



TOWN OF
AMHERST
MASSACHUSETTS

TOWN OF AMHERST, MASSACHUSETTS

Financial Statements
For the Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Town Council and Town Manager
Town of Amherst, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Amherst, Massachusetts (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Amherst, Massachusetts, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope



of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Melanson

Greenfield, Massachusetts
January 21, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Amherst (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows with the difference 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 Town'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, education, public works, planning, conservation and inspections, community services and library services. The business-type activities include sewer, water, landfill and transportation activities.

The discretely presented component unit represents the Amherst Municipal Affordable Housing Trust (Housing Trust) which was established to promote the Town's affordable housing priorities, including creating safe, decent, and affordable housing for the most vulnerable populations. The Housing Trust does not issue a stand-alone financial report.

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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity established fees and charges designed to recover its costs, including capital costs such as depreciation and debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for sewer, water, landfill and transportation operations, which are considered major funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal services funds are used to account for self-insured employee health and workers compensation programs. Because these services predominantly benefit governmental rather than business-type functions, they have 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 Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

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

Required Supplementary Information (other than MD&A)

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

Financial Highlights***Primary Government***

- As of the close of the current fiscal year, net position in governmental activities was \$(52,285,992), a change of \$(6,518,059), and net position in business-type activities was \$16,623,200, a change of \$(546,069), as further discussed in the Government-Wide Financial Analysis section.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$33,958,717, a change of \$4,537,906 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$19,162,122, a change of \$1,649,801 in comparison to the prior year.

Discretely Presented Component Unit

- As of the close of the current fiscal year, net position in the Housing Trust was \$497,855, a change of \$240,574 in comparison to the prior year.

Government-Wide Financial Analysis

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

NET POSITION
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 44,167	\$ 37,729	\$ 8,069	\$ 8,416	\$ 52,236	\$ 46,145
Capital assets	<u>29,170</u>	<u>29,098</u>	<u>27,289</u>	<u>28,329</u>	<u>56,459</u>	<u>57,427</u>
Total Assets	73,337	66,827	35,358	36,745	108,695	103,572
Deferred Outflows of Resources	11,052	6,867	1,024	797	12,076	7,664
Current liabilities	8,257	6,797	5,092	3,812	13,349	10,609
Noncurrent liabilities	<u>118,262</u>	<u>108,033</u>	<u>13,760</u>	<u>16,171</u>	<u>132,022</u>	<u>124,204</u>
Total Liabilities	126,519	114,830	18,852	19,983	145,371	134,813
Deferred Inflows of Resources	10,156	4,632	907	390	11,063	5,022
Net investment in capital assets	33,640	30,173	15,888	17,054	49,528	47,227
Restricted	7,707	7,025	2,752	3,115	10,459	10,140
Unrestricted	<u>(93,633)</u>	<u>(82,966)</u>	<u>(2,017)</u>	<u>(3,000)</u>	<u>(95,650)</u>	<u>(85,966)</u>
Total Net Position	<u>\$ (52,286)</u>	<u>\$ (45,768)</u>	<u>\$ 16,623</u>	<u>\$ 17,169</u>	<u>\$ (35,663)</u>	<u>\$ (28,599)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(35,662,792), a change of \$(7,064,128) in comparison to the prior year.

A large portion of net position, \$49,528,176, reflects our investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$10,458,756 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(95,649,724) primarily resulting from unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION
(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 6,645	\$ 7,198	\$ 8,745	\$ 9,599	\$ 15,390	\$ 16,797
Operating grants and contributions	17,825	16,710	-	-	17,825	16,710
Capital grants and contributions	80	646	-	-	80	646
General revenues:						
Property taxes	56,019	53,745	-	-	56,019	53,745
Excises	1,836	1,846	-	-	1,836	1,846
Penalties, interest and other taxes	1,301	1,278	-	-	1,301	1,278
Grants and contributions not restricted to specific programs	10,141	9,865	-	-	10,141	9,865
Investment income	415	674	86	143	501	817
Other	1,114	961	132	165	1,246	1,126
Total Revenues	95,376	92,923	8,963	9,907	104,339	102,830
Expenses						
General government	15,578	13,357	-	-	15,578	13,357
Public safety	14,518	11,988	-	-	14,518	11,988
Education	54,970	48,216	-	-	54,970	48,216
Public works	4,696	4,728	-	-	4,696	4,728
Planning, conservation and inspections	2,558	2,526	-	-	2,558	2,526
Community services	3,214	3,585	-	-	3,214	3,585
Library services	2,799	2,250	-	-	2,799	2,250
Interest on long-term debt	116	138	-	-	116	138
Intergovernmental	3,205	3,315	-	-	3,205	3,315
Sewer services	-	-	4,310	4,664	4,310	4,664
Water services	-	-	3,935	4,531	3,935	4,531
Landfill services	-	-	429	465	429	465
Transportation services	-	-	835	1,220	835	1,220
Total Expenses	101,654	90,103	9,509	10,880	111,163	100,983
Change in Net Position Before Transfers	(6,278)	2,820	(546)	(973)	(6,824)	1,847
Transfers In (Out)	(240)	(190)	-	-	(240)	(190)
Changes in Net Position	(6,518)	2,630	(546)	(973)	(7,064)	1,657
Net Position - Beginning of Year	(45,768)	(48,398)	17,169	18,142	(28,599)	(30,256)
Net Position - End of Year	\$ (52,286)	\$ (45,768)	\$ 16,623	\$ 17,169	\$ (35,663)	\$ (28,599)

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(6,518,059). Key elements of this change are as follows:

General fund operations	\$ 1,485,440
Major fund - Ambulance transfer out in excess of revenues	(103,260)
Non-major fund revenues and transfers in, in excess of expenditures and transfers out	3,155,726
Internal service fund revenue in excess of expenditures	274,713
Depreciation expense in excess of principal debt service	(1,769,682)
Capital assets purchases	2,871,842
Change in net pension liability, net of deferrals	(192,130)
Change in net OPEB liability, net of deferrals	(12,203,161)
Other	<u>(37,547)</u>
Total	\$ <u><u>(6,518,059)</u></u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$(546,069). Key elements of this result from the following operations:

Sewer operations	\$ (607,272)
Water operations	71,044
Landfill operations	67,889
Transportation operations	<u>(77,730)</u>
Total	\$ <u><u>(546,069)</u></u>

Discretely Presented Component Unit

Activity in the Housing Trust for the year resulted in a change in net position of \$240,574. Key elements of this change are as follows:

- The Town contributed \$240,000 of community housing funds to the Housing Trust from the Town’s Community Preservation Fund (CPF) pursuant to the adopted 2020 Town council order. Contributions from the Town’s CPF are reported as restricted funds as the use of such funds must be used for “community housing” as defined in Massachusetts General Law (MGL) Chapter 44B, Section 1 et seq. of the Community Preservation Act (CPA) and use of such funds are further subject to the CPA’s restrictions and limitations.
- Investment income of \$4,795.
- Operating and administrative expenses of \$(4,221).

All revenues and contributions from the Town, together with investment earnings, also have been classified as “restricted” for financial statement purposes, as such funds are restricted to be used by the Housing Trust in advancing its purpose pursuant to MGL Chapter 44, Section 55C. The total fund balance amount is restricted by the enabling legislation.

Financial Analysis of the Town’s Funds

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

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

General Fund

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$19,162,122, while total fund balance was \$19,648,036. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% of Total 2020 General Fund Expenditures</u>
Unassigned Fund Balance	\$19,162,122	\$17,512,321	\$1,649,801	25.20%
Total Fund Balance	\$19,648,036	\$18,162,596	\$1,485,440	25.84%

*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System of \$2,465,788.

The total fund balance of the general fund changed by \$1,485,440 during the current fiscal year. Key elements of this change are as follows:

General Fund Operating Results:	
Excess tax collections vs. net assessment	\$ 283,098
State and local revenues under budget	(344,566)
Budgetary appropriations unspent by departments	2,333,546
Use of free cash as a funding source for nonrecurring expenses	(2,945,393)
Difference between current year encumbrances to be spent in the subsequent period and prior year encumbrances spent in the current year	135,639
Other sources	(300,000)
Change in Stabilization fund	<u>2,323,116</u>
Total	<u>\$ 1,485,440</u>

Included in the total general fund balance is the Town's stabilization fund with the following balance:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Stabilization fund	\$12,061,900	9,738,784	\$2,323,116

Non-Major Governmental Funds

The non-major fund balance changed by \$3,155,726 primarily from timing differences between the receipt and disbursement of grants and transfers from the general fund for capital projects.

Proprietary Funds

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$(2,016,640), a change of \$982,980 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Difference between the original budget and the final amended budget resulted in an overall increase in appropriations of \$2,945,393. These amendments included transfers to the stabilization fund in the amount of \$2,563,391 and the OPEB fund in the amount of \$382,002. All of this increase was funded by free cash.

Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$56,458,698 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, building improvements, machinery, equipment and furnishings, and infrastructure.

