

**TOWN OF AMHERST, MASSACHUSETTS**  
**FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY**  
**INFORMATION, AND OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**



TOWN OF  
**AMHERST**  
MASSACHUSETTS

# TOWN OF AMHERST, MASSACHUSETTS

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2023, 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.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor enterprise funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Marcum LLP*

Greenfield, MA  
March 26, 2024

# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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As management of the Town of Amherst, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

### **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 are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

#### ***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of 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 and inflows of resources 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 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.

# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### *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. The Town's 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 the Town'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 Town's near-term financing decisions. Reconciliations are provided 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 establish 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, major enterprise funds are used to account for sewer and water operations. Nonmajor enterprise funds are used to account for landfill and transportation operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured employee health, workers' compensation, and unemployment 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.



# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. 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 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 and Supplementary Information*

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, and supplementary information presented by the Town.

## **Financial Highlights**

### *Primary Government*

- As of the close of the current fiscal year, net position in governmental activities was \$(15,666,140), a change of \$9,166,029, and net position in business-type activities was \$18,613,447, a change of 1,866,966 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$62,806,667, a change of \$7,634,512 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$25,197,603, a change of \$(1,744,128) 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 \$708,814, a change of \$178,507 in comparison to the prior year.

# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

### Government-Wide Financial Analysis

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

#### Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 83,035	\$ 71,104	\$ 8,996	\$ 8,138	\$ 92,031	\$ 79,242
Capital assets	33,386	30,520	26,801	25,942	60,187	56,462
<b>Total Assets</b>	<u>116,421</u>	<u>101,624</u>	<u>35,797</u>	<u>34,080</u>	<u>152,218</u>	<u>135,704</u>
<b>Deferred Outflows of Resources</b>	<u>27,705</u>	<u>25,461</u>	<u>2,240</u>	<u>1,825</u>	<u>29,945</u>	<u>27,286</u>
<b>Liabilities</b>						
Other liabilities	17,255	12,901	3,120	1,900	20,375	14,801
Long-term liabilities	127,845	109,108	15,338	14,672	143,183	123,780
<b>Total Liabilities</b>	<u>145,100</u>	<u>122,009</u>	<u>18,458</u>	<u>16,572</u>	<u>163,558</u>	<u>138,581</u>
<b>Deferred Inflows of Resources</b>	<u>14,692</u>	<u>29,908</u>	<u>965</u>	<u>2,586</u>	<u>15,657</u>	<u>32,494</u>
<b>Net Position</b>						
Net investment in capital assets	51,184	39,191	15,414	14,500	66,598	53,691
Restricted	18,222	17,348	384	--	18,606	17,348
Unrestricted	(85,072)	(81,371)	2,816	2,247	(82,256)	(79,124)
<b>Total Net Position</b>	<u>\$ (15,666)</u>	<u>\$ (24,832)</u>	<u>\$ 18,614</u>	<u>\$ 16,747</u>	<u>\$ 2,948</u>	<u>\$ (8,085)</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$2,947,307, a change of \$11,032,995 in comparison to the prior year.

The largest portion of net position, \$66,597,350, reflects our investment in capital assets (e.g., land, buildings and improvements, machinery, equipment, and furnishings, and infrastructure), 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, \$18,222,164 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 \$(81,872,207), primarily resulting from unfunded pension and OPEB liabilities.

# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2023**

### Change in Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 8,645	\$ 7,696	\$ 12,101	\$ 10,812	\$ 20,746	\$ 18,508
Operating grants and contributions	22,855	20,197	--	--	22,855	20,197
Capital grants and contributions	185	5,062	--	--	185	5,062
General revenues:						
Property taxes	63,512	60,486	--	--	63,512	60,486
Excises	2,097	1,910	--	--	2,097	1,910
Penalties, interest, and other taxes	1,127	1,261	--	--	1,127	1,261
Grants and contributions not restricted to specific programs	11,309	10,501	--	--	11,309	10,501
Investment income (loss)	1,363	(146)	205	18	1,568	(128)
Other	489	372	102	147	591	519
<b>Total Revenues</b>	<u>111,582</u>	<u>107,339</u>	<u>12,408</u>	<u>10,977</u>	<u>123,990</u>	<u>118,316</u>
<b>Expenses</b>						
General government	10,236	9,101	--	--	10,236	9,101
Public safety	13,331	10,882	--	--	13,331	10,882
Education	51,553	45,868	--	--	51,553	45,868
Public works	5,255	4,146	--	--	5,255	4,146
Planning, conservation, and inspections	4,565	2,546	--	--	4,565	2,546
Community services	2,888	2,168	--	--	2,888	2,168
Library services	3,367	1,838	--	--	3,367	1,838
Interest on long-term debt	53	59	--	--	53	59
Intergovernmental	11,168	10,915	--	--	11,168	10,915
Sewer services	--	--	4,605	4,682	4,605	4,682
Water services	--	--	4,719	4,402	4,719	4,402
Landfill services	--	--	494	463	494	463
Transportation services	--	--	723	573	723	573
<b>Total Expenses</b>	<u>102,416</u>	<u>87,523</u>	<u>10,541</u>	<u>10,120</u>	<u>112,957</u>	<u>97,643</u>
<b>Change in Net Position</b>	9,166	19,816	1,867	857	11,033	20,673
<b>Net Position - Beginning of Year</b>	<u>(24,832)</u>	<u>(44,648)</u>	<u>16,747</u>	<u>15,890</u>	<u>(8,085)</u>	<u>(28,758)</u>
<b>Net Position - End of Year</b>	<u>\$ (15,666)</u>	<u>\$ (24,832)</u>	<u>\$ 18,614</u>	<u>\$ 16,747</u>	<u>\$ 2,948</u>	<u>\$ (8,085)</u>

# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### ***Governmental Activities***

Governmental activities for the year resulted in a change in net position of \$9,166,029. Key elements of this change are as follows:

General Fund revenues over expenditures	\$ 7,533,235
Capital contributions	184,769
General Fund capital financing	6,779,699
Depreciation expense in excess of principal debt service	(2,593,425)
Decrease in pension expense from GASB 68	1,237,043
Increase in OPEB expense from GASB 75	(3,312,976)
Other	<u>(662,316)</u>
	<u><u>\$ 9,166,029</u></u>

### ***Business-Type Activities***

Business-type activities for the year resulted in a change in net position of \$1,866,966. Key elements of this change result from the following operations:

Sewer operations	\$ 812,374
Water operations	538,830
Landfill operations	198,274
Transportation operations	<u>317,488</u>
	<u><u>\$ 1,866,966</u></u>

### ***Discretely Presented Component Unit***

Activity in the Housing Trust for the year resulted in a change in net position of \$178,507. Key elements of this change are as follows:

- Investment income of \$15,526.
- Operating and administrative expenses of \$(117,019).
- Operating grants and contributions of \$280,000.

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 Massachusetts General Laws Chapter 44, Section 55C. The total fund balance amount is restricted by the enabling legislation.

# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

### 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 the Town'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 \$25,197,603, while total fund balance was \$25,711,759. 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.

General Fund	June 30, 2023	June 30, 2022	Change	% of General Fund Expenditures*
Unassigned Fund Balance:				
General Fund	\$ 11,743,666	\$ 10,135,742	\$ 1,607,924	14.50%
Stabilization Fund	<u>13,453,937</u>	<u>16,805,989</u>	<u>(3,352,052)</u>	<u>16.61%</u>
Total Unassigned Fund Balance	<u>\$ 25,197,603</u>	<u>\$ 26,941,731</u>	<u>\$ (1,744,128)</u>	<u>31.11%</u>
Total Fund Balance	<u>\$ 25,711,759</u>	<u>\$ 27,494,754</u>	<u>\$ (1,782,995)</u>	<u>31.74%</u>

\* Expenditures amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$3,313,807.

The total fund balance of the General Fund changed by \$(1,782,995) during the current fiscal year. Key elements of this change are as follows:

Excess tax collections vs. net assessment	\$ 463,839
State and local revenues over budget	2,525,421
Budgetary appropriations unspent by departments	3,044,565
Use of free cash as a funding source for operating and capital budget	(4,425,901)
Change in stabilization	(3,352,052)
Other	<u>(38,867)</u>
	<u>\$ (1,782,995)</u>

# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### *ARPA Fund*

The ARPA fund accounts for COVID-19-related expenditures or costs incurred from the negative economic impacts of COVID-19 funded by the American Rescue Plan Act (ARPA). At June 30, 2023, the ARPA fund reported \$8,652,267 of received, but unspent funding.

### *Capital Project Fund*

The fund balance of the major capital project governmental fund changed by \$8,401,567, primarily from transfers from the General Fund for capital projects funding.

### *Nonmajor Governmental Funds*

The fund balance of nonmajor governmental funds changed by \$1,015,940, primarily from timing differences between the receipt and disbursement of grants.

### *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 \$2,186,192, a change of \$569,228 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**

Differences between the original budget and the final amended budget resulted in an overall increase in appropriations of \$6,613,451, as follows:

- Track and field rehabilitation: \$900,000
- Transfer to cannabis impact special revenue fund: \$713,451
- Fort River school construction: \$5,000,000

Of this increase \$1,613,451 was funded by free cash and \$5,000,000 was funded by a transfer from the capital stabilization fund.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$60,187,001 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery, equipment, and furnishings, infrastructure, and construction in progress.

# TOWN OF AMHERST, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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

Depreciation expense - governmental activities	\$ (3,163,825)
Depreciation expense - business-type activities	(1,486,397)
Disposals, net - business-type activities	(19,195)
Land improvements	
Mill river	91,250
Bangs Center	48,800
Buildings and improvements	
General government	178,420
Education	49,498
Water	140,000
Machinery, equipment, and furnishings	
General government	25,883
Public safety	599,569
Education	95,000
Public works	551,233
Community services	64,490
Water	64,511
Infrastructure	
Street improvements	1,028,161
Land	
Main Street	775,000
Construction in progress	
North Amherst library renovation	1,110,113
Fort River school building	633,630
Pomeroy village roundabout	435,584
Fiber conversion	191,656
Dog park	125,974
Well #4 replacement	1,151,720
Northampton Road water main	650,683
Gravity belt thickener	298,353
Other	84,529

Additional information on capital assets can be found in the Notes to Financial Statements.

### ***Long-Term Debt***

At the end of the current fiscal year, total bonded debt outstanding was \$9,203,030, all of which was backed by the full faith and credit of the Town.

# **TOWN OF AMHERST, MASSACHUSETTS**

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

**JUNE 30, 2023**

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During the fiscal year, the Town maintained its AA+ rating from Standard & Poor's (S&P) Global Ratings for the Town's existing general obligation debt.

Additional information on long-term debt can be found in the Notes to 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 Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ms. Holly Drake  
Comptroller  
Town of Amherst  
4 Boltwood Avenue  
Amherst, MA 01002



# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF NET POSITION

**JUNE 30, 2023**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and short-term investments	\$ 38,168,088	\$ 1,621,516	\$ 39,789,604	\$ 12,661
Investments	30,486,301	5,049,985	35,536,286	696,153
Receivables:				
Property taxes	989,970	--	989,970	--
Excises	284,750	--	284,750	--
User fees	--	1,493,639	1,493,639	--
Departmental and other	618,401	447,639	1,066,040	--
Intergovernmental	3,046,566	--	3,046,566	--
Other current assets	8,441,709	--	8,441,709	--
<b>Total Current Assets</b>	<u>82,035,785</u>	<u>8,612,779</u>	<u>90,648,564</u>	<u>708,814</u>
<b>Noncurrent Assets</b>				
Property taxes	998,789	--	998,789	--
Capital assets:				
Nondepreciable capital assets	10,735,718	6,284,204	17,019,922	--
Other capital assets, net of accumulated depreciation	22,650,038	20,517,041	43,167,079	--
Net OPEB asset	--	383,517	383,517	--
<b>Total Noncurrent Assets</b>	<u>34,384,545</u>	<u>27,184,762</u>	<u>61,569,307</u>	<u>--</u>
<b>Total Assets</b>	<u>116,420,330</u>	<u>35,797,541</u>	<u>152,217,871</u>	<u>708,814</u>
<b>Deferred Outflows of Resources</b>				
Related to pension	11,510,495	1,339,320	12,849,815	--
Related to OPEB	16,194,250	900,312	17,094,562	--
<b>Total Deferred Outflows of Resources</b>	<u>27,704,745</u>	<u>2,239,632</u>	<u>29,944,377</u>	<u>--</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF NET POSITION (CONTINUED)

**JUNE 30, 2023**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	2,586,774	995,516	3,582,290	--
Accrued payroll and withholdings	3,453,662	--	3,453,662	--
Notes payable	2,043,949	2,124,928	4,168,877	--
Unearned revenue	8,652,267	--	8,652,267	--
Other current liabilities	518,041	--	518,041	--
Current portion of long-term liabilities				
Bonds payable	460,556	892,929	1,353,485	--
Landfill liability	--	40,000	40,000	--
<b>Total Current Liabilities</b>	<u>17,715,249</u>	<u>4,053,373</u>	<u>21,768,622</u>	<u>--</u>
<b>Noncurrent Liabilities</b>				
Bonds payable, net of current portion	614,332	7,235,213	7,849,545	--
Landfill liability, net of current portion	--	440,000	440,000	--
Compensation absences liability	2,163,336	234,683	2,398,019	--
Net pension liability	46,263,249	5,383,024	51,646,273	--
Net OPEB liability	78,343,539	1,112,512	79,456,051	--
<b>Total Noncurrent Liabilities</b>	<u>127,384,456</u>	<u>14,405,432</u>	<u>141,789,888</u>	<u>--</u>
<b>Total Liabilities</b>	<u>145,099,705</u>	<u>18,458,805</u>	<u>163,558,510</u>	<u>--</u>
<b>Deferred Inflows of Resources</b>				
Related to pension	2,438,270	283,707	2,721,977	--
Related to OPEB	12,253,240	681,214	12,934,454	--
<b>Total Deferred Inflows of Resources</b>	<u>14,691,510</u>	<u>964,921</u>	<u>15,656,431</u>	<u>--</u>
<b>Net Position</b>				
Net investment in capital assets	51,183,612	15,413,738	66,597,350	--
Restricted for:				
Grants and enabling legislation	17,638,603	--	17,638,603	708,814
Endowment funds:				
Nonexpendable	356,829	--	356,829	--
Expendable	226,732	--	226,732	--
OPEB	--	383,517	383,517	--
Unrestricted	(85,071,916)	2,816,192	(82,255,724)	--
<b>Total Net Position</b>	<u>\$ (15,666,140)</u>	<u>\$ 18,613,447</u>	<u>\$ 2,947,307</u>	<u>\$ 708,814</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2023**

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Discretely Presented Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 10,235,540	\$ 1,552,637	\$ 4,457,306	\$ 120,000	\$ (4,105,597)	\$ --	\$ (4,105,597)	\$ --
Public safety	13,330,735	4,234,727	863,041	--	(8,232,967)	--	(8,232,967)	--
Education	51,552,836	349,616	13,458,287	--	(37,744,933)	--	(37,744,933)	--
Public works	5,255,154	23,230	2,026,885	64,769	(3,140,270)	--	(3,140,270)	--
Planning, conservation, and inspections	4,564,522	1,289,385	1,599,941	--	(1,675,196)	--	(1,675,196)	--
Community services	2,887,605	1,195,538	321,313	--	(1,370,754)	--	(1,370,754)	--
Library services	3,367,478	66	127,958	--	(3,239,454)	--	(3,239,454)	--
Interest on long-term debt	52,633	--	--	--	(52,633)	--	(52,633)	--
Intergovernmental	11,167,940	--	--	--	(11,167,940)	--	(11,167,940)	--
<b>Total Governmental Activities</b>	<u>102,414,443</u>	<u>8,645,199</u>	<u>22,854,731</u>	<u>184,769</u>	<u>(70,729,744)</u>	<u>--</u>	<u>(70,729,744)</u>	<u>--</u>
<b>Business-Type Activities</b>								
Sewer services	4,605,496	5,309,595	--	--	--	704,099	704,099	--
Water services	4,718,738	5,086,882	--	--	--	368,144	368,144	--
Nonmajor enterprise funds	1,215,499	1,704,219	--	--	--	488,720	488,720	--
<b>Total Business-Type Activities</b>	<u>10,539,733</u>	<u>12,100,696</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,560,963</u>	<u>1,560,963</u>	<u>--</u>
<b>Total Primary Government</b>	<u>\$ 112,954,176</u>	<u>\$ 20,745,895</u>	<u>\$ 22,854,731</u>	<u>\$ 184,769</u>	<u>(70,729,744)</u>	<u>1,560,963</u>	<u>(69,168,781)</u>	<u>--</u>
<b>Discretely Presented Component Unit</b>								
Housing Trust	<u>\$ 117,019</u>	<u>\$ --</u>	<u>\$ 280,000</u>	<u>\$ --</u>				<u>162,981</u>
<b>General Revenues</b>								
Property taxes					63,511,521	--	63,511,521	--
Excises					2,097,178	--	2,097,178	--
Penalties, interest, and other taxes					1,127,249	--	1,127,249	--
Grants and contributions not restricted to specific programs					11,309,126	--	11,309,126	--
Investment income					1,363,014	204,628	1,567,642	15,526
Other					487,685	101,375	589,060	--
<b>Total General Revenues</b>					<u>79,895,773</u>	<u>306,003</u>	<u>80,201,776</u>	<u>15,526</u>
<b>Change in Net Position</b>					9,166,029	1,866,966	11,032,995	178,507
<b>Net Position, Beginning of year</b>					<u>(24,832,169)</u>	<u>16,746,481</u>	<u>(8,085,688)</u>	<u>530,307</u>
<b>Net Position, End of year</b>					<u>\$ (15,666,140)</u>	<u>\$ 18,613,447</u>	<u>\$ 2,947,307</u>	<u>\$ 708,814</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## BALANCE SHEET GOVERNMENTAL FUNDS

**JUNE 30, 2023**

	General Fund	ARPA Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and short-term investments	\$ --	\$ 6,643,086	\$ 9,396,470	\$ 21,690,711	\$ 37,730,267
Investments	29,876,713	--	--	609,588	30,486,301
Receivables:					
Property taxes	973,581	--	--	16,389	989,970
Excises	284,750	--	--	--	284,750
Departmental and other	181,858	--	--	436,543	618,401
Intergovernmental	103,151	--	--	2,943,415	3,046,566
Tax liens	983,733	--	--	15,056	998,789
Prepaid expenditures	8,436,900	--	-	--	8,436,900
Due from other funds	--	2,009,181	5,000,000	--	7,009,181
Other assets	--	--	--	4,809	4,809
<b>Total Assets</b>	<u>\$ 40,840,686</u>	<u>\$ 8,652,267</u>	<u>\$ 14,396,470</u>	<u>\$ 25,716,511</u>	<u>\$ 89,605,934</u>
<b>Liabilities</b>					
Accounts payable	\$ 2,442,515	\$ --	\$ --	\$ 144,259	\$ 2,586,774
Accrued payroll and withholdings	3,326,132	--	--	127,530	3,453,662
Due to other funds	7,009,181	--	--	--	7,009,181
Notes payable	--	--	--	2,043,949	2,043,949
Unearned revenue	--	8,652,267	--	--	8,652,267
Other liabilities	283,695	--	--	234,346	518,041
<b>Total Liabilities</b>	<u>13,061,523</u>	<u>8,652,267</u>	<u>--</u>	<u>2,550,084</u>	<u>24,263,874</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	2,067,404	--	--	467,989	2,535,393
<b>Fund Balances</b>					
Nonspendable	--	--	--	356,829	356,829
Restricted	--	--	--	17,828,221	17,828,221
Committed	--	--	14,396,470	6,344,561	20,741,031
Assigned	514,156	--	--	--	514,156
Unassigned	25,197,603	--	--	(1,831,173)	23,366,430
<b>Total Fund Balances</b>	<u>25,711,759</u>	<u>--</u>	<u>14,396,470</u>	<u>22,698,438</u>	<u>62,806,667</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 40,840,686</u>	<u>\$ 8,652,267</u>	<u>\$ 14,396,470</u>	<u>\$ 25,716,511</u>	<u>\$ 89,605,934</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2023

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<i><b>Total Governmental Fund Balances</b></i>	\$ 62,806,667
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	33,385,756
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	11,510,495
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	16,194,250
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	2,535,393
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 governmental activities in the Statement of Net Position.	437,821
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(1,074,888)
Compensated absences liability	(2,163,336)
Net pension liability	(46,263,249)
Net OPEB liability	(78,343,539)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(2,438,270)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	<u>(12,253,240)</u>
<i><b>Net Position of Governmental Activities</b></i>	<u><u>\$ (15,666,140)</u></u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	ARPA Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 61,574,374	\$ --	\$ --	\$ 1,387,003	\$ 62,961,377
Excises	1,959,748	--	--	--	1,959,748
Penalties, interest, and other taxes	1,123,751	--	--	3,498	1,127,249
Charges for services	2,609,762	--	--	4,985,489	7,595,251
Intergovernmental	22,177,706	2,028,553	--	9,812,690	34,018,949
Licenses and permits	1,032,723	--	--	--	1,032,723
Fines and forfeitures	34,899	--	--	--	34,899
Investment income	1,083,174	--	--	249,663	1,332,837
Contributions	--	--	--	290,395	290,395
Other	252,283	--	--	140,458	392,741
<b>Total Revenues</b>	<u>91,848,420</u>	<u>2,028,553</u>	<u>--</u>	<u>16,869,196</u>	<u>110,746,169</u>
<b>Expenditures</b>					
Current:					
General government	7,995,446	2,028,553	522,696	505,028	11,051,723
Public safety	11,352,674	--	409,764	835,703	12,598,141
Education	45,479,895	--	-	4,865,438	50,345,333
Public works	2,465,371	--	1,419,807	1,879,744	5,764,922
Planning, conservation, and inspections	1,647,683	--	142,997	2,615,370	4,406,050
Community services	1,495,590	--	64,490	1,311,329	2,871,409
Library services	2,073,997	--	7,733	2,187,820	4,269,550
Debt service:					
Principal	570,400	--	--	--	570,400
Interest	66,189	--	--	--	66,189
Intergovernmental	11,167,940	--	--	--	11,167,940
<b>Total Expenditures</b>	<u>84,315,185</u>	<u>2,028,553</u>	<u>2,567,487</u>	<u>14,200,432</u>	<u>103,111,657</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>7,533,235</u>	<u>--</u>	<u>(2,567,487)</u>	<u>2,668,764</u>	<u>7,634,512</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	3,373,920	--	11,919,154	1,760,551	17,053,625
Transfers out	(12,690,150)	--	(950,100)	(3,413,375)	(17,053,625)
<b>Total Other Financing Sources (Uses)</b>	<u>(9,316,230)</u>	<u>--</u>	<u>10,969,054</u>	<u>(1,652,824)</u>	<u>--</u>
<b>Change in Fund Balance</b>	(1,782,995)	--	8,401,567	1,015,940	7,634,512
<b>Fund Balances</b> , at Beginning of Year, as Reclassified	<u>27,494,754</u>	<u>--</u>	<u>5,994,903</u>	<u>21,682,498</u>	<u>55,172,155</u>
<b>Fund Balances</b> , at End of Year	<u>\$ 25,711,759</u>	<u>\$ --</u>	<u>\$ 14,396,470</u>	<u>\$ 22,698,438</u>	<u>\$ 62,806,667</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

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*Net Change in Fund Balances - Total Governmental Funds* \$ 7,634,512

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:

Capital outlay 6,029,297

Depreciation (3,163,825)

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

Repayments of general obligation bonds 570,400

Bond premium amortization 13,556

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 certain 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.

753,817

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

Decrease in compensated absences liability 214,892

Decrease in pension expense from GASB 68 1,237,043

Increase in OPEB expense from GASB 75 (3,312,976)

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.

(810,687)

*Change in Net Position of Governmental Activities* \$ 9,166,029

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS

JUNE 30, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities	
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Assets</b>					
<b>Current Assets</b>					
Cash and short-term investments	\$ 750,226	\$ 683,535	\$ 187,755	\$ 1,621,516	\$ 437,821
Investments	2,336,472	2,128,775	584,738	5,049,985	--
User fees receivable	728,948	758,466	6,225	1,493,639	--
Departmental receivables	--	--	447,639	447,639	--
<b>Total Current Assets</b>	<u>3,815,646</u>	<u>3,570,776</u>	<u>1,226,357</u>	<u>8,612,779</u>	<u>437,821</u>
<b>Noncurrent Assets</b>					
Capital assets:					
Nondepreciable capital assets	758,464	5,027,798	497,942	6,284,204	--
Other capital assets, net of accumulated depreciation	9,391,950	8,264,972	2,860,119	20,517,041	--
Net OPEB asset	<u>383,517</u>	<u>--</u>	<u>--</u>	<u>383,517</u>	<u>--</u>
<b>Total Noncurrent Assets</b>	<u>10,533,931</u>	<u>13,292,770</u>	<u>3,358,061</u>	<u>27,184,762</u>	<u>--</u>
<b>Total Assets</b>	<u>14,349,577</u>	<u>16,863,546</u>	<u>4,584,418</u>	<u>35,797,541</u>	<u>437,821</u>
<b>Deferred Outflows of Resources</b>					
Related to pension	545,345	571,832	222,143	1,339,320	--
Related to OPEB	<u>343,228</u>	<u>416,881</u>	<u>140,203</u>	<u>900,312</u>	<u>--</u>
<b>Total Deferred Outflows of Resources</b>	<u>888,573</u>	<u>988,713</u>	<u>362,346</u>	<u>2,239,632</u>	<u>--</u>

*The accompanying notes are an integral part of these financial statements.*



# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)

JUNE 30, 2023

	Business-Type Activities Enterprise Funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	18,202	969,954	7,360	995,516	--
Notes payable	924,928	1,200,000	--	2,124,928	--
Current portion of long-term liabilities:					
Bonds payable	453,000	439,929	--	892,929	--
Landfill liability	--	--	40,000	40,000	--
<b>Total Current Liabilities</b>	<u>1,396,130</u>	<u>2,609,883</u>	<u>47,360</u>	<u>4,053,373</u>	<u>--</u>
<b>Noncurrent Liabilities</b>					
Bonds payable, net of current portion	4,100,000	3,135,213	--	7,235,213	--
Landfill liability, net of current portion	--	--	440,000	440,000	--
Compensated absences liability	128,213	48,064	58,406	234,683	--
Net pension liability	2,191,862	2,298,320	892,842	5,383,024	--
Net OPEB liability	--	699,812	412,700	1,112,512	--
<b>Total Noncurrent Liabilities</b>	<u>6,420,075</u>	<u>6,181,409</u>	<u>1,803,948</u>	<u>14,405,432</u>	<u>--</u>
<b>Total Liabilities</b>	<u>7,816,205</u>	<u>8,791,292</u>	<u>1,851,308</u>	<u>18,458,805</u>	<u>--</u>
<b>Deferred Inflows of Resources</b>					
Related to pension	115,520	121,131	47,056	283,707	--
Related to OPEB	259,701	315,430	106,083	681,214	--
<b>Total Deferred Inflows of Resources</b>	<u>375,221</u>	<u>436,561</u>	<u>153,139</u>	<u>964,921</u>	<u>--</u>
<b>Net Position</b>					
Net investment in capital assets	4,914,325	8,836,352	1,663,061	15,413,738	--
Restricted for OPEB	383,517	--	--	383,517	--
Unrestricted	<u>1,748,882</u>	<u>(211,946)</u>	<u>1,279,256</u>	<u>2,816,192</u>	<u>437,821</u>
<b>Total Net Position</b>	<u>\$ 7,046,724</u>	<u>\$ 8,624,406</u>	<u>\$ 2,942,317</u>	<u>\$ 18,613,447</u>	<u>\$ 437,821</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS

**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Enterprise Funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenues</b>					
Charges for services	\$ 5,309,595	\$ 5,086,882	\$ 1,704,219	\$ 12,100,696	\$ --
Miscellaneous revenue	--	--	--	--	90,338
<b>Total Operating Revenues</b>	<u>5,309,595</u>	<u>5,086,882</u>	<u>1,704,219</u>	<u>12,100,696</u>	<u>90,338</u>
<b>Operating Expenses</b>					
Salaries and benefits	1,515,006	1,811,550	581,591	3,908,147	895,412
Other operating expenses	2,188,862	2,260,191	447,818	4,896,871	--
Depreciation	759,008	541,299	186,090	1,486,397	--
Other claims	--	--	--	--	35,790
<b>Total Operating Expenses</b>	<u>4,462,876</u>	<u>4,613,040</u>	<u>1,215,499</u>	<u>10,291,415</u>	<u>931,202</u>
<b>Operating Income (Loss)</b>	<u>846,719</u>	<u>473,842</u>	<u>488,720</u>	<u>1,809,281</u>	<u>(840,864)</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	108,275	70,761	25,592	204,628	30,177
Interest expense	(142,620)	(105,698)	--	(248,318)	--
Other nonoperating income	--	99,925	1,450	101,375	--
<b>Total Nonoperating Revenues (Expenses), Net</b>	<u>(34,345)</u>	<u>64,988</u>	<u>27,042</u>	<u>57,685</u>	<u>30,177</u>
<b>Change in Net Position</b>	812,374	538,830	515,762	1,866,966	(810,687)
<b>Net Position, Beginning of Year</b>	<u>6,234,350</u>	<u>8,085,576</u>	<u>2,426,555</u>	<u>16,746,481</u>	<u>1,248,508</u>
<b>Net Position, End of Year</b>	<u>\$ 7,046,724</u>	<u>\$ 8,624,406</u>	<u>\$ 2,942,317</u>	<u>\$ 18,613,447</u>	<u>\$ 437,821</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF AMHERST, MASSACHUSETTS**

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Enterprise Funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 5,707,960	\$ 5,237,359	\$ 1,386,612	\$ 12,331,931	\$ --
Payments to employees	(1,902,606)	(1,915,063)	(683,370)	(4,501,039)	--
Payments to vendors	(2,252,678)	(1,406,982)	(481,429)	(4,141,089)	--
Receipts from employees, employer, and others	--	--	--	--	90,338
Payments of employee benefits and expenses	--	--	--	--	(931,202)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>1,552,676</u>	<u>1,915,314</u>	<u>221,813</u>	<u>3,689,803</u>	<u>(840,864)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Other nonoperating income	--	99,925	1,450	101,375	--
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>--</u>	<u>99,925</u>	<u>1,450</u>	<u>101,375</u>	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds of notes	924,928	1,200,000	--	2,124,928	--
Acquisition and construction of capital assets, net of disposals	(357,846)	(1,987,719)	--	(2,345,565)	--
Principal payments on bonds	(459,600)	(439,929)	--	(899,529)	--
Principal payments on notes	(1,300,000)	(400,000)	--	(1,700,000)	--
Interest expense	(142,620)	(105,698)	--	(248,318)	--
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<u>(1,335,138)</u>	<u>(1,733,346)</u>	<u>--</u>	<u>(3,068,484)</u>	<u>--</u>
<b>Cash Flows from Investing Activities</b>					
Investment purchases	(557,594)	(543,983)	(247,351)	(1,348,928)	--
Investment income	108,275	70,761	25,592	204,628	30,177
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(449,319)</u>	<u>(473,222)</u>	<u>(221,759)</u>	<u>(1,144,300)</u>	<u>30,177</u>
<b>Net Change in Cash and Short-Term Investments</b>	(231,781)	(191,329)	1,504	(421,606)	(810,687)
<b>Cash and Short-Term Investments, Beginning of Year</b>	<u>982,007</u>	<u>874,864</u>	<u>186,251</u>	<u>2,043,122</u>	<u>1,248,508</u>
<b>Cash and Short-Term Investments, End of Year</b>	<u>\$ 750,226</u>	<u>\$ 683,535</u>	<u>\$ 187,755</u>	<u>\$ 1,621,516</u>	<u>\$ 437,821</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2023**

	Enterprise Funds				Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>					
Operating income (loss)	\$ 846,719	\$ 473,842	\$ 488,720	\$ 1,809,281	\$ (840,864)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	759,008	541,299	186,090	1,486,397	--
Changes in assets, liabilities and deferred outflows/inflows:					
User fees receivable and departmental receivables	398,365	150,477	(317,607)	231,235	--
Net OPEB asset	(162,200)	--	--	(162,200)	--
Deferred outflows - related to pension	(223,658)	(268,324)	(94,363)	(586,345)	--
Deferred outflows - related to OPEB	61,731	78,972	31,116	171,819	
Accounts payable	(63,816)	853,209	6,389	795,782	--
Landfill liability	--	--	(40,000)	(40,000)	--
Compensated absences liability	13,798	(16,407)	(1,305)	(3,914)	--
Net pension liability	608,685	804,614	263,976	1,677,275	--
Net OPEB liability	--	(44,024)	(24,208)	(68,232)	--
Deferred inflows - related to pension	(612,167)	(565,432)	(241,994)	(1,419,593)	--
Deferred inflows - related to OPEB	(73,789)	(92,912)	(35,001)	(201,702)	--
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 1,552,676</u>	<u>\$ 1,915,314</u>	<u>\$ 221,813</u>	<u>\$ 3,689,803</u>	<u>\$ (840,864)</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

JUNE 30, 2023

	Other Post- Employment Benefits Trust Fund	Custodial Funds
<b>Assets</b>		
Cash and short-term investments	\$ --	\$ 296,847
Investments in external investment pool	<u>11,948,414</u>	<u>--</u>
<b>Total Assets</b>	11,948,414	296,847
<b>Liabilities</b>		
Other liabilities	<u>--</u>	<u>155,090</u>
<b>Net Position</b>		
Restricted for OPEB	11,948,414	--
Restricted for individuals, organizations, and other governments	<u>--</u>	<u>141,757</u>
<b>Total Net Position</b>	<u>\$ 11,948,414</u>	<u>\$ 141,757</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

**FOR THE YEAR ENDED JUNE 30, 2023**

	Other Post- Employment Benefits Trust Fund	Custodial Funds
<b>Additions</b>		
Contributions	\$ 4,297,911	\$ --
Investment income, net	684,804	512
Fees collected for State of Massachusetts	--	7,350
Fees collected for other entities	--	847,367
Fees collected for students	--	28,739
Miscellaneous	--	55,759
<b>Total Additions</b>	<u>4,982,715</u>	<u>939,727</u>
<b>Deductions</b>		
Benefit payments to plan members and beneficiaries	3,542,009	--
Payments of fees to State of Massachusetts	--	7,075
Payments of fees to other entities	--	801,665
Payments on behalf of students	--	31,715
Other	--	37,699
<b>Total Deductions</b>	<u>3,542,009</u>	<u>878,154</u>
<b>Change in Net Position</b>	1,440,706	61,573
<b>Restricted Net Position - Beginning of Year</b>	<u>10,507,708</u>	<u>80,184</u>
<b>Restricted Net Position - End of Year</b>	<u><u>\$ 11,948,414</u></u>	<u><u>\$ 141,757</u></u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Amherst, Massachusetts (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

#### ***REPORTING ENTITY***

The Town is a municipal corporation governed by an elected Town Manager and thirteen-member Town Council. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2023, the following entity met the component unit requirements of GASB Statement No. 14, *The Financial Reporting Entity*, (as amended). The criteria provided in Governmental Accounting Standard Board Codification section 2100 have also been considered and as a result, the component unit discussed below 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 Laws 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 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)***

##### *Government-Wide Financial Statements (Continued)*

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

##### *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### ***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.

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.



# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)***

##### *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 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. 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 Town'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 *ARPA Fund* accounts for COVID-19 related expenditures or negative economic impacts of COVID-19 on the Town, funded by the American Rescue Plan Act (ARPA).
- The *Capital Project Fund* accounts for financial resources used for the acquisition or construction of major capital facilities and infrastructure projects.

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 enterprise funds 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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*

##### *Fund Financial Statements (Continued)*

The Town reports the following major proprietary funds:

- The *Sewer Fund*, which accounts for operations of the Town's wastewater treatment facility and supporting infrastructure.
- The *Water Fund*, which accounts for operations of the Town's water services and supporting infrastructure.

The Town reports the following nonmajor proprietary funds:

- The *Landfill Fund*, which accounts for operations of the Town's transfer station and supporting infrastructure.
- The *Transportation Fund*, which accounts for operations of the Town's parking operations and supporting infrastructure.

The Town's 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 insurance benefits for retired employees.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include fees collected on behalf of other governments, entities, students, and individuals.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *INTERFUND RECEIVABLES AND PAYABLES*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due from/to other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

#### *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, savings accounts, and money market 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 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 short-term investments.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

The Town invests 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*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

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

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *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. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

#### *CAPITAL ASSETS*

Capital assets, which include land and improvements, buildings and improvements, machinery, equipment, and furnishings, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund 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 and proprietary 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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *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 current assets/deferred outflows and current liabilities/deferred inflows. The Town has implemented GASB Statement No. 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, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) 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 the Town Council and the balance of capital project funds funded by General Fund appropriation.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *FUND EQUITY (CONTINUED)*

##### *Fund Balance (Continued)*

- *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. The General Fund is the only fund that reports a positive unassigned fund balance.

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

# **TOWN OF AMHERST, MASSACHUSETTS**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### **NOTE 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, 2023. It is anticipated that the deficits in these funds will be eliminated through future departmental and grant revenues, bond proceeds, and transfers from other funds.

### **NOTE 3 – DEPOSITS AND INVESTMENTS - TOWN**

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitations on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, and 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 having 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 consist 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 Statement No. 79, *Certain External*

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 3 – DEPOSITS AND INVESTMENTS - TOWN (CONTINUED)

*Investment Pools and Pool Participants.* MMDT has an average maturity of less than 1 year and is 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.

#### **DEPOSITS**

##### *Custodial Credit Risk*

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 limit 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 institutions 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, 2023, none of the Town's bank balance of \$26,258,885 was exposed to custodial credit risk as uninsured and uncollateralized. Additionally, \$11,777,267 was invested in MMDT, which is not subject to this disclosure.

#### **INVESTMENTS**

The following is a summary of the Town's investments as of June 30, 2023:

Certificates of deposit	\$ 17,207,215
Corporate equities	1,636,806
Equity mutual funds	2,002,503
Federal agency securities	14,452,070
U.S. Treasury notes	237,692
	<u>\$ 35,536,286</u>



# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 3 – DEPOSITS AND INVESTMENTS – TOWN (CONTINUED)

#### *INVESTMENTS (CONTINUED)*

##### *Custodial Credit Risk*

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 of Massachusetts Division of Banks (commonly referred to as the "Legal List of Investments").

As of June 30, 2023, \$18,823,219 was subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and held by the Town's brokerage firm, which is also the counterparty to these securities as follows:

Investment Type	Amount
Certificates of deposit	\$ 1,544,551
Corporate equities	1,636,806
Equity mutual funds	952,100
Federal agency securities	14,452,070
U.S. Treasury notes	<u>237,692</u>
	<u>\$ 18,823,219</u>

##### *Credit Risk - Investments in 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 investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSRO). 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, 2023, the Town's investments were exempt from credit risk disclosure.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 3 – DEPOSITS AND INVESTMENTS - TOWN (CONTINUED)

#### *INVESTMENTS (CONTINUED)*

##### *Concentration of Credit Risk*

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 were as follows at June 30, 2023:

Financial Institution	Amount	% of Total Investments
Greenfield Savings Bank	\$ 7,085,117	19.94%
Salem Five Bank	4,000,000	11.26%
Easthampton Savings Bank	2,539,145	7.15%
Florence Savings Bank	2,038,404	5.74%
	<u>\$ 15,662,666</u>	<u>31.19%</u>

##### *Interest Rate Risk - Investments in 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.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations was as follows at June 30, 2023:

Investment Type	Amount	Investment Maturity (in Years)	
		Less than 1	1 - 5
Federal agency securities	\$ 14,452,070	\$ 10,729,323	\$ 3,722,747
U.S. Treasury notes	<u>237,692</u>	<u>237,692</u>	<u>--</u>
	<u>\$ 14,689,762</u>	<u>\$ 10,967,015</u>	<u>\$ 3,722,747</u>

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 3 – DEPOSITS AND INVESTMENTS - TOWN (CONTINUED)

#### *INVESTMENTS (CONTINUED)*

##### *Foreign Currency Risk*

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. This risk is managed by limiting the Treasurer to investments contained on the “Legal List of Investments”.

At June 30, 2023, none of the Town’s investments were exposed to foreign currency risk.

##### *Fair Value*

The Town categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and gives 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 are accessible 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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 3 – DEPOSITS AND INVESTMENTS - TOWN (CONTINUED)

#### INVESTMENTS (CONTINUED)

##### *Fair Value (Continued)*

The Town had the following fair value measurements as of June 30, 2023:

Investment Type	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate equities	\$ 1,636,806	\$ 1,636,806	\$ --	\$ --
Equity mutual funds	2,002,503	2,002,503	--	--
Federal agency securities	14,452,070	--	14,452,070	--
U.S. Treasury notes	237,692	--	237,692	--
	<u>\$ 18,329,071</u>	<u>\$ 3,639,309</u>	<u>\$ 14,689,762</u>	<u>\$ --</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 security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

### NOTE 4 - INVESTMENTS - OPEB TRUST FUND

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

At June 30, 2023, all of the OPEB Trust Fund's investments of \$11,948,414 were invested in an external investment pool – State Retirees Benefits Trust Fund (SRBT).

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 4 - INVESTMENTS – OPEB TRUST FUND (CONTINUED)

#### *CUSTODIAL CREDIT RISK*

All the OPEB Trust Fund's investments are exempt from custodial credit risk disclosures as they are invested in SRBT.

#### *CREDIT RISK - INVESTMENT IN DEBT SECURITIES*

All the OPEB Trust Fund's investments are exempt from credit risk disclosure as they are invested in SRBT.

#### *CONCENTRATION OF CREDIT RISK*

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

#### *INTEREST RATE RISK*

All the OPEB Trust Fund's investments are exempt from interest rate risk disclosure as they are invested in SRBT.

#### *FOREIGN CURRENCY RISK*

All the OPEB Trust Fund's 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's investments are in SRBT which are measured at net asset value (NAV) and are not subject to fair value measurement.

The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using the NAV for fair value are not subject to level classification.

Investment Type	Amount	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
SRBT	<u>\$ 11,948,414</u>	<u>\$ --</u>	Monthly	30 days

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 5 - INVESTMENTS - AMHERST AFFORDABLE HOUSING TRUST (DISCRETELY PRESENTED COMPONENT UNIT)

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.

The following is a summary of the Housing Trust's investments as of June 30, 2023:

Certificates of deposit	\$ 77,707
Corporate equities	82,347
Equity mutual funds	47,900
Federal agency securities	476,241
U.S. Treasury notes	<u>11,958</u>
	<u>\$ 696,153</u>

#### *CUSTODIAL CREDIT RISK*

As of June 30, 2023, the Housing Trust's investments of \$696,153 were subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and held by the Trust's brokerage firm, which is also the counterparty to these securities.

#### *CREDIT RISK - INVESTMENTS IN DEBT SECURITIES*

As of June 30, 2023, the Housing Trust's investments were exempt from credit risk disclosure.

#### *CONCENTRATION OF CREDIT RISK*

As of June 30, 2023, the Housing Trust did not have any investments subject to concentration of credit risk disclosure.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 5 - INVESTMENTS - AMHERST AFFORDABLE HOUSING TRUST (DISCRETELY PRESENTED COMPONENT UNIT) (CONTINUED)

#### *INTEREST RATE RISK*

Information about the sensitivity of the fair values of the Housing Trust's investments to market interest rate fluctuations at June 30, 2023 were as follows:

Investment Type	Amount	Investment Maturities (in Years)	
		Less Than 1	1 - 5
Federal agency securities	\$ 476,241	\$ 288,950	\$ 187,291
U.S. Treasury notes	11,958	11,958	--
	<u>\$ 488,199</u>	<u>\$ 300,908</u>	<u>\$ 187,291</u>

#### *FOREIGN CURRENCY RISK*

At June 30, 2023, none of the Housing Trust's investments were exposed to foreign currency risk.

#### *FAIR VALUE*

The Housing Trust had the following fair value measurements as of June 30, 2023:

Investment Type	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate equities	\$ 82,347	\$ 82,347	\$ --	\$ --
Equity mutual funds	47,900	47,900	--	--
Federal agency securities	476,241	--	476,241	--
U.S. Treasury notes	11,958	--	11,958	--
	<u>\$ 618,446</u>	<u>\$ 130,247</u>	<u>\$ 488,199</u>	<u>\$ --</u>

# **TOWN OF AMHERST, MASSACHUSETTS**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### **NOTE 6 - PROPERTY TAXES AND EXCISES RECEIVABLE**

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements, respectively.

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. The actual fiscal year 2023 tax levy reflected an excess capacity of \$83,203.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. 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.



# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 6 - PROPERTY TAXES AND EXCISES RECEIVABLE (CONTINUED)

Property taxes and excises receivable at June 30, 2023, consisted of the following:

Type of Receivable	Amount	Current Portion	Long- Term Portion
Real estate taxes	\$ 891,603	\$ 891,603	\$ --
Personal property taxes	43,424	43,424	--
Community preservation act	16,389	16,389	--
Deferred taxes	38,554	38,554	--
Tax liens	998,789	--	998,789
Total property taxes	<u>\$ 1,988,759</u>	<u>\$ 989,970</u>	<u>\$ 998,789</u>
Motor vehicle excise	<u>\$ 284,750</u>	<u>\$ 284,750</u>	<u>\$ --</u>

### NOTE 7 - USER FEES AND DEPARTMENTAL RECEIVABLES

User fees and departmental receivables at June 30, 2023 consisted of the following:

	Amount
Sewer	\$ 728,948
Water	758,466
Landfill	6,225
Transportation	447,639
	<u>\$ 1,941,278</u>

### NOTE 8 - INTERGOVERNMENTAL RECEIVABLES

The balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2023.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 9 – PREPAID EXPENDITURES

Prepaid expenditures reported in the General Fund include a retirement system payment due on July 1, 2023 which was processed on June 30, 2023 to ensure timely payment. Because payment was liquidated on July 1, 2023, the Town has not recorded a corresponding nonspendable fund balance.

### NOTE 10 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
<b>Governmental Activities</b>					
Capital Assets, Being Depreciated:					
Land improvements	\$ 6,532	\$ 140	\$ --	\$ 718	\$ 7,390
Buildings and improvements	36,948	228	--	--	37,176
Machinery, equipment, and furnishings	15,650	1,336	(864)	--	16,122
Infrastructure	27,122	1,028	--	--	28,150
Total Capital Assets, Being Depreciated	86,252	2,732	(864)	718	88,838
Less Accumulated Depreciation For:					
Land improvements	(2,837)	(407)	--	--	(3,244)
Buildings and improvements	(32,848)	(830)	--	--	(33,678)
Machinery, equipment, and furnishings	(12,256)	(982)	864	--	(12,374)
Infrastructure	(15,947)	(945)	--	--	(16,892)
Total Accumulated Depreciation	(63,888)	(3,164)	864	--	(66,188)
Capital Assets, Being Depreciated, Net	22,364	(432)	--	718	22,650
Capital Assets, Not Being Depreciated:					
Land	6,886	775	--	--	7,661
Construction in progress (CIP)	1,270	2,523	--	(718)	3,075
Total Capital Assets, Not Being Depreciated	8,156	3,298	--	(718)	10,736
Governmental Activities Capital Assets, Net	\$ 30,520	\$ 2,866	\$ --	\$ --	\$ 33,386

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 10 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
<b>Business-Type Activities</b>					
Capital Assets, Being Depreciated:					
Land improvements	\$ 2,791	\$ --	\$ --	\$ --	\$ 2,791
Buildings improvements and infrastructure	39,611	140	(25)	--	39,726
Machinery, equipment, and furnishings	8,013	65	(49)	668	8,697
Total Capital Assets, Being Depreciated	50,415	205	(74)	668	51,214
Less Accumulated Depreciation For:					
Land improvements	(2,574)	(39)	--	--	(2,613)
Buildings improvements and infrastructure	(19,634)	(1,177)	16	--	(20,795)
Machinery, equipment, and furnishings	(7,057)	(270)	38	--	(7,289)
Total Accumulated Depreciation	(29,265)	(1,486)	54	--	(30,697)
Capital Assets, Being Depreciated, Net	21,150	(1,281)	(20)	668	20,517
Capital Assets, Not Being Depreciated:					
Land	3,357	--	--	--	3,357
Construction in progress (CIP)	1,435	2,160	--	(668)	2,927
Total Capital Assets, Not Being Depreciated	4,792	2,160	--	(668)	6,284
Business-Type Activities Capital Assets, Net	<u>\$ 25,942</u>	<u>\$ 879</u>	<u>\$ (20)</u>	<u>\$ --</u>	<u>\$ 26,801</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

#### Governmental Activities

General government	\$ 289
Public safety	477
Education	680
Public works	1,391
Planning, conservation, and inspections	183
Community services	121
Library services	23
	<u>\$ 3,164</u>

#### Business-Type Activities

Sewer	\$ 759
Water	541
Nonmajor enterprise funds	186
	<u>\$ 1,486</u>

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 11 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets by the Town that apply 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.

### NOTE 12 - NOTES PAYABLE

The Town had the following notes outstanding at June 30, 2023:

Purpose	Interest Rate %	Date of Issue	Date of Maturity	Balance at June 30, 2023
Bond anticipation - multi-purpose	3.80%	06/01/23	05/30/24	<u>\$ 4,168,877</u>

The following summarizes activity in notes payable during fiscal year 2023:

Purpose	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Bond anticipation - multi-purpose	\$ 1,906,800	\$ 4,168,877	\$ (1,906,800)	\$ 4,168,877
Bond anticipation - land acquisition	<u>600,000</u>	<u>--</u>	<u>(600,000)</u>	<u>--</u>
	<u>\$ 2,506,800</u>	<u>\$ 4,168,877</u>	<u>\$ (2,506,800)</u>	<u>\$ 4,168,877</u>

### NOTE 13 - UNEARNED REVENUE

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

### NOTE 14 - OTHER LIABILITIES (GENERAL FUND)

This balance in the General Fund consists primarily of prepaid real estate taxes, regional insurance pass-through, and unclaimed checks (tailings).

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 15 - LONG-TERM DEBT

#### *GENERAL OBLIGATION BONDS*

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 outstanding were as follows at June 30, 2023:

Purpose	Original Issue Date	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of June 30, 2023
<b>Governmental Activities</b>				
<i>General Obligation Bonds</i>				
Multipurpose 2014	03/11/14	03/01/24	2.00 - 3.75%	\$ 57,000
Multipurpose 2015	02/17/15	02/17/25	2.00 - 5.00%	350,000
Multipurpose 2021	06/03/21	06/01/30	3.00 - 5.00%	<u>615,000</u>
				<u>\$ 1,022,000</u>

Purpose	Original Issue Date	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of June 30, 2023
<b>Business-Type Activities</b>				
<i>General Obligation Bonds</i>				
Multipurpose 2021 (water)	06/03/21	06/01/31	2.00 - 5.00%	\$ 1,125,000
Water treatment	03/15/12	03/15/32	2.00 - 3.00%	1,800,000
Harkness construction (sewer)	03/14/13	10/01/32	2.00 - 3.00%	2,000,000
Multipurpose 2021 (sewer)	06/03/21	06/01/33	2.00 - 5.00%	1,850,000
Multipurpose 2014 (water and sewer)	03/11/14	03/01/34	2.00 - 3.75%	<u>1,103,000</u>
				<u>\$ 7,878,000</u>

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 15 - LONG-TERM DEBT (CONTINUED)

#### *FUTURE DEBT SERVICE*

The annual payments to retire all general obligation bonds outstanding as of June 30, 2023 were as follows:

#### **Governmental Activities**

Fiscal Year	Principal	Interest	Total
2024	\$ 447,000	\$ 3,010	\$ 450,010
2025	245,000	16,700	261,700
2026	95,000	9,900	104,900
2027	60,000	7,050	67,050
2028	60,000	5,250	65,250
2029 - 2030	<u>115,000</u>	<u>5,100</u>	<u>120,100</u>
	<u>\$ 1,022,000</u>	<u>\$ 47,010</u>	<u>\$ 1,069,010</u>

#### **Business-Type Activities**

Fiscal Year	Principal	Interest	Total
2024	\$ 863,000	\$ 213,490	\$ 1,076,490
2025	860,000	188,000	1,048,000
2026	860,000	162,475	1,022,475
2027	850,000	140,175	990,175
2028	850,000	117,500	967,500
2029 - 2033	3,495,000	264,048	3,759,048
Thereafter	<u>100,000</u>	<u>3,752</u>	<u>103,752</u>
	<u>\$ 7,878,000</u>	<u>\$ 1,089,440</u>	<u>\$ 8,967,440</u>

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 15 - LONG-TERM DEBT (CONTINUED)

#### CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2023, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
<b>Governmental Activities</b>						
Bonds payable	\$ 1,593	\$ --	\$ (571)	\$ 1,022	\$ (447)	\$ 575
Unamortized premium	66	--	(14)	52	(14)	38
Subtotal - Bonds payable	1,659	--	(585)	1,074	(461)	613
Compensated absences liability	2,378	--	(215)	2,163	--	2,163
Net pension liability	30,585	15,678	--	46,263	--	46,263
Net OPEB liability	74,486	3,858	--	78,344	--	78,344
	<u>\$ 109,108</u>	<u>\$ 19,536</u>	<u>\$ (800)</u>	<u>\$ 127,844</u>	<u>\$ (461)</u>	<u>\$ 127,383</u>
<b>Business-Type Activities</b>						
Bonds payable	\$ 8,748	\$ --	\$ (870)	\$ 7,878	\$ (863)	\$ 7,015
Unamortized premium	280	--	(30)	250	(30)	220
Subtotal - Bonds payable	9,028	--	(900)	8,128	(893)	7,235
Landfill liability	520	--	(40)	480	(40)	440
Compensated absences liability	239	--	(4)	235	--	235
Net pension liability	3,706	1,677	--	5,383	--	5,383
Net OPEB liability (asset) *	959	--	(230)	729	--	729
	<u>\$ 14,452</u>	<u>\$ 1,677</u>	<u>\$ (1,174)</u>	<u>\$ 14,955</u>	<u>\$ (933)</u>	<u>\$ 14,022</u>

\* The net OPEB asset in the Sewer Fund (enterprise) as of June 30, 2023 was netted here with the net OPEB liability in the remaining enterprise funds.

#### LONG-TERM DEBT SUPPORTING GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Bonds issued by the Town for various municipal projects are approved by the 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 costs relate to, primarily the General Fund and enterprise funds.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - 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 \$480,000 reported as landfill post closure care liability at June 30, 2023 represents the remaining estimated post closure maintenance costs. These amounts are based on what it would cost to perform all post closure care in 2023. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

### NOTE 17 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets by the Town that apply 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, will be recognized as expense in future years and 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.

### NOTE 18 - 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. Interfund transfers for the year ended June 30, 2023 were as follows:

Governmental Funds	Transfers in	Transfers out
General Fund	\$ 3,373,920	\$ 12,690,150
Major Capital Project Fund	11,919,154	950,100
Nonmajor Governmental Funds:		
Special revenue funds	713,451	3,273,920
Capital project funds	1,047,100	139,455
Subtotal Nonmajor Governmental Funds	1,760,551	3,413,375
	<u>\$ 17,053,625</u>	<u>\$ 17,053,625</u>



# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

### NOTE 18 - TRANSFERS (CONTINUED)

The transfers into the General Fund include \$2,710,200 in annual Ambulance Receipts Reserved for Appropriation Fund revenues, \$488,720 from the Community Preservation Act Fund for the Town's capital budget funding, \$100,000 from capital reserve and repurposed capital, and \$75,000 from the Comcast Capital Fund to offset General Fund debt service expenditures. Transfers out of the General Fund represent the Town's practice of financing capital projects with General Fund revenues, and subsidies to various school revolving funds.

### NOTE 19 - GOVERNMENTAL FUNDS – FUND BALANCES

The Town's fund balances at June 30, 2023 were comprised of the following:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Permanent funds	\$ --	\$ --	\$ 356,829	\$ 356,829
Restricted				
Special revenue funds	--	--	17,601,489	17,601,489
Permanent funds	--	--	226,732	226,732
Total Restricted	--	--	17,828,221	17,828,221
Committed				
Town set-asides	--	--	37,114	37,114
Capital projects funded by General Fund appropriations	--	14,396,470	6,307,447	20,703,917
Total Committed	--	14,396,470	6,344,561	20,741,031
Assigned				
General government	140,911	--	--	140,911
Public safety	194,297	--	--	194,297
Public works	90,269	--	--	90,269
Planning, conservation, and inspections	20,824	--	--	20,824
Community services	67,855	--	--	67,855
Total Assigned	514,156	--	--	514,156
Unassigned				
General Fund	11,743,666	--	--	11,743,666
General stabilization fund	13,453,937	--	--	13,453,937
Deficit funds	--	--	(1,831,173)	(1,831,173)
Total Unassigned	25,197,603	--	(1,831,173)	23,366,430
Total Fund Balances	\$ 25,711,759	\$ 14,396,470	\$ 22,698,438	\$ 62,806,667

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 20 - RESTRICTED NET POSITION

The Town's restricted net position at June 30, 2023 was comprised of the following:

Purpose	Amount
Town set-aside	\$ 37,114
Ambulance	5,605,616
Revolving funds	3,219,762
Receipts reserved for appropriation	2,394,930
School grants	215,710
Town grants	4,310,716
Gifts	1,854,755
Nonexpendable permanent funds	356,829
Expendable permanent funds	226,732
OPEB	383,517
	<u>\$ 18,605,681</u>

### NOTE 21 - 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 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 System provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of 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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 21 - HAMPSHIRE COUNTY RETIREMENT SYSTEM (CONTINUED)

#### *PLAN DESCRIPTION (CONTINUED)*

##### *Participant Contributions*

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of 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 the 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 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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 21 - HAMPSHIRE COUNTY RETIREMENT SYSTEM (CONTINUED)

#### *PLAN DESCRIPTION (CONTINUED)*

##### *Participant Retirement Benefits (Continued)*

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 of 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 member's death.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 21 - HAMPSHIRE COUNTY RETIREMENT SYSTEM (CONTINUED)

#### *PLAN DESCRIPTION (CONTINUED)*

##### *Methods of Payment (Continued)*

- 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, 2023, was \$7,796,557, which was equal to its annual required contribution.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 21 - HAMPSHIRE COUNTY RETIREMENT SYSTEM (CONTINUED)

#### *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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 PENSION*

At June 30, 2023, the Town reported a liability of approximately \$51.6 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, rolled forward December 31, 2022. 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, 2023, the Town's proportion was 25.82%, which was a decrease of (0.61%) from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of approximately \$6.2 million. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,038	\$ (762)
Changes of assumptions	4,409	(300)
Net difference between projected and actual pension investment earnings	7,403	--
Changes in proportion and differences between contributions and proportionate share of contributions	--	(1,660)
	<u>\$ 12,850</u>	<u>\$ (2,722)</u>

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 21 - HAMPSHIRE COUNTY RETIREMENT SYSTEM (CONTINUED)

#### *PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)*

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

<u>Year ended June 30:</u>	
2024	\$ 381
2025	1,998
2026	2,716
2027	4,708
2028	427
Thereafter	<u>(102)</u>
	<u>\$ 10,128</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	January 1, 2022
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return and discount rate	6.90%
Projected salary increases:	
Group 1	6% - 4.25%, based on service
Group 2	7% - 4.75%, based on service
Inflation rate	2.40%
Post-retirement cost-of-living adjustment	3% on first \$13,000
Remaining amortization period	10 years

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. 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-2020.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 21 - HAMPSHIRE COUNTY RETIREMENT SYSTEM (CONTINUED)

#### *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:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.00%
Domestic equity	22.00%	4.50%
Non-US developed equity	11.00%	4.30%
Emerging equity	6.00%	7.00%
Private equity	18.00%	7.60%
Core bonds	11.00%	2.10%
Value-added fixed income	12.00%	5.20%
Real estate	18.00%	3.10%
	<u>100.00%</u>	

#### *DISCOUNT RATE*

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



# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 21 - HAMPSHIRE COUNTY RETIREMENT SYSTEM (CONTINUED)

#### *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 6.90 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 one percentage-point lower or one percentage-point higher than the current rate (in thousands):

1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
\$ 69,888	\$ 51,646	\$ 35,639

#### *PENSION PLAN FIDUCIARY NET POSITION*

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

### NOTE 22 - 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 GASB Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts 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 of Massachusetts' 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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 22 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### ***BENEFITS PROVIDED***

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establish 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 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 to 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

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 22 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *CONTRIBUTIONS (CONTINUED)*

In addition, members who join MTRS on or after April 2, 2012, will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

#### *ACTUARIAL ASSUMPTIONS*

The net pension liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. This valuation used the following assumptions:

- (a) 2.5% inflation rate, (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund, and (d) 3.00% 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 4.00% to 7.50% 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 from 2012-2020.
- Mortality rates were as follows:
  - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
  - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
  - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 22 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *TARGET ALLOCATIONS (CONTINUED)*

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timber/natural resources	4.00%	3.90%
	<u>100.00%</u>	

#### *DISCOUNT RATE*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' 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 one percentage-point lower or one percentage-point higher than the current discount rate (in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 32,734,080	\$ 25,888,138	\$ 20,094,302

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 22 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *SPECIAL FUNDING SITUATION*

The Commonwealth of Massachusetts 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 of Massachusetts 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 2022 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was approximately \$40.8 million based on a proportionate share of 0.16%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of approximately \$3.3 million as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of approximately \$3.4 million as both a revenue and expense on the Statement of Activities.

### NOTE 23 - OTHER POST-EMPLOYMENT BENEFITS

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB 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 GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This 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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 23 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

All the following OPEB disclosures are based on a measurement date of June 30, 2023.

#### **GENERAL INFORMATION ABOUT THE OPEB PLAN**

##### *Plan Description*

The Town provides postemployment 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 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 annual budget limitations/authorizations.

##### *Plan Membership*

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	542
Active employees	579
	<hr/>
	1,121
	<hr/> <hr/>

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 23 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *INVESTMENTS*

All of the OPEB Trust Fund's assets at June 30, 2023 were invested in an external investment pool – State Retirees Benefits Trust Fund (SRBT).

#### *Rate of Return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### *ACTUARIAL ASSUMPTIONS AND OTHER INPUTS*

The net OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.30%, net of OPEB plan investment expense, including inflation
Municipal bond rate	4.13%
Discount rate	6.26% (previously 6.39%)
Healthcare cost trend rates	6.5% for 2023, decreasing to an ultimate rate of 3.63% in 2060
Retirees' share of benefit-related costs	20% - 25%
Participation rate	80% of eligible retirees

Mortality rates for pre- and post-retirement for general and public safety employees were based on the RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2016.

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

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 23 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *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 geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap	14.50%	4.10%
Domestic equity - small/mid cap	3.50%	4.55%
International equity - developed market	16.00%	4.64%
International equity - emerging market	6.00%	5.45%
Domestic fixed income	20.00%	1.05%
International fixed income	3.00%	0.96%
Alternatives	23.00%	5.95%
Real estate	14.00%	6.25%
	<u>100.00%</u>	

#### *CONTRIBUTIONS*

In addition to the implicit subsidy contribution, the Town's policy is to contribute the actuarially determined contribution or amounts provided annually by the budget.



# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 23 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *DISCOUNT RATE*

The discount rate used to measure the net OPEB liability was 6.26%. 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 not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.30% and municipal bond rate of 4.13% thereafter (based on the S&P Municipal Bond 20-Year High Grade Index rate as of June 30, 2023).

#### *NET OPEB LIABILITY*

The components of the net OPEB liability, measured as of June 30, 2023, were as follows (in thousands):

Total OPEB liability	\$ 91,021
Plan fiduciary net position	<u>(11,948)</u>
Net OPEB Liability (Asset) *	<u><u>\$ 79,073</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	13.13%

\* The net OPEB asset of approximately \$384,000 in the Sewer Fund, measured as of June 30, 2023, was netted with the net OPEB liability for the remaining funds. The Sewer Fund has contributed more to the OPEB trust fund over the years, resulting in a net OPEB asset in fiscal year 2023.

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

### NOTE 23 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *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	\$ 85,954	\$ 10,508	\$ 75,446
Changes for the year:			
Service cost	1,789	--	1,789
Interest	5,495	--	5,495
Contributions - employer	--	4,298	(4,298)
Net investment income	--	684	(684)
Changes of assumptions	1,325	--	1,325
Benefit payments	(3,542)	(3,542)	--
Net Changes	5,067	1,440	3,627
Balances, End of Year	<u>\$ 91,021</u>	<u>\$ 11,948</u>	<u>\$ 79,073</u>

Changes of assumptions reflect a change in discount rate from 6.39% as of June 30, 2022 to 6.26% as of June 30, 2023.

#### *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 one percentage-point lower or one percentage-point higher than the current discount rate (in thousands):

1% Decrease (5.26%)	Current Discount Rate (6.26%)	1% Increase (7.26%)
\$ 92,460	\$ 79,073	\$ 68,249

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 23 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *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 was calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates (in thousands):

1% Decrease (5.00%)	Current Healthcare Cost Trend Rates (6.00%)	1% Increase (7.00%)
\$ 67,324	\$ 79,073	\$ 93,674

#### *OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB*

For the year ended June 30, 2023, the Town recognized an OPEB expense of approximately \$3.1 million. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ (12,934)
Changes of assumptions	16,984	--
Net difference between projected and actual OