liability

As of June 30, 2021, the City reported a liability of \$15,269,183 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the City's proportional percentage was 97.38%, which was the same as the last measurement.

Pension Expense

For the year ended June 30, 2021, the City recognized a pension cost of \$1,999,211 and reported deferred outflows of resources related to pensions of \$1,987,526, from the changes in assumptions; and deferred inflows of resources related to pensions of \$4,692,742 from the net difference between projected and actual investment earnings on pension plan investments and the difference between expected and actual experience.

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

For years ended June 30,	
2022	\$ (676,304)
2023	(676,304)
2024	(676,304)
2025	(676,304)
	<u>\$ (2,705,216)</u>

Actuarial Assumptions

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

Valuation date	January 1, 2020
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Total appropriations increasing 5.0% per year until FY2031
Remaining amortization period	11 years from July 1, 2021
Asset valuation method	The actuarial value of assets is the market value.
Investment rate of return	7.00% net of pension plan investment expense, including inflation
Projected salary increases	Select and ultimate by job group; ultimate rates of 4.25% for Group 1 and 4.75% for Group 4.
Inflation	Not explicitly assumed
Cost of living adjustments	3.0% of the first \$14,000 per year.

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

Mortality rates	
Pre-retirement mortality	RP-2014 Blue Collar Employees table projected generationally with scale MP-2018 (gender distinct).
Post-retirement mortality	RP-2014 Blue Collar Healthy Annuitants table projected generationally with scale MP-2018 (gender distinct).
Disabled retirees	RP-2014 Blue Collar Healthy Annuitants table set forward one year projected generationally with scale MP-2018 (gender distinct).

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	23.0%	3.36%
International Equities	14.4%	6.60%
Large Capital Equities	23.1%	6.40%
Private Equity	12.6%	10.20%
Real Estate	8.3%	6.00%
Hedge Funds	8.8%	5.70%
Emerging International Equities	5.8%	8.40%
Timber/Natural Resources	3.3%	6.60%
Other	0.7%	5.20%
Medium/Small Capital Equities	0.0%	7.75%
Total	100.0%	

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 12.06%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%. As well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability	\$ 23,931,133	\$ 15,269,183	\$ 7,913,098

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 740 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Investment Policy

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

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 the June 30, 2021 Measurement date, total City premiums plus implicit costs for the retiree medical program are \$1,541,160. The City has made a contribution to an OPEB Trust of \$133,100 for a total contribution during the measurement period of \$1,674,260. The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2021, the trust balance is \$1,768,225.

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

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Plan Membership:

Current active members	367
Current retirees, beneficiaries and dependents	373
Total	740

Net OPEB Liability

The components of the net OPEB liability are as follows:

	June 30, 2021
Total OPEB liability	\$ 44,364,960
Less: Plan fiduciary net position	(1,768,225)
City's Net OPEB liability	\$ 42,596,735
Plan fiduciary net position as a percentage of the total OPEB liability	3.99%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2021:

Valuation date	July 1, 2020
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the measurement date, June 30, 2021.
Investment rate of return	6.51% (based on investment policy)
Single equivalent discount rate	4.75% per year
Inflation	2.50% per year
Projected salary increases	3.00% per year
Mortality rates	
Pre-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward one year for females.
Post-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year for females.

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

Disabled retirees (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 generational 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 retirees (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 July 1, 2020 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index - SAPIHG as of June 30, 2021 is 2.18%.

Long-term Expected Rate of Return

The chart below shows how the long-term expected rate of return on assets is developed based on the City's investment policy:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity - Large Capital	21.75%	4.90%
Domestic Equity - Small/Mid Capital	17.25%	5.40%
International Equity - Developed Market	12.50%	5.32%
International Equity - Emerging Market	8.50%	6.26%
Domestic Fixed Income	24.50%	1.40%
International Fixed Income	4.50%	1.30%
Alternatives	10.50%	6.32%
Real Estate	0.00%	6.25%
Cash	0.50%	0.00%
Total	100.00%	
I. Real Rate of Return		4.26%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		6.76%
IV. Investment Expense		-0.25%
V. Net investment Return (III.-IV.)		6.51%

* = Mean Geometric Returns based on 2020 Horizon Survey of Capital Market Assumptions.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 23.14%.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.75%. 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 those assumptions, the OPEB plan's fiduciary net position is projected to be sufficient to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets was applied to the projected benefit payments.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2020	\$ 41,027,697	\$ 1,311,720	\$ 39,715,977
Service cost	1,029,322	-	1,029,322
Interest on Total OPEB Liability	1,858,271	-	1,858,271
Changes in benefit terms *	-	-	-
Changes in assumptions **	6,938,287	-	6,938,287
Difference between actual and expected experience **	(4,947,457)	-	(4,947,457)
Net investment income	-	323,405	(323,405)
Employer contributions to Trust	-	1,674,260	(1,674,260)
Total benefit payments including implicit cost	(1,541,160)	(1,541,160)	-
Net change in total OPEB liability	<u>3,337,263</u>	<u>456,505</u>	<u>2,880,758</u>
Balances at June 30, 2021	<u>\$ 44,364,960</u>	<u>\$ 1,768,225</u>	<u>\$ 42,596,735</u>

* = Recognized immediately

** = Amortized over 5.93 years

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

The following presents the City's net OPEB liability using a discount rate of 4.75% as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.75%) or 1-percentage-point higher (5.75%) than the current rate:

	1% Decrease	Current	1% Increase
	(3.75%)	Discount Rate (4.75%)	(5.75%)
City's net OPEB liability	\$ 49,957,331	\$ 42,956,735	\$ 36,752,279

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

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

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

	1% Decrease (3.50%)	Healthcare Cost Trend Rate (4.50%)	1% Increase (5.50%)
City's net OPEB liability	\$ 36,802,976	\$ 42,956,735	\$ 49,962,659

Summary of Significant Accounting Policies

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

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

For the year ended June 30, 2021, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense of \$612,161 and reported deferred outflows of resources related to OPEB of \$6,477,922 from the differences between actual and expected experience, changes in assumptions and the net difference between projected and actual earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$6,876,542 from the differences between actual and expected experience, changes in assumption and the net difference between projected and actual earnings on OPEB plan investments.

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

For years ended June 30,	
2022	\$ (511,515)
2023	(511,515)
2024	23,308
2025	288,882
2026	312,220
	\$ (398,620)

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

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:

	Easthampton Employees Retirement System Pension Trust Fund (as of December 31, 2020)	Other Post Employment Benefits Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 362,146	\$ -	\$ 362,146
Investments	65,951,657	1,768,225	67,719,882
Total Assets	66,313,803	1,768,225	68,082,028
LIABILITIES			
Warrants Payable	-	-	-
Total Liabilities	-	-	-
NET POSITION			
Restricted for Pensions	66,313,803	-	66,313,803
Restricted for Other Postemployment Benefits	-	1,768,225	1,768,225
	\$ 66,313,803	\$ 1,768,225	\$ 68,082,028

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

	Easthampton Employees Retirement System Pension Trust Fund (as of December 31, 2020)	Other Post Employment Benefits Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
Additions			
Contributions:			
Employers	\$ 3,369,000	\$ 1,674,260	\$ 5,043,260
Plan Members	1,226,253	-	1,226,253
Transfers/Reimbursements from Other Systems	345,820	-	345,820
Commonwealth of Massachusetts - COLA	20,679	-	20,679
Total Contributions	4,961,752	1,674,260	6,636,012
Investment Income:			
Interest & Dividends	1,344,041	88,505	1,432,546
Net Change in Fair Value of Investments	6,052,178	234,900	6,287,078
Total Investment Earnings	7,396,219	323,405	7,719,624
Less Investment Expense	(286,821)	-	(286,821)
Net Investment Earnings	7,109,398	323,405	7,432,803
Total Additions	12,071,150	1,997,665	14,068,815
Deductions:			
Benefit Payments to Plan Members and Beneficiaries	4,703,674	1,541,160	6,244,834
Refunds to Members	224,965	-	224,965
Transfers to Other Systems	299,351	-	299,351
General Expenses	176,903	-	176,903
Total Deductions	5,404,893	1,541,160	6,946,053
Change in Net Position	6,666,257	456,505	7,122,762
Net Position at Beginning of Year	59,647,546	1,311,720	60,959,266
Net Position at End of Year	\$ 66,313,803	\$ 1,768,225	\$ 68,082,028

H. Implementation of New GASB Pronouncements

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

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

I. Future GASB Pronouncements

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

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

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

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

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

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

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

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

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

5. RESTATEMENT

The net position as of June 30, 2020 has been restated. As required by GASB Statement No. 84, the beginning nonmajor governmental fund balance in governmental funds and net position increased \$154,748 for governmental activities to reflect the change in the fiduciary activities. Accordingly, the previously reported net position of \$33,516,330 has been revised to \$33,671,330 {\$30,263,512 for governmental activities and \$3,407,818 for business-type activities}.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Measurement Date	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2020	97.38%	\$ 15,269,183	\$ 10,776,070	141.70%	80.90%
12/31/2019	97.38%	\$ 19,430,653	\$ 10,776,305	180.31%	74.90%
12/31/2018	97.60%	\$ 23,460,033	\$ 10,141,582	231.33%	68.49%
12/31/2017	97.62%	\$ 19,181,860	\$ 10,143,962	189.10%	73.30%
12/31/2016	98.15%	\$ 22,012,032	\$ 9,407,648	233.98%	67.50%
12/31/2015	97.69%	\$ 18,148,558	\$ 9,128,008	198.82%	70.10%
12/31/2014	98.00%	\$ 15,989,344	\$ 9,157,489	174.60%	72.60%

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 EASTHAMPTON, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Easthampton Contributory Retirement System
For the Year Ended June 30, 2021

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

Schedule of the City's Contributions:

Measurement Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	City's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2020	\$ 3,280,732	\$ (3,280,732)	\$ -	\$ 10,776,070	30.44%
12/31/2019	\$ 3,124,992	\$ (3,124,992)	\$ -	\$ 10,776,305	29.00%
12/31/2018	\$ 2,982,646	\$ (2,982,646)	\$ -	\$ 10,141,582	29.41%
12/31/2017	\$ 2,840,817	\$ (2,840,817)	\$ -	\$ 10,143,962	28.01%
12/31/2016	\$ 2,719,728	\$ (2,719,728)	\$ -	\$ 9,407,648	28.91%
12/31/2015	\$ 2,577,998	\$ (2,577,998)	\$ -	\$ 9,128,008	28.24%
12/31/2014	\$ 2,392,103	\$ (2,392,103)	\$ -	\$ 9,157,489	26.12%

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 EASTHAMPTON, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2021

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability				
Service cost	\$ 1,029,322	\$ 978,840	\$ 924,999	\$ 1,510,436
Interest on net OPEB liability	1,858,271	1,798,722	1,407,759	1,306,529
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	6,938,287	-	(5,856,019)	-
Difference between actual and expected experience	(4,947,457)	(1,377)	1,566,842	-
Benefit payments, including refunds of member contributions	(1,541,160)	(1,466,347)	(1,421,397)	(930,851)
Net change in total OPEB liability	3,337,263	1,309,838	(3,377,816)	1,886,114
Prior Period Adjustments	-	-	2,057,402	4,958,724
Total OPEB liability-beginning	41,027,697	39,717,859	41,038,273	34,193,435
Total OPEB liability-ending (a)	<u>\$ 44,364,960</u>	<u>\$ 41,027,697</u>	<u>\$ 39,717,859</u>	<u>\$ 41,038,273</u>
Plan fiduciary net position				
Net investment income	\$ 323,405	\$ 42,693	\$ 59,505	\$ -
Employer contributions to Trust	1,674,260	1,587,347	2,509,919	930,851
Benefit payments, including refunds of member contributions	(1,541,160)	(1,466,347)	(1,421,397)	(930,851)
Net change in plan fiduciary net position	456,505	163,693	1,148,027	-
Total fiduciary net position-beginning	1,311,720	1,148,027	-	-
Total fiduciary net position-ending (b)	<u>\$ 1,768,225</u>	<u>\$ 1,311,720</u>	<u>\$ 1,148,027</u>	<u>\$ -</u>
City's net OPEB liability (a-b)	<u><u>\$ 42,596,735</u></u>	<u><u>\$ 39,715,977</u></u>	<u><u>\$ 38,569,832</u></u>	<u><u>\$ 41,038,273</u></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 EASTHAMPTON, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2021

Schedule of Net OPEB Liability:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 44,364,960	\$ 41,027,697	\$ 39,717,859	\$ 41,038,273
Less: Plan fiduciary net position	<u>(1,768,225)</u>	<u>(1,311,720)</u>	<u>(1,148,027)</u>	<u>-</u>
City's Net OPEB liability	<u>\$ 42,596,735</u>	<u>\$ 39,715,977</u>	<u>\$ 38,569,832</u>	<u>\$ 41,038,273</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.99%	3.20%	2.89%	0.00%
City's share of covered employee payroll	\$ 20,696,617	\$ 20,377,463	\$ 19,783,945	\$ 21,910,674
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	205.81%	194.90%	194.96%	187.30%

Schedule of Contributions:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 2,822,986	\$ 3,312,070	\$ 3,190,895	\$ 3,710,066
Less: Contributions in relation to the actuarially determined contribution	<u>(1,674,260)</u>	<u>(1,587,347)</u>	<u>(2,509,919)</u>	<u>(981,918)</u>
Contribution deficiency (excess)	<u>\$ 1,148,726</u>	<u>\$ 1,724,723</u>	<u>\$ 680,976</u>	<u>\$ 2,728,148</u>
City's share of covered employee payroll	\$ 20,696,617	\$ 20,377,463	\$ 19,783,945	\$ 21,910,674
Contributions percentage of covered-employee payroll	8.09%	7.79%	12.69%	4.48%
Annual money-weighted rate of return net of investment expense	23.14%	3.53%	8.63%	N/A

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 EASTHAMPTON, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2021

Schedule of Funding Progress:

Other Post Employment Benefits							
Actuarial Measurement Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)	
6/30/2021	\$ 1,768,225	\$ 44,364,960	\$ 42,596,735	3.99%	\$ 20,696,617	205.81%	
6/30/2020	\$ 1,311,720	\$ 41,027,697	\$ 39,715,977	3.20%	\$ 20,377,463	194.90%	
6/30/2019	\$ 1,148,027	\$ 39,717,859	\$ 38,569,832	2.89%	\$ 19,783,945	194.96%	
6/30/2018	\$ -	\$ 41,038,273	\$ 41,038,273	0.00%	\$ 21,910,674	187.30%	

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

SUPPLEMENTARY SCHEDULES

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

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 278,296	\$ 1,657,157	\$ 1,238,231	\$ -	\$ 697,222
Arts Lottery Council Grant	21,529	40,088	28,527	-	33,090
Community Development Block Grants	180,026	793,546	742,237	-	231,335
Green Communities Grant	14,077	17,175	31,252	-	-
Emergency Management Agency Grants	-	1,123,838	952,617	-	171,221
Elder Services Grants	27,036	61,901	61,227	-	27,710
Health Grants	57,344	76,222	101,225	-	32,341
Highway Grants	13,383	2,228,787	2,236,322	25,000	30,848
Library Grants	19,658	30,849	26,057	-	24,450
Other Grants and Programs	33,845	336,969	278,643	-	92,171
Park Grants	-	-	40,000	374,000	334,000
Public Safety Grants	188,901	339,717	361,919	1,201	167,900
Zoning Incentive Grant	75,439	-	75,439	-	-
Schools:					
School Lunch Program	200	637,043	575,035	-	62,208
School Lunch Commodities	-	34,682	34,682	-	-
School Choice Revolving	1,555,914	689,782	136,234	-	2,109,462
Other Revolving Accounts	238,934	88,027	55,590	-	271,371
State Special Education Reimbursement Fund	539,590	442,903	550,341	-	432,152
Student Activity Funds	154,748	25,241	15,985	-	164,004
Other:					
Animal Control Deposits	1,036	-	-	-	1,036
Arts in the Parks	1,670	-	731	-	939
Cable Fees and Revolving	126,790	307,719	307,719	-	126,790
Camp Nonotuck	57,328	56,659	13,301	-	100,686
City Clerk Fees	-	1,443	1,377	-	66
Compost Bins	907	760	1,070	-	597
Total Special Revenue Funds Page 73	\$ 3,586,651	\$ 8,990,508	\$ 7,865,761	\$ 400,201	\$ 5,111,599

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

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Continued from page 73	\$ 3,586,651	\$ 8,990,508	\$ 7,865,761	\$ 400,201	\$ 5,111,599
Special Revenue (continued):					
Other (continued):					
Conservation Fees	8,268	5,045	7,218	-	6,095
Conservation Fund for Property Maintenance	30,669	949	-	(4,965)	26,653
Deputy Collector Fees	-	32,638	33,152	-	(514)
Electric Vehicle and Bike Revolving	-	453	4,789	10,000	5,664
Electrical Aggregation Plan	234,849	34,335	-	-	269,184
Fire Off Duty Revolving	-	671	671	-	-
Fire Prevention	230	100	50	-	280
Gifts and Donations	317,704	86,219	133,077	1,965	272,811
Insurance Recovery	-	26,197	10,479	(15,718)	-
Law Forfeiture	47,012	1,026	1,719	-	46,319
Licensing Board Advertisements	-	635	291	-	344
Parking Tickets	53,340	5,603	200	(2,500)	56,243
Planning Advertising	-	7,037	5,649	-	1,388
Planning Zoning Review Escrow	-	8,801	8,800	-	1
Police Off Duty Revolving	-	343,366	343,366	-	-
Recreation and Park Leagues	9,830	968	2,905	-	7,893
Sale of Cemetery Lots	22,705	7,913	-	(2,500)	28,118
Sale of Real Estate	31,695	-	-	-	31,695
Tax Title Revolving	8,402	9,613	5,082	-	12,933
Transportation Network Surcharge	4,635	550	-	-	5,185
Zoning Board	25,941	-	-	-	25,941
Conservation Fund	1,512	39	-	-	1,551
Unemployment Compensation Fund	89,872	323	151,622	75,000	13,573
Total Special Revenue Funds	\$ 4,473,315	\$ 9,562,989	\$ 8,574,831	\$ 461,483	\$ 5,922,956

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

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Capital Projects:					
Ambulance	\$ (84,040)	\$ -	\$ -	\$ 84,040	\$ -
Bond Premium	4,131	-	-	(2,984)	1,147
Fire Department Vehicle	(555,500)	-	-	555,500	-
Highway Vehicle	(57,530)	-	-	57,530	-
New School Design and Study	67,413	-	-	-	67,413
Road/Street improvements	376,152	52	283,802	45,948	138,350
Total Capital Projects Funds	(249,374)	52	283,802	740,034	206,910
Perpetual Permanent Funds:					
Cemetery Perpetual Care Funds:					
In Custody of City Treasurer	238,897	8,812	-	-	247,709
Clifford A. Richmond Fund	500,000	-	-	-	500,000
Total Perpetual Permanent Funds	738,897	8,812	-	-	747,709
Permanent Funds:					
Cemetery Perpetual Care Funds:					
In Custody of City Treasurer	79,364	8,461	7,027	-	80,798
In Custody of Cemetery Trustees	68,838	(80)	-	-	68,758
Clifford A. Richmond Fund	110,425	15,986	4,112	-	122,299
Total Permanent Funds	258,627	24,367	11,139	-	271,855
Total - Non-Major Governmental Funds	\$ 5,221,465	\$ 9,596,220	\$ 8,869,772	\$ 1,201,517	\$ 7,149,430

CITY OF EASTHAMPTON, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY AND SUPPLEMENTAL TAXES
JULY 1, 2020 TO JUNE 30, 2021

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
Real Estate Taxes:						
Levy of 2021	\$ -	\$ 29,424,845	\$ 184,939	\$ 28,593,462	\$ 646,444	\$ 646,444
Levy of 2020	789,837	-	39,285	734,641	15,911	15,911
Levy of 2019	56,915	-	25,146	31,769	-	-
Levy of 2018	14,149	-	-	14,149	-	-
Prior Years	8,594	-	-	8,594	-	-
	<u>869,495</u>	<u>29,424,845</u>	<u>249,370</u>	<u>29,382,615</u>	<u>662,355</u>	<u>662,355</u>
Personal Property Taxes:						
Levy of 2021	-	1,038,015	7,214	1,019,767	11,034	11,034
Levy of 2020	13,566	-	-	11,038	2,528	2,528
Levy of 2019	2,797	-	-	-	2,797	2,797
Levy of 2018	2,181	-	-	-	2,181	2,181
Levy of 2017	1,701	-	1,701	-	-	-
Prior Years	548	-	-	-	548	548
	<u>20,793</u>	<u>1,038,015</u>	<u>8,915</u>	<u>1,030,805</u>	<u>19,088</u>	<u>19,088</u>
Supplemental Taxes	-	2,486	-	2,486	-	-
Total Real Estate, Personal Property and Supplemental Taxes	<u>\$ 890,288</u>	<u>\$ 30,465,346</u>	<u>\$ 258,285</u>	<u>\$ 30,415,906</u>	<u>\$ 681,443</u>	<u>\$ 681,443</u>

**CITY OF EASTHAMPTON, MASSACHUSETTS
COMMUNITY PRESERVATION SURCHARGE AND SUPPLEMENTAL TAXES
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
Major Governmental Funds:						
Community Preservation Surcharge:						
Levy of 2021	\$ -	\$ 592,727	\$ 776	\$ 579,883	\$ 12,068	\$ 12,068
Levy of 2020	14,420	-	504	13,647	269	269
Levy of 2019	915	-	325	590	-	-
Levy of 2018	424	-	-	424	-	-
Total Community Preservation Surcharge:	15,759	592,727	1,605	594,544	12,337	12,337
Supplemental Taxes	-	42	-	42	-	-
Total Community Preservation Surcharge and Supplemental Taxes	\$ 15,759	\$ 592,769	\$ 1,605	\$ 594,586	\$ 12,337	\$ 12,337

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

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
Motor Vehicle Excise Taxes:						
Levy of 2021	\$ -	\$ 1,702,785	\$ 22,734	\$ 1,525,284	\$ 154,767	\$ 154,767
Levy of 2020	213,068	166,098	20,844	316,911	41,411	41,411
Levy of 2019	36,013	63	343	19,189	16,544	16,544
Levy of 2018	16,988	-	302	4,744	11,942	11,942
Levy of 2017	10,666	-	10,231	435	-	-
Prior Years	-	3,475	-	3,475	-	-
Total Motor Vehicle Excise Taxes	\$ 276,735	\$ 1,872,421	\$ 54,454	\$ 1,870,038	\$ 224,664	\$ 224,664

**CITY OF EASTHAMPTON, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Accounts July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2021	Uncollected Accounts Per Detail June 30, 2021
Tax Liens	\$ 93,843	\$ 63,929	\$ -	\$ 57,174	\$ 100,598	\$ 100,598
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Tax Liens	\$ 1,177	\$ 922	\$ -	\$ 957	\$ 1,142	\$ 1,142