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

Depreciation expense - governmental activities	\$ (2,800,292)
Depreciation expense - business-type activities	(1,449,607)
Infrastructure	
Street improvements	500,933
Building and improvements	
New carpet/tiles senior center	20,832
Town hall door access control system	33,660
New overhead door	12,867
Land improvements	
Crocker farm school zone lights	12,482
Departmental vehicles and equipment	
General government	98,961
Public safety	158,795
Education	112,327
Public works	196,539
Planning, conservation and inspections	
Sewer	90,318
Water	34,380
Land	
Haskins property	638,000
Szala property	188,000
Construction in progress	
Dog park	18,632
East Hadley Road	394,705
Groff park modernization	420,264
Mill river pool pump	77,711
Gravity belt thickener	239,598
Baby Brook carriage improvement	32,732

Long-term debt

At the end of the current fiscal year, total bonded debt outstanding was \$8,585,000, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in the Notes to the Financial Statements.

Requests for Information

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

Ms. Sonia Aldrich
Comptroller
Town of Amherst
4 Boltwood Avenue
Amherst, MA 01002

TOWN OF AMHERST, MASSACHUSETTS

Statement of Net Position
June 30, 2020

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current:				
Cash and short-term investments	\$ 21,617,882	\$ 4,049,291	\$ 25,667,173	\$ 18,095
Investments	16,416,900	2,627,027	19,043,927	479,760
Receivables, net of allowance for uncollectibles:				
Property taxes	1,359,095	-	1,359,095	-
Excises	228,506	-	228,506	-
User fees	-	1,249,449	1,249,449	-
Departmental and other	336,625	142,876	479,501	-
Intergovernmental	3,757,185	-	3,757,185	-
Other assets	480	-	480	-
Total Current Assets	43,716,673	8,068,643	51,785,316	497,855
Noncurrent:				
Property taxes	450,762	-	450,762	-
Land and construction in progress	7,598,705	3,700,090	11,298,795	-
Capital assets, net of accumulated depreciation	21,570,906	23,588,997	45,159,903	-
Total Noncurrent Assets	29,620,373	27,289,087	56,909,460	-
Total Assets	73,337,046	35,357,730	108,694,776	497,855
Deferred Outflows of Resources				
Related to pensions	5,135,118	607,585	5,742,703	-
Related to OPEB	5,917,142	415,997	6,333,139	-
Total Deferred Outflows of Resources	11,052,260	1,023,582	12,075,842	-

(continued)

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Statement of Net Position
June 30, 2020

(continued)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current:				
Warrants payable	1,703,418	-	1,703,418	-
Accounts payable	-	60,070	60,070	-
Accrued payroll and withholdings	2,909,344	-	2,909,344	-
Deferred revenue	366,817	-	366,817	-
Intergovernmental payable	410,643	-	410,643	-
Notes payable	1,574,123	4,472,000	6,046,123	-
Other current liabilities	367,717	-	367,717	-
Current portion of long-term liabilities:				
Bonds payable	925,400	519,600	1,445,000	-
Landfill liability	-	40,000	40,000	-
Total Current Liabilities	8,257,462	5,091,670	13,349,132	-
Noncurrent:				
Bonds payable, net of current portion	1,207,800	5,932,200	7,140,000	-
Net pension liability	48,252,622	5,709,235	53,961,857	-
Net OPEB liability	66,517,650	1,336,472	67,854,122	-
Compensated absences	2,284,199	221,623	2,505,822	-
Landfill liability	-	560,000	560,000	-
Total Noncurrent Liabilities	118,262,271	13,759,530	132,021,801	-
Total Liabilities	126,519,733	18,851,200	145,370,933	-
Deferred Inflows of Resources				
Related to pensions	5,551,187	656,814	6,208,001	-
Related to OPEB	4,604,378	250,098	4,854,476	-
Total Deferred Inflows of Resources	10,155,565	906,912	11,062,477	-
Net Position				
Net investment in capital assets	33,639,934	15,888,242	49,528,176	-
Restricted for:				
Grants and enabling legislation	7,165,865	-	7,165,865	497,855
Permanent funds:				
Nonexpendable	345,138	-	345,138	-
Expendable	196,155	-	196,155	-
Other purposes	-	2,751,598	2,751,598	-
Unrestricted	(93,633,084)	(2,016,640)	(95,649,724)	-
Total Net Position	\$ (52,285,992)	\$ 16,623,200	\$ (35,662,792)	\$ 497,855

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Ambulance Receipt Reserved	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and short-term investments	\$ 6,867,226	\$ 2,524,862	\$ 11,132,666	\$ 20,524,754
Investments	15,829,491	-	587,409	16,416,900
Receivables:				
Property taxes	1,418,893	-	23,334	1,442,227
Tax liens	894,188	-	12,228	906,416
Excises	336,465	-	-	336,465
Departmental and other	38,694	290,915	7,016	336,625
Intergovernmental	1,930,657	155,891	1,670,637	3,757,185
Other assets	-	-	480	480
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>27,315,614</u>	\$ <u>2,971,668</u>	\$ <u>13,433,770</u>	\$ <u>43,721,052</u>
Liabilities				
Warrants payable	\$ 1,689,462	\$ -	\$ 13,956	\$ 1,703,418
Accrued payroll and withholdings	2,832,046	-	77,298	2,909,344
Intergovernmental payable	331,965	-	78,678	410,643
Notes payable	-	-	1,574,123	1,574,123
Other liabilities	350,506	-	17,211	367,717
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	5,203,979	-	1,761,266	6,965,245
Deferred Inflows of Resources				
Unavailable revenues	2,463,599	290,914	42,577	2,797,090
Fund Balances				
Nonspendable	-	-	345,138	345,138
Restricted	-	2,680,754	4,873,228	7,553,982
Committed	-	-	7,570,702	7,570,702
Assigned	485,914	-	-	485,914
Unassigned	19,162,122	-	(1,159,141)	18,002,981
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	19,648,036	2,680,754	11,629,927	33,958,717
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>27,315,614</u>	\$ <u>2,971,668</u>	\$ <u>13,433,770</u>	\$ <u>43,721,052</u>

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Reconciliation of Total Government Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2020

Total Governmental Fund Balances	\$	33,958,717
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		29,169,611
• Revenues are reported on the accrual basis of accounting (net of allowance for uncollectible accounts) and are not deferred until collection.		1,783,528
• Internal service funds are used by management to account for health insurance and workers' compensation activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		1,093,128
• Long-term liabilities, including bonds payable, net pension liability and net OPEB liability are not due and payable in the current period and, therefore are not reported in the governmental funds.		(116,006,777)
• Other.		<u>(2,284,199)</u>
Net Position of Governmental Activities	\$	<u><u>(52,285,992)</u></u>

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Ambulance Receipt Reserved</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 54,876,502	\$ -	\$ 1,187,915	\$ 56,064,417
Excises	1,724,120	-	-	1,724,120
Penalties, interest and other taxes	1,240,630	-	25,147	1,265,777
Charges for services	2,656,559	2,190,280	1,001,172	5,848,011
Intergovernmental	19,594,514	189,856	5,147,359	24,931,729
Licenses and permits	838,118	-	-	838,118
Fines and forfeitures	57,429	-	-	57,429
Investment income	342,620	-	53,787	396,407
Contributions	-	-	358,381	358,381
Miscellaneous	223,270	-	591,509	814,779
Total Revenues	81,553,762	2,380,136	8,365,270	92,299,168
Expenditures				
Current:				
General government	13,695,577	-	962,773	14,658,350
Public safety	10,628,024	-	573,299	11,201,323
Education	42,474,419	-	2,498,033	44,972,452
Public works	2,387,597	-	1,276,920	3,664,517
Planning, conservation and inspections	1,461,688	-	1,913,736	3,375,424
Community services	1,536,721	-	1,616,454	3,153,175
Library services	2,043,302	-	101,129	2,144,431
Debt service:				
Principal	1,025,400	-	5,210	1,030,610
Interest	115,758	-	-	115,758
Intergovernmental	3,142,887	-	62,335	3,205,222
Total Expenditures	78,511,373	-	9,009,889	87,521,262
Excess (Deficiency) of Revenues Over Expenditures	3,042,389	2,380,136	(644,619)	4,777,906
Other Financing Sources (Uses)				
Transfers in	2,904,861	-	5,840,850	8,745,711
Transfers (out)	(4,461,810)	(2,483,396)	(2,040,505)	(8,985,711)
Total Other Financing Sources (Uses)	(1,556,949)	(2,483,396)	3,800,345	(240,000)
Change in Fund Balance	1,485,440	(103,260)	3,155,726	4,537,906
Fund Balance, at Beginning of Year	18,162,596	2,784,014	8,474,201	29,420,811
Fund Balance, at End of Year	\$ 19,648,036	\$ 2,680,754	\$ 11,629,927	\$ 33,958,717

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Reconciliation of the Statements of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	4,537,906																								
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Capital outlay</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">2,871,843</td> </tr> <tr> <td>Depreciation</td> <td></td> <td style="text-align: right;">(2,800,292)</td> </tr> </table> • 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Repayments of debt</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">1,030,610</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">59,632</td> </tr> </table> • 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 the governmental funds: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Change in pension expense from GASB 68</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(192,130)</td> </tr> <tr> <td>Change in OPEB expense from GASB 75</td> <td></td> <td style="text-align: right;">(12,203,161)</td> </tr> <tr> <td>Other</td> <td></td> <td style="text-align: right;">(97,180)</td> </tr> </table> • Internal service funds are used by management to account for health insurance and workers' compensation activities. The net activity of internal service funds is reported with governmental activities. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">274,713</td> </tr> </table> 			Capital outlay		2,871,843	Depreciation		(2,800,292)	Repayments of debt		1,030,610			59,632	Change in pension expense from GASB 68		(192,130)	Change in OPEB expense from GASB 75		(12,203,161)	Other		(97,180)			274,713
Capital outlay		2,871,843																								
Depreciation		(2,800,292)																								
Repayments of debt		1,030,610																								
		59,632																								
Change in pension expense from GASB 68		(192,130)																								
Change in OPEB expense from GASB 75		(12,203,161)																								
Other		(97,180)																								
		274,713																								
Change in Net Position of Governmental Activities	\$	<u><u>(6,518,059)</u></u>																								

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sewer Fund	Water Fund	Landfill Fund	Transportation Fund	Total Enterprise	Internal Service Funds
Assets						
Current:						
Cash and short-term investments	\$ 1,923,440	\$ 1,933,652	\$ 71,526	\$ 120,673	\$ 4,049,291	\$ 1,093,128
Investments	1,247,855	1,254,480	46,404	78,288	2,627,027	-
User fees, net of allowance for uncollectible	580,163	658,169	11,117	-	1,249,449	-
Departmental receivables	-	-	-	142,876	142,876	-
Total Current Assets	<u>3,751,458</u>	<u>3,846,301</u>	<u>129,047</u>	<u>341,837</u>	<u>8,068,643</u>	<u>1,093,128</u>
Noncurrent:						
Capital Assets:						
Land and construction in progress	239,900	2,962,248	497,942	-	3,700,090	-
Capital assets, net of accumulated depreciation	<u>11,238,587</u>	<u>9,103,207</u>	<u>123,478</u>	<u>3,123,725</u>	<u>23,588,997</u>	<u>-</u>
Total Noncurrent Assets	<u>11,478,487</u>	<u>12,065,455</u>	<u>621,420</u>	<u>3,123,725</u>	<u>27,289,087</u>	<u>-</u>
Total Assets	15,229,945	15,911,756	750,467	3,465,562	35,357,730	1,093,128
Deferred Outflows of Resources						
Related to pensions	250,264	255,104	41,750	60,467	607,585	-
Related to OPEB	<u>169,740</u>	<u>175,144</u>	<u>34,505</u>	<u>36,608</u>	<u>415,997</u>	<u>-</u>
Total Deferred Outflows of Resources	420,004	430,248	76,255	97,075	1,023,582	-

(continued)

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2020

(continued)

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sewer Fund	Water Fund	Landfill Fund	Transportation Fund	Total Enterprise	Internal Service Funds
Liabilities						
Current:						
Accounts payable	\$ 60,070	\$ -	\$ -	\$ -	\$ 60,070	\$ -
Notes payable	3,100,000	1,332,000	-	40,000	4,472,000	-
Current portion of long-term liabilities:						
Bonds payable	269,600	250,000	-	-	519,600	-
Landfill liability	-	-	40,000	-	40,000	-
Total Current Liabilities	<u>3,429,670</u>	<u>1,582,000</u>	<u>40,000</u>	<u>40,000</u>	<u>5,091,670</u>	-
Noncurrent:						
Bonds payable, net of current portion	3,082,200	2,850,000	-	-	5,932,200	-
Net pension liability	2,351,631	2,397,114	392,304	568,186	5,709,235	-
Net OPEB liability	153,403	701,633	276,599	204,837	1,336,472	-
Compensated absences	121,112	50,905	27,859	21,747	221,623	-
Landfill liability, net of current portion	-	-	560,000	-	560,000	-
Total Noncurrent Liabilities	<u>5,708,346</u>	<u>5,999,652</u>	<u>1,256,762</u>	<u>794,770</u>	<u>13,759,530</u>	-
Total Liabilities	9,138,016	7,581,652	1,296,762	834,770	18,851,200	
Deferred Inflows of Resources						
Related to pensions	270,542	275,774	45,132	65,366	656,814	-
Related to OPEB	90,404	108,366	27,092	24,236	250,098	-
Total Deferred Inflows of Resources	360,946	384,140	72,224	89,602	906,912	-
Net Position						
Net investment in capital assets	5,869,721	8,262,627	621,420	1,134,474	15,888,242	-
Restricted	228,153	551,461	-	1,971,984	2,751,598	-
Unrestricted	53,113	(437,876)	(1,163,684)	(468,193)	(2,016,640)	1,093,128
Total Net Position	<u>\$ 6,150,987</u>	<u>\$ 8,376,212</u>	<u>\$ (542,264)</u>	<u>\$ 2,638,265</u>	<u>\$ 16,623,200</u>	<u>\$ 1,093,128</u>

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Proprietary Funds
Statement Of Revenues, Expenses And Changes In Fund Net Position
For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sewer Fund	Water Fund	Landfill Fund	Transportation Fund	Total Enterprise	Internal Service Funds
Operating Revenues						
Charges for services	\$ 3,660,384	\$ 3,897,753	\$ 428,665	\$ 757,811	\$ 8,744,613	\$ -
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,233</u>
Total Operating Revenues	3,660,384	3,897,753	428,665	757,811	8,744,613	324,233
Operating Expenses						
Salaries and benefits	815,744	1,235,097	256,672	342,744	2,650,257	3,456
Other operating expenses	2,601,313	2,071,936	162,535	325,249	5,161,033	-
Depreciation	749,739	525,799	9,385	164,684	1,449,607	-
Other claims	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,833</u>
Total Operating Expenses	<u>4,166,796</u>	<u>3,832,832</u>	<u>428,592</u>	<u>832,677</u>	<u>9,260,897</u>	<u>68,289</u>
Operating Income (Loss)	(506,412)	64,921	73	(74,866)	(516,284)	255,944
Nonoperating Revenues (Expenses)						
Investment income	42,457	40,770	2,733	25	85,985	18,769
Interest expense	(143,317)	(102,000)	-	(2,889)	(248,206)	-
Other nonoperating income	<u>-</u>	<u>67,353</u>	<u>65,083</u>	<u>-</u>	<u>132,436</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), Net	<u>(100,860)</u>	<u>6,123</u>	<u>67,816</u>	<u>(2,864)</u>	<u>(29,785)</u>	<u>18,769</u>
Change in Net Position	(607,272)	71,044	67,889	(77,730)	(546,069)	274,713
Net Position, Beginning of Year	<u>6,758,259</u>	<u>8,305,168</u>	<u>(610,153)</u>	<u>2,715,995</u>	<u>17,169,269</u>	<u>818,415</u>
Net Position, End of Year	<u>\$ 6,150,987</u>	<u>\$ 8,376,212</u>	<u>\$ (542,264)</u>	<u>\$ 2,638,265</u>	<u>\$ 16,623,200</u>	<u>\$ 1,093,128</u>

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sewer Fund	Water Fund	Landfill Fund	Transportation Fund	Total Enterprise	Internal Service Funds
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 3,696,113	\$ 3,840,610	\$ 425,419	\$ 768,577	\$ 8,730,719	\$ -
Payments to employees	(1,752,310)	(1,768,686)	(292,639)	(398,813)	(4,212,448)	-
Payments to vendors	(2,562,227)	(2,159,485)	(202,535)	(325,249)	(5,249,496)	-
Receipts from employees, employer, and others	-	-	-	-	-	324,233
Payments of employee benefits and expenses	-	-	-	-	-	(68,289)
Net Cash Provided By / (Used For) Operating Activities	(618,424)	(87,561)	(69,755)	44,515	(731,225)	255,944
Cash Flows From Noncapital Financing Activities						
Other non-operating income	-	67,353	65,083	-	132,436	-
Net Cash Provided By Noncapital Financing Activities	-	67,353	65,083	-	132,436	-
Cash Flows From Capital and Related Financing Activities						
Proceeds of notes	3,100,000	1,332,000	-	40,000	4,472,000	-
Acquisition and construction of capital assets	(342,782)	(67,111)	-	-	(409,893)	-
Principal payments on bonds	(269,600)	(250,000)	-	(45,000)	(564,600)	-
Principal payments on notes	(2,300,000)	(720,000)	-	(80,000)	(3,100,000)	-
Interest expense	(143,317)	(102,000)	-	(2,889)	(248,206)	-
Net Cash Provided By / (Used For) Capital and Related Financing Activities	44,301	192,889	-	(87,889)	149,301	-
Cash Flows From Investing Activities						
Sale of investments	612,587	231,099	13,803	43,417	900,906	-
Investment income	42,457	40,770	2,733	25	85,985	18,769
Net Cash Provided By Investing Activities	655,044	271,869	16,536	43,442	986,891	18,769
Net Change in Cash and Short-Term Investments	80,921	444,550	11,864	68	537,403	274,713
Cash and Short-Term Investments, Beginning of Year	1,842,519	1,489,102	59,662	120,605	3,511,888	818,415
Cash and Short-Term Investments, End of Year	<u>\$ 1,923,440</u>	<u>\$ 1,933,652</u>	<u>\$ 71,526</u>	<u>\$ 120,673</u>	<u>\$ 4,049,291</u>	<u>\$ 1,093,128</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities						
Operating income (loss)	\$ (506,412)	\$ 64,921	\$ 73	\$ (74,866)	\$ (516,284)	\$ 255,944
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	749,739	525,799	9,385	164,684	1,449,607	-
Changes in assets, liabilities, and deferred outflows/inflows:						
User fees and departmental receivables	35,729	(57,143)	(3,246)	10,766	(13,894)	-
Deferred outflows - related to pensions	83,381	75,395	13,771	16,759	189,306	-
Deferred outflows - related to OPEB	(169,740)	(175,144)	(34,505)	(36,608)	(415,997)	-
Warrants and accounts payable	39,086	(87,549)	-	-	(48,463)	-
Net pension liability	(227,812)	(158,004)	(36,932)	(28,855)	(451,603)	-
Net OPEB liability	(840,547)	(489,794)	(21,268)	(61,626)	(1,413,235)	-
Deferred inflows - related to pensions	161,058	167,322	26,913	40,025	395,318	-
Deferred inflows - related to OPEB	43,698	52,380	13,095	11,715	120,888	-
Other liabilities	13,396	(5,744)	(37,041)	2,521	(26,868)	-
Net Cash Provided By / (Used For) Operating Activities	<u>\$ (618,424)</u>	<u>\$ (87,561)</u>	<u>\$ (69,755)</u>	<u>\$ 44,515</u>	<u>\$ (731,225)</u>	<u>\$ 255,944</u>

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2020

	Other Post- Employment Benefits <u>Trust Fund</u>	Agency <u>Funds</u>
Assets		
Cash and short-term investments	\$ -	\$ 195,662
Investments in external investment pool	7,307,768	-
Accounts receivable	-	15,443
	<u>7,307,768</u>	<u>211,105</u>
Total Assets	7,307,768	211,105
Liabilities		
Deposits held in custody	-	81,413
Other liabilities	-	129,692
	<u>-</u>	<u>211,105</u>
Total Liabilities	-	\$ <u>211,105</u>
Net Position		
Restricted for OPEB purposes	<u>7,307,768</u>	
Total Net Position	\$ <u>7,307,768</u>	

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Positions
 For the Year Ended June 30, 2020

	<u>Other Post- Employment Benefits Trust Fund</u>
Additions	
Contributions	\$ 4,447,206
Investment income	<u>131,053</u>
Total Additions	4,578,259
Deductions	
Benefit payments to plan members and beneficiaries	<u>3,309,302</u>
Total Deductions	<u>3,309,302</u>
Net Increase	1,268,957
Net Position Restricted for OPEB Purposes	
Beginning of Year	<u>6,038,811</u>
End of Year	<u><u>\$ 7,307,768</u></u>

See Independent Auditors' Report.

Town of Amherst, Massachusetts

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

Reporting Entity

The Town is a municipal corporation governed by an elected Town Manager and thirteen-member Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2020, the following entity met the required GASB 14 (as amended) criteria of component units and is presented as a discretely presented component unit to emphasize that it is legally separate from the Town:

The Amherst Affordable Housing Trust (Housing Trust) was established to promote the Town's affordable housing priorities, particularly to create safe, decent, and affordable housing for the most vulnerable populations. The Housing Trust was established in accordance with Massachusetts General Law Chapter 44, Section 55C and authorized by a vote of the May 19, 2014 Annual Town Meeting under Article 34. The Housing Trust is governed by a Board of Trustees as well as the Town Manager. The Town's Treasurer is currently serving as the custodian of the Housing Trust's funds, which are held in the same investment account as the Town's trust funds. The Town's Comptroller maintains books and records for the Housing Trust within the Town's financial reporting system. The Housing Trust does not issue a stand-alone financial report.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a

particular function of 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.

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town 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 *ambulance receipt reserved fund* is used to account for ambulance receipts, reserved under MGL Chapter 40 Section 5F, to fund future ambulance-related appropriations as directed by Town Council.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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

The Town reports the following major proprietary funds:

- The *sewer enterprise fund*, which accounts for operations of the Town's wastewater treatment facility and supporting infrastructure.
- The *water enterprise fund*, which accounts for operations of the Town's water services and supporting infrastructure.
- The *landfill enterprise fund*, which accounts for operations of the Town's transfer station and supporting infrastructure.
- The *transportation enterprise fund*, which accounts for operations of the Town's parking operations and supporting infrastructure.

The self-insured employee health program and workers compensation funds are reported as an *internal service fund* in the accompanying financial statements.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *other post-employment benefits trust fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

Cash and Investments

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

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments".

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

The Town's investments in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and investments are valued at amortized cost.

Property Tax Limitations

Legislation known as "Proposition 2 ½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 % (excluding new growth) unless an override is voted. The actual fiscal year 2020 tax levy reflected an excess capacity of \$24,004. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if

purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20 - 30
Buildings	40
Building improvements	20
General infrastructure	20
Water/sewer infrastructure	50
Vehicles	3 - 5
Office equipment	5 - 7
Computer equipment	3 - 5

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Fund Equity

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

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or

expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

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

Net Position

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

Use of Estimates

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

2. Stewardship, Compliance and Accountability

Budgetary Information

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

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public.

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

Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2020:

Governmental Funds:	
Town borrowing capital project fund	\$ (421,028)
Community preservation borrowing capital project fund	(477,880)
FEMA COVID fund	<u>(260,233)</u>
	<u>\$ (1,159,141)</u>

The capital project funds are in deficit at year end, however, short-term borrowings have been issued to cover projects. It is anticipated that the deficits in these funds will be eliminated through future bond proceeds and intergovernmental revenues.

The Landfill enterprise fund has a deficit of \$(542,264) at June 30, 2020, which is the result of recording a liability for estimated future monitoring costs. The deficit is expected to be eliminated as these costs are incurred over the next 15 years.

3. Deposits and Investments - Town (Excluding the OPEB and Housing Trust Funds)

State statutes (MGL Chapter 44, Section 55) place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations have maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consists of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, *Certain External Investment Pools and Pool Participants*, to report its investments at amortized cost, which approximates the net asset value of 1.00 per share. MMDT has a maturity of less than 1 year and in not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust and OPEB funds.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be returned. Massachusetts General Laws Chapter 44, Section 55 limits the Town’s deposits “in a bank or trust company or banking company to an amount not exceeding 60% of the

capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess.” The Town’s deposits are within this limitation.

The Town manages custodial credit risk by depositing funds in financial institution that are insured by federal and state insurance programs, obtaining collateralization agreements for deposits and depositing funds only in institutions that receive strong scores from a bank safety rating service to which the Town subscribes.

As of June 30, 2020, none of the Town’s bank balance of \$25,887,939 was exposed to custodial credit risk as uninsured and uncollateralized. \$11,820,266 of the Town’s total cash balance is held in the Massachusetts Municipal Depository Trust (MMDT).

Investment Summary

The following is a summary of the Town’s investments as of June 30, 2020:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposit	\$ 9,228,214
Corporate equities	1,859,164
Equity mutual funds	5,561,536
U.S. Treasury and agencies	<u>2,395,013</u>
Total Investments	\$ <u><u>19,043,927</u></u>

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Town manages custodial credit risk exposure with SIPC and excess SIPC insurance.

The Town adopted an investment policy in October 2012 that limits unsecured bank deposits to no more than 2% of an institution’s assets or 10% of the Town’s cash balance. In addition, the policy limits the Treasurer to investing in financial instruments included on a list produced annually by the Commonwealth Division of Banks (commonly referred to as the “Legal List of Investments”).

As of June 30, 2020, the Town did not have investments subject to custodial credit risk exposure as all assets were held in the Town’s name.

Credit Risk – Investments of Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The investment policy adopted by the Town limits the Town’s investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSRSs). The Town manages credit risk by the diversification and prudent selection of investment

instruments and choice of depository. The policy also states that no more than 25% of the Town's investments shall be invested in a single financial institution.

As of June 30, 2020, the Town's investments are exempt from credit risk disclosure. U.S. Treasury notes have an implied credit rating of AAA.

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places a 25% limit on the amount invested in any one issuer.

Individual investments exceeding 5% of the Town's total investments are as follows:

<u>Financial Institution</u>	<u>Amount</u>	<u>% of Total Investments</u>
Greenfield Savings Bank CD	\$2,003,125	10.52%
Greenfield Savings Bank CD	\$2,025,200	10.63%
Easthampton Savings Bank CD	\$2,027,019	10.64%

Interest Rate Risk – Investments of Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy establishes a one-year investment term for applicable types of investments, such as U.S. Treasury notes and certificate of deposits.

All of the Town's investments in U.S. Treasury and agencies mature in less than one year.

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town has the following fair value measurements as of June 30, 2020:

<u>Description</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate equities	\$ 1,859,164	\$ 1,859,164	\$ -	\$ -
Equity mutual funds	5,561,536	5,561,536	-	-
U.S. Treasury and agencies	<u>2,395,013</u>	-	2,395,013	-
Total	<u>\$ 9,815,713</u>			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Investments – OPEB Trust Fund

Generally, the Town’s OPEB investment policies mirror that of the Town as discussed in the previous note.

All of the OPEB trust investments of \$7,307,768 are invested in the external (State) investment pool – State Retirees Benefits Trust Fund (SRBT).

Custodial Credit Risk

All of the OPEB Trust Funds investments are exempt from custodial credit risk disclosures as they are invested in SRBT.

Credit Risk – Investments of Debt Securities

All of the OPEB Trust Funds investments are exempt from credit risk disclosure as they are invested in SRBT.

Concentration of Credit Risk

All of the OPEB Trust Funds investments are exempt from concentration of credit risk disclosure as they are invested in SRBT.

Interest Rate Risk

All of the OPEB Trust Funds investments are exempt from interest rate risk disclosure as they are invested in SRBT.

Foreign Currency Risk

All of the OPEB Trust Funds investments are exempt from foreign currency risk disclosure as they are invested in SRBT, which does not invest in foreign investments.

Fair Value

The OPEB Trust Fund investments are in SRBT which are measured at net asset value and are not subject to fair value measurement.

<u>Description</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	Redemption Frequency (If currently <u>eligible</u>)	Redemption Notice <u>Period</u>
External investment pool	\$ <u>7,307,768</u>	\$ -	Monthly	30 days

5. Investments – Amherst Municipal Affordable Housing Trust (Discretely Presented Component Unit)

The following is a summary of the Amherst Municipal Affordable Housing Trust's investments as of June 30, 2020:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposit	\$ 124,660
Corporate equities	73,045
Equity mutual funds	187,957
U.S. Treasury and agencies	<u>94,098</u>
Total Investments	<u>\$ 479,760</u>

General

The Housing Trust is a separate legal entity and, therefore, is not subject to the Town's investment policies. Nonetheless, the Trustees have determined that it is prudent to have the Town's Treasurer manage the Housing Trust's liquid assets, where possible, in accordance with the Town's investment policy.

As of June 30, 2020, the Housing Trust did not have investments subject to custodial credit risk exposure as all assets were held in the Trust's name.

Credit Risk – Investments of Debt Securities

As of June 30, 2020, the Housing Trust's investments are exempt from credit risk disclosure. U.S. Treasury notes have an implied credit rating of AAA.

Concentration of Credit Risk

As of June 30, 2020, the Housing Trust did not have any investments subject to concentration of credit risk disclosure.

Interest Rate Risk

All of the Housing Trust's investments in U.S. Treasury and agencies mature in less than one year.

Fair Value

The Housing Trust has the following fair value measurements as of June 30, 2020:

<u>Description</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate equities	\$ 73,045	\$ 73,045	\$ -	\$ -
Equity mutual funds	187,957	187,957		
U.S. Treasury and agencies	<u>94,098</u>	-	94,098	-
Total	<u>\$ 355,100</u>			

6. Property Taxes and Excises Receivables

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½% of the prior year's levy plus the taxes on property newly added to the tax rolls.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2020 consist of the following:

	Gross Amount <u>(fund basis)</u>	Allowance for Doubtful <u>Accounts</u>	Current <u>Portion</u>	Long- Term <u>Portion</u>
Real estate taxes	\$ 1,291,914	\$ (13,219)	\$ 1,278,695	\$ -
Personal property taxes	60,969	(23,646)	37,323	-
Community preservation act	23,334	(60)	23,274	-
Deferred taxes	66,010	(46,207)	19,803	-
Tax liens	<u>906,416</u>	<u>(455,653)</u>	<u>-</u>	<u>450,763</u>
Total Property Taxes	\$ <u>2,348,643</u>	\$ <u>(538,785)</u>	\$ <u>1,359,095</u>	\$ <u>450,763</u>
Motor vehicle excise	\$ <u>336,465</u>	\$ <u>(107,959)</u>	\$ <u>228,506</u>	\$ <u>-</u>

7. User Fee and Departmental Receivables

Receivables for user charges and departmental at June 30, 2020 consist of the following:

	Gross <u>Amount</u>	Allowance for Doubtful <u>Accounts</u>	Net <u>Amount</u>
Sewer	\$ 580,163	\$ -	\$ 580,163
Water	658,169	-	658,169
Landfill	11,117	-	11,117
Transportation	<u>417,214</u>	<u>(274,338)</u>	<u>142,876</u>
Total	\$ <u>1,666,663</u>	\$ <u>(274,338)</u>	\$ <u>1,392,325</u>

8. Intergovernmental Receivables

The balance in the governmental funds represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal year 2020.

9. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
Governmental Activities					
Capital assets, being depreciated:					
Land improvements	\$ 5,211	\$ 12	\$ -	\$ -	\$ 5,223
Buildings and improvements	36,363	54	-	-	36,417
Machinery, equipment, and furnishings	14,600	567	(366)	-	14,801
Infrastructure	<u>23,311</u>	<u>501</u>	<u>-</u>	<u>-</u>	<u>23,812</u>
Total Capital Assets, Being Depreciated	79,485	1,134	(366)	-	80,253
Less accumulated depreciation for:					
Land improvements	(1,882)	(238)	-	-	(2,120)
Buildings and improvements	(30,460)	(781)	-	-	(31,241)
Machinery, equipment, and furnishings	(10,487)	(1,028)	366	-	(11,149)
Infrastructure	<u>(13,419)</u>	<u>(753)</u>	<u>-</u>	<u>-</u>	<u>(14,172)</u>
Total Accumulated Depreciation	<u>(56,248)</u>	<u>(2,800)</u>	<u>366</u>	<u>-</u>	<u>(58,682)</u>
Total Capital Assets, Being Depreciated, Net	23,237	(1,666)	-	-	21,571
Capital assets, not being depreciated:					
Land	4,957	826	-	-	5,783
Construction in progress (CIP)	<u>904</u>	<u>912</u>	<u>-</u>	<u>-</u>	<u>1,816</u>
Total Capital Assets, Not Being Depreciated	<u>5,861</u>	<u>1,738</u>	<u>-</u>	<u>-</u>	<u>7,599</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,098</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,170</u>
	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
Business-Type Activities					
Capital assets, being depreciated:					
Land improvements	\$ 2,791	\$ -	\$ -	\$ -	\$ 2,791
Buildings improvements and infrastructure	39,455	13	-	143	39,611
Machinery, equipment, and furnishings	<u>7,674</u>	<u>125</u>	<u>(34)</u>	<u>-</u>	<u>7,765</u>
Total Capital Assets, Being Depreciated	49,920	138	(34)	143	50,167
Less accumulated depreciation for:					
Land improvements	(2,448)	(42)	-	-	(2,490)
Buildings improvements and infrastructure	(15,823)	(1,116)	-	-	(16,939)
Machinery, equipment, and furnishings	<u>(6,891)</u>	<u>(292)</u>	<u>34</u>	<u>-</u>	<u>(7,149)</u>
Total Accumulated Depreciation	<u>(25,162)</u>	<u>(1,450)</u>	<u>34</u>	<u>-</u>	<u>(26,578)</u>
Total Capital Assets, Being Depreciated, Net	24,758	(1,312)	-	143	23,589
Capital assets, not being depreciated:					
Land	3,357	-	-	-	3,357
Construction in progress (CIP)	<u>214</u>	<u>272</u>	<u>-</u>	<u>(143)</u>	<u>343</u>
Total Capital Assets, Not Being Depreciated	<u>3,571</u>	<u>272</u>	<u>-</u>	<u>(143)</u>	<u>3,700</u>
Business-Type Activities Capital Assets, Net	<u>\$ 28,329</u>	<u>\$ (1,040)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,289</u>

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

Governmental Activities	
General government	\$ 294
Public safety	486
Education	695
Public works	1,173
Planning, conservation and inspections	9
Community services	115
Library services	<u>28</u>
Total governmental activities	<u>\$ 2,800</u>
Business-Type Activities	
Sewer	\$ 750
Water	526
Landfill	9
Transportation	<u>165</u>
Total business-type activities	<u>\$ 1,450</u>

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB in accordance with GASB Statement No. 68 and 75, are more formally discussed in the corresponding pension and OPEB notes.

11. Warrants and Accounts Payable

Warrants payable represent 2020 expenditures paid by July 15, 2020. Accounts payable represent 2020 expenditures paid after July 15, 2020.

12. Other Current Liabilities

This balance in the general fund consists primarily of prepaid real estate taxes and unclaimed checks (tailings).

13. Notes Payable

The Town had the following notes outstanding at June 30, 2020:

<u>Purpose</u>	<u>Interest Rate(s) %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at June 30, 2020</u>
Bond anticipation - multi-purpose	1.05%	04/03/20	09/16/20	\$ 3,715,123
Bond anticipation - multi-purpose	0.97%	06/04/20	06/04/21	<u>2,331,000</u>
Total				<u>\$ 6,046,123</u>

The following summarizes activity in notes payable during fiscal year 2020:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Bond anticipation - multi-purpose	\$ <u>4,544,000</u>	\$ <u>6,046,123</u>	\$ <u>(4,544,000)</u>	\$ <u>6,046,123</u>

14. Long-Term Debt

Long-Term Debt Supporting Activities

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

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of June 30, 2020</u>
<u>General Obligation Bonds</u>			
Hawthorne property	11/01/20	2.00 - 3.75	\$ 50,000
Road paving	11/01/20	2.00 - 3.75	450,000
Multipurpose 2012	03/15/22	2.00 - 3.00	100,000
Central Fire Station repairs	10/01/22	2.00 - 3.00	55,200
Road paving	10/01/22	2.00 - 3.00	300,000
Multipurpose 2014	03/01/24	2.00 - 3.75	228,000
Multipurpose 2015	02/17/25	2.00 - 5.00	<u>950,000</u>
Total governmental activities			<u>\$ 2,133,200</u>

Business-Type Activities	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of <u>June 30, 2020</u>
<u>General Obligation Bonds</u>			
Harkness design (sewer)	03/15/22	2.00 - 3.00	\$ 20,000
Water treatment	03/15/32	2.00 - 3.00	2,400,000
Harkness construction (sewer)	10/01/32	2.00 - 3.00	2,619,800
Multipurpose 2014 (water and sewer)	03/01/34	2.00 - 3.75	<u>1,412,000</u>
Total business-type activities			<u>\$ 6,451,800</u>

Future Debt Service

The annual payments to retire all general obligation long-term bonds from direct placements outstanding as of June 30, 2020 are as follows:

Governmental	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 925,400	\$ 51,770	\$ 977,170
2022	425,400	28,704	454,104
2023	375,400	15,604	391,004
2024	257,000	8,710	265,710
2025	<u>150,000</u>	<u>3,000</u>	<u>153,000</u>
Total	<u>\$ 2,133,200</u>	<u>\$ 107,788</u>	<u>\$ 2,240,988</u>

The general fund has been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of June 30, 2020.

Business-Type	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 519,600	\$ 158,479	\$ 678,079
2022	519,600	146,021	665,621
2023	509,600	134,596	644,196
2024	503,000	123,440	626,440
2025	500,000	112,350	612,350
2026 - 2030	2,500,000	385,823	2,885,823
Thereafter	<u>1,400,000</u>	<u>76,077</u>	<u>1,476,077</u>
Total	<u>\$ 6,451,800</u>	<u>\$ 1,136,786</u>	<u>\$ 7,588,586</u>

Changes in General Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable						
Direct placements	\$ 3,164	\$ -	\$ (1,031)	\$ 2,133	\$ (925)	\$ 1,208
Net pension liability	53,090	-	(4,837)	48,253	-	48,253
Net OPEB liability	50,623	15,895	-	66,518	-	66,518
Compensated absences	2,187	97	-	2,284	-	2,284
Total	\$ <u>109,064</u>	\$ <u>15,992</u>	\$ <u>(5,868)</u>	\$ <u>119,188</u>	\$ <u>(925)</u>	\$ <u>118,263</u>
Business-Type Activities						
Bonds payable						
Direct placements	\$ 7,017	\$ -	\$ (565)	\$ 6,452	\$ (520)	\$ 5,932
Net pension liability	6,161	-	(452)	5,709	-	5,709
Net OPEB liability	2,750	-	(1,414)	1,336	-	1,336
Compensated absences	208	14	-	222	-	222
Landfill liability	640	-	(40)	600	(40)	560
Total	\$ <u>16,776</u>	\$ <u>14</u>	\$ <u>(2,471)</u>	\$ <u>14,319</u>	\$ <u>(560)</u>	\$ <u>13,759</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

Bonds and loans issued by the Town for various municipal projects are approved by Town Council and repaid with revenues recorded in the general fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost related to, primarily the general fund and enterprise funds.

15. Landfill Closure and Post-Closure Care Costs

State and Federal laws and regulations require the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$600,000 reported as landfill post closure care liability at June 30, 2020 represents the remaining estimated post closure maintenance costs. These amounts are based on what it would cost to perform all post closure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

16. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75 are more fully discussed in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the

governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

17. Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers:

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,904,861	\$ 4,461,810
Ambulance receipt reserved fund	-	2,483,396
Nonmajor funds:		
Special revenue funds	192,000	1,800,505
Capital project funds	<u>5,648,850</u>	<u>240,000</u>
Subtotal Nonmajor Funds	<u>5,840,850</u>	<u>2,040,505</u>
Grand Total	<u>\$ 8,745,711</u>	<u>\$ 8,985,711</u>

The \$240,000 difference between transfers in and out represents a transfer made from the capital project fund to the Housing Trust Fund in fiscal year 2020.

18. Governmental Funds – Balances

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

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

The following types of fund balances are reported at June 30, 2020:

Nonspendable

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

Restricted

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

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance includes various special revenue funds set aside by Town Council and the balance of capital project funds funded by general fund appropriation.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period and surplus set aside to be used in the subsequent year's budget.

Unassigned

Represents amounts that are available to be spent in future periods, the general stabilization fund, and deficit funds.

Following is a breakdown of the Town's fund balances at June 30, 2020:

	General Fund	Ambulance Receipt Reserved	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ -	\$ 345,138	\$ 345,138
Total Nonexpendable	-	-	345,138	345,138
Restricted				
Special revenue funds	-	2,680,754	4,677,073	7,357,827
Expendable permanent funds	-	-	196,155	196,155
Total Restricted	-	2,680,754	4,873,228	7,553,982
Committed				
Town set-asides	-	-	68,271	68,271
Capital projects funded by general fund appropriation	-	-	7,502,431	7,502,431
Total Committed	-	-	7,570,702	7,570,702
Assigned				
Encumbrances				
General government	206,325	-	-	206,325
Public safety	146,035	-	-	146,035
Education	13,905	-	-	13,905
Public works	85,312	-	-	85,312
Planning, conservation, and inspections	12,128	-	-	12,128
Community services	22,209	-	-	22,209
Total Assigned	485,914	-	-	485,914
Unassigned				
General fund	7,100,222	-	-	7,100,222
General stabilization fund *	12,061,900	-	-	12,061,900
Deficit funds	-	-	(1,159,141)	(1,159,141)
Total Unassigned	19,162,122	-	(1,159,141)	18,002,981
Total Fund Balance	\$ 19,648,036	\$ 2,680,754	\$ 11,629,927	\$ 33,958,717

* Massachusetts General Law Chapter 40 Section 5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires 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.

19. Hampshire County Retirement System

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

Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Hampshire Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension

plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System's Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 99 Industrial Avenue Northampton, MA 01060.

Participants Contributions

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

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

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the members death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to

determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

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

The Town’s contribution to the System for the year ended June 30, 2020 was \$6,563,247, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pensions

At June 30, 2020, the Town reported a liability of approximately \$54 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Town’s proportion was 27.02%, which was a (decrease) of 0.47% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of approximately \$6.9 million. In addition, the Town reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (1,856)
Changes of assumptions	5,726	(1,508)
Net difference between projected and actual pension investment earnings	-	(2,844)
Changes in proportion and differences between contributions and proportionate share of contributions	<u>17</u>	<u>-</u>
Total	<u>\$ 5,743</u>	<u>\$ (6,208)</u>

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:

2021	\$ (124)
2022	(627)
2023	538
2024	(1,195)
2025	<u>943</u>
Total	<u>\$ (465)</u>

Actuarial Assumptions

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

Valuation date	1/1/2020
Inflation rate	2.40%
Salary increases	4.25 - 4.75%
Investment rate of return	7.15%
Remaining amortization period	13 years

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018. For disabled lives, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2018.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the two years ending December 31, 2019.

Assumption Changes

The long-term rate of return was decreased from 7.45% in 2018 to 7.15% in 2019. The mortality and mortality improvement rates were also updated. These changes resulted in an increase to the System’s total unfunded actuarial accrued liability of approximately \$20.5 million.

Target Allocations

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap Equities	15.5%	5.00%
Small/Mid Cap Equities	4.5%	5.20%
International Equities (Unhedged)	16.5%	5.20%
Emerging International Equities	6.0%	7.10%
Private Equity	10.0%	8.80%
Core Fixed Income	20.0%	0.20%
High-Yield Bonds	3.0%	3.40%
Bank Loans	3.0%	2.70%
EMD (Local Currency)	6.0%	3.20%
Private Debt	1.5%	5.40%
Real Estate	12.0%	3.30%
Cash	<u>2.0%</u>	-0.60%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan

members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.15% percent, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate (in thousands):

1% Decrease	Current Discount Rate	1% Increase
<u>(6.15%)</u>	<u>(7.15%)</u>	<u>(8.15%)</u>
\$71,433	\$53,962	\$39,211

Pension Plan Fiduciary Net Position

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

20. Massachusetts Teachers’ Retirement System (MTRS)

Plan Description

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers’ Retirement Board (MTRB), which consists of seven members — two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS’ funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019. This valuation used the following assumptions:

- (a) 7.25% (changed from 7.35%) investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3.0% cost of living increase per year on the first \$13,000 per year.

- Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.
- Mortality rates were as follows:
 - Pre-retirement – reflects RP-2014 White Collar Employee table projected generationally with Scale MP-2016 (gender distinct).
 - Post-retirement – reflects RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct).
 - Disability – assumed to be in accordance with the RP-2014 White Collar Healthy Annuitant table projected generationally with MP-2016 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.90%
Portfolio completion strategies	11.00%	3.90%
Core fixed income	15.00%	1.30%
Private equity	13.00%	8.20%
Real estate	10.00%	3.60%
Value added fixed income	8.00%	4.70%
Timber/natural resources	<u>4.00%</u>	4.10%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
\$31,232,100	\$25,214,020	\$20,062,500

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

Town Proportions

In fiscal year 2019 (the most recent measurement period), the Town’s proportionate share of the MTRS’ collective net pension liability was approximately \$43.1 million based on a proportionate share of 0.17%. As required by GASB 68, the Town has recognized its portion of the Commonwealth’s contribution of approximately \$2.5 million as both a revenue and expenditure in general fund, and its portion of the collective pension expense of approximately \$5.2 million as both a revenue and expense in the governmental activities.

21. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2013, the Town established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The

Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/ expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2020.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town’s plan. The Town provides health insurance coverage through the Massachusetts Interlocal Insurance Association (MIIA). The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

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

Funding Policy

The Town funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on actuarially determined amounts or annual budget limitations/authorizations.

Plan Membership

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	359
Active employees	<u>586</u>
Total	<u><u>945</u></u>

Investments

All of the OPEB Trust Fund assets are invested in the State investment pool (SRBT).

Rate of return

For the year ended June 2020, the annual money-weighted rate of return on investments, net of investment expense, was 1.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions

The net OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4%
Salary increases	3.5%
Investment rate of return	7.3%, net of OPEB plan investment expense
Municipal bond rate	2.21%
Discount rate	7.3%
Healthcare cost trend rates	7.0% for 2020, decreasing to an ultimate rate of 4.0%
Retirees' share of benefit-related costs	20% - 25%
Participation rate	75% of eligible retirees

Mortality rates for pre- and post-retirement for general and public safety employees is based on the RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2018.

Mortality rates for pre- and post-retirement for teachers were based on the RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016.

Target Allocations

The long-term expected rate of return on OPEB 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 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic long-term expected real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.0%	4.68%
Cored fixed income	15.0%	0.59%
Value added fixed income	8.0%	4.40%
Private equity	13.0%	8.50%
Real estate	10.0%	3.70%
Timberland	4.0%	4.30%
Portfolio completion strategies (PCS)	<u>11.0%</u>	3.40%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the net OPEB liability was 7.3%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2020, were as follows (in thousands):

Total OPEB liability	\$ 75,162
Plan fiduciary net position	<u>(7,308)</u>
Net OPEB Liability	<u>\$ 67,854</u>
Plan fiduciary net position as a percentage of the total OPEB liability	9.72%

Changes in the Net OPEB Liability

The following presents the changes in the net OPEB liability for the past year (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, Beginning of Year	\$ 59,412	\$ 6,039	\$ 53,373
Changes for the year:			
Service cost	1,373	-	1,373
Interest	4,435	-	4,435
Contributions - employer	-	4,447	(4,447)
Net investment income	-	131	(131)
Changes of benefit terms	9,843	-	9,843
Differences between expected and actual experience	(3,644)	-	(3,644)
Changes in assumptions	7,052	-	7,052
Benefit payments	<u>(3,309)</u>	<u>(3,309)</u>	<u>-</u>
Net Changes	<u>15,750</u>	<u>1,269</u>	<u>14,481</u>
Balances, End of Year	<u>\$ 75,162</u>	<u>\$ 7,308</u>	<u>\$ 67,854</u>

Changes of Benefit Terms

Changes of benefit terms reflect the reimbursement of the Medicare Part B premium being incorporated into the valuation. This change increased the liability by approximately \$9,843,000.

Changes of Assumptions

Changes of assumptions reflect a change in discount rate from 7.5% in 2019 to 7.3% in 2020. In addition, many other assumptions were updated in this valuation. A summary of the impact on the Total OPEB Liability (TOL) of each assumption change is provided below:

Decrease due to change in decrements	\$ (101,000)
Increase due to change in inflation assumption	171,000
Increase due to change in trend assumption	9,547,000
Increase due to change in mortality tables and mortality improvement rates	3,555,000
Decrease due to change in % retiring with a covered spouse	(2,248,000)
Decrease due to change in participation rate	(5,769,000)
Increase due to change in discount rate	<u>1,897,000</u>
Total	<u>\$ 7,052,000</u>

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate (in thousands):

1% Decrease <u>(6.3%)</u>	Current Discount Rate <u>(7.3%)</u>	1% Increase <u>(8.3%)</u>
\$78,620	\$67,854	\$59,091

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it as calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates (in thousands):

1% Decrease (6% Decreasing <u>to 3%</u>)	Current Healthcare Cost Trend Rates (7% Decreasing <u>to 4%</u>)	1% Increase (8% Decreasing <u>to 5%</u>)
\$57,947	\$67,854	\$80,201

OPEB Expense and Deferred Outflows and Deferred (Inflows) of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized an OPEB expense of approximately \$14.9 million. At June 30, 2020, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	-	(4,854)
Changes in assumptions	6,048	-
Net difference between projected and actual OPEB investment earnings	<u>285</u>	<u>-</u>
Total	\$ <u>6,333</u>	\$ <u>(4,854)</u>

Amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year ended June 30:

2021	\$ (196)
2022	(160)
2023	291
2024	562
2025	486
Thereafter	<u>496</u>
Total	\$ <u>1,479</u>

22. Self-Insurance

The Town self-insures against claims for workers compensation and unemployment. As of July 1, 2018, the Town no longer self-insures for health insurance, however there is a residual balance in the internal service fund to cover claim run-offs. Annual estimated requirements for claims are provided in the Town's annual operating budget.

Workers Compensation

The Town contracts with an insurance consultant for claims processing of the Town's workers compensation policy and, for cost benefit purposes, has not contracted for excess liability coverage. The Town estimates that there are no material claims outstanding at year end. Accordingly, no accrued claims liability is reported.

Segment Information

Segment information for the internal service funds for the year ended June 30, 2020 is as follows:

	Health <u>Insurance</u>	Workers <u>Compensation</u>	<u>Total</u>
Total Assets	\$ 747,208	\$ 345,920	\$ 1,093,128
Total Equity	\$ 747,208	\$ 345,920	\$ 1,093,128
Operating revenues	\$ 237,486	\$ 86,747	\$ 324,233
Operating expenses	3,456	64,833	68,289
Nonoperating revenues	<u>12,760</u>	<u>6,009</u>	<u>18,769</u>
Change in Net Position	\$ 246,790	\$ 27,923	\$ 274,713

23. Subsequent Events

Management has evaluated subsequent events through January 21, 2021, which is the date the financial statements were available to be issued.

Debt

Subsequent to June 30, 2020, the Town has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Bond anticipation - multiple purpose	\$ 3,006,458	1.25%	09/16/20	06/04/21

24. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. 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 the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Outstanding Legal Issues

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

Grants

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

Encumbrances

At year-end the Town’s general fund has \$485,914 in encumbrances that will be honored in the next fiscal year.

Encumbrances	
General government	\$ 206,325
Public safety	146,035
Education	13,905
Public works	85,312
Planning, conservation, and inspections	12,128
Community services	<u>22,209</u>
Total Encumbrances	<u>\$ 485,914</u>

25. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the Town beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

TOWN OF AMHERST, MASSACHUSETTS

Required Supplemental Information
General Fund

Schedule of Revenues and Other Sources, and Expenditures and Other Uses -
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Property taxes	\$ 54,593,404	\$ 54,593,404	\$ 54,876,502	\$ 283,098
Excises	1,930,373	1,930,373	1,724,120	(206,253)
Penalties, interest and other taxes	1,181,506	1,181,506	1,240,630	59,124
Charges for services	2,786,940	2,786,940	2,656,559	(130,381)
Intergovernmental	17,432,550	17,432,550	17,128,726	(303,824)
Licenses and permits	956,244	956,244	838,118	(118,126)
Fines and forfeitures	87,700	87,700	57,429	(30,271)
Investment income	90,000	90,000	276,895	186,895
Miscellaneous	25,000	25,000	223,270	198,270
	79,083,717	79,083,717	79,022,249	(61,468)
Total Revenues				
	79,083,717	79,083,717	79,022,249	(61,468)
Expenditures				
General government	14,389,638	14,771,640	13,759,981	1,011,659
Public safety	10,881,989	10,881,989	10,697,036	184,953
Education	40,393,176	40,393,176	40,003,429	389,747
Public works	2,401,666	2,401,666	2,390,123	11,543
Planning, conservation and inspections	1,522,077	1,522,077	1,464,313	57,764
Community services	1,767,538	1,767,538	1,538,995	228,543
Library services	2,043,302	2,043,302	2,043,302	-
Debt service	1,170,438	1,170,438	1,141,158	29,280
Intergovernmental	3,562,944	3,562,944	3,142,887	420,057
	78,132,768	78,514,770	76,181,224	2,333,546
Total Expenditures				
	78,132,768	78,514,770	76,181,224	2,333,546
Excess (Deficiency) of Revenues Over Expenditures	950,949	568,947	2,841,025	2,272,078
Other Financing Sources (Uses)				
Transfers in	2,904,861	2,904,861	2,904,861	-
Transfers out	(4,155,810)	(6,719,201)	(6,719,201)	-
Use of free cash:				
Operating budget	-	382,002	-	(382,002)
Transfer to Stabilization fund	-	2,563,391	-	(2,563,391)
Use of overlay surplus	300,000	300,000	-	(300,000)
	(950,949)	(568,947)	(3,814,340)	(3,245,393)
Total Other Financing Sources (Uses)				
	(950,949)	(568,947)	(3,814,340)	(3,245,393)
Overall Budgetary (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(973,315)</u>	\$ <u>(973,315)</u>

See Independent Auditors' Report.

**Notes to the Required Supplemental Information
for General Fund Budget**

Budgetary Basis

The general fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriation.

Budget/GAAP Reconciliation

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

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP Basis	\$ 81,553,762	\$ 78,511,373	\$ 1,556,949
Remove effect of adding the Town's Stabilization fund per GASB 54	(65,725)	-	2,257,391
Reverse prior year appropriation carryforwards to expenditures	-	(350,275)	-
Add end of year appropriation carryforwards to expenditures	-	485,914	-
Reverse the effect of non-budgeted State contributions for teachers retirement	<u>(2,465,788)</u>	<u>(2,465,788)</u>	<u>-</u>
Budgetary Basis	<u>\$ 79,022,249</u>	<u>\$ 76,181,224</u>	<u>\$ 3,814,340</u>

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
 (Unaudited)
 (Amounts expressed in thousands)

Hampshire County Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2020	December 31, 2019	27.02%	\$53,962	\$22,430	240.58%	64.30%
June 30, 2019	December 31, 2018	27.49%	\$59,251	\$22,500	263.34%	58.91%
June 30, 2018	December 31, 2017	27.01%	\$50,192	\$21,048	238.46%	63.12%
June 30, 2017	December 31, 2016	26.86%	\$59,042	\$21,008	281.05%	55.60%
June 30, 2016	December 31, 2015	27.15%	\$56,375	\$21,517	262.00%	55.29%
June 30, 2015	December 31, 2014	26.94%	\$50,251	\$20,520	244.89%	58.07%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2020	June 30, 2019	0.17%	-	\$43,064	\$43,064	\$12,429	-	53.95%
June 30, 2019	June 30, 2018	0.18%	-	\$41,551	\$41,551	\$12,223	-	54.84%
June 30, 2018	June 30, 2017	0.18%	-	\$40,123	\$40,123	\$11,905	-	54.25%
June 30, 2017	June 30, 2016	0.18%	-	\$40,118	\$40,118	\$11,803	-	52.73%
June 30, 2016	June 30, 2015	0.17%	-	\$35,761	\$35,761	\$11,063	-	55.38%
June 30, 2015	June 30, 2014	0.17%	-	\$27,702	\$27,702	\$10,685	-	61.64%

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

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

(Amounts expressed in thousands)

Hampshire County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	December 31, 2019	\$6,563	\$6,563	-	\$ 22,430	29.26%
June 30, 2019	December 31, 2018	\$6,211	\$6,211	-	\$ 22,500	27.60%
June 30, 2018	December 31, 2017	\$5,761	\$5,761	-	\$ 21,048	27.37%
June 30, 2017	December 31, 2016	\$5,290	\$5,290	-	\$ 21,008	25.18%
June 30, 2016	December 31, 2015	\$5,056	\$5,056	-	\$ 21,517	23.50%
June 30, 2015	December 31, 2014	\$4,696	\$4,696	-	\$ 20,520	22.88%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	June 30, 2019	\$2,466	\$2,466	-	\$12,429	19.84%
June 30, 2019	June 30, 2018	\$2,304	\$2,304	-	\$12,223	18.85%
June 30, 2018	June 30, 2017	\$2,166	\$2,166	-	\$11,905	18.19%
June 30, 2017	June 30, 2016	\$2,018	\$2,018	-	\$11,803	17.10%
June 30, 2016	June 30, 2015	\$1,784	\$1,784	-	\$11,063	16.13%
June 30, 2015	June 30, 2014	\$1,634	\$1,634	-	\$10,685	15.29%

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

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in the Net OPEB Liability

(Unaudited)

(Amounts expressed in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 1,373	\$ 1,340	\$ 1,282	\$ 1,318
Interest	4,435	4,239	4,439	4,204
Changes of benefit terms	9,843	-	-	-
Differences between expected and actual experience	(3,644)	-	(3,891)	-
Changes of assumptions	7,052	-	-	-
Benefit payments	<u>(3,309)</u>	<u>(2,643)</u>	<u>(2,644)</u>	<u>(2,261)</u>
Net Change in Total OPEB Liability	15,750	2,936	(814)	3,261
Total OPEB Liability - Beginning	<u>59,412</u>	<u>56,476</u>	<u>57,290</u>	<u>54,029</u>
Total OPEB Liability - Ending (a)	<u>\$ 75,162</u>	<u>\$ 59,412</u>	<u>\$ 56,476</u>	<u>\$ 57,290</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 4,447	\$ 3,209	\$ 3,108	\$ 2,922
Net investment income	131	314	422	419
Benefit payments	<u>(3,309)</u>	<u>(2,453)</u>	<u>(2,452)</u>	<u>(2,261)</u>
Net Change in Plan Fiduciary Net Position	1,269	1,070	1,078	1,080
Plan Fiduciary Net Position - Beginning	<u>6,039</u>	<u>4,969</u>	<u>3,891</u>	<u>2,811</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,308</u>	<u>\$ 6,039</u>	<u>\$ 4,969</u>	<u>\$ 3,891</u>
Net OPEB Liability - Ending (a-b)	<u>\$ 67,854</u>	<u>\$ 53,373</u>	<u>\$ 51,507</u>	<u>\$ 53,399</u>

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

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF AMHERST, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)
(Amounts expressed in thousands)

Schedule of Net OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 75,162	\$ 59,412	\$ 56,476	\$ 57,290
Plan fiduciary net position	<u>(7,308)</u>	<u>(6,039)</u>	<u>(4,969)</u>	<u>(3,891)</u>
Net OPEB Liability (Asset)	<u>\$ 67,854</u>	<u>\$ 53,373</u>	<u>\$ 51,507</u>	<u>\$ 53,399</u>
Plan fiduciary net position as a percentage of the total OPEB liability	9.72%	10.16%	8.80%	6.79%
Covered payroll	\$ 33,593	\$ 38,863	\$ 37,548	\$ 45,927
Net OPEB liability as a percentage of covered payroll	201.99%	137.34%	137.18%	116.27%
 Schedule of Contributions	 <u>2020</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>
Actuarially determined contribution	\$ 4,619	\$ 4,620	\$ 4,620	\$ 5,244
Contributions in relation to the actuarially determined contribution	<u>(4,447)</u>	<u>(3,209)</u>	<u>(3,108)</u>	<u>(2,922)</u>
Contribution Deficiency (Excess)	<u>\$ 172</u>	<u>\$ 1,411</u>	<u>\$ 1,512</u>	<u>\$ 2,322</u>
Covered payroll	\$ 33,593	\$ 38,863	\$ 37,548	\$ 45,927
Contribution as a percentage of covered payroll	13.75%	11.89%	12.30%	11.42%
 Schedule of Investment Returns	 <u>2020</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>
Annual money weighted rate of return, net of investment expense	1.91%	unavailable	unavailable	unavailable

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

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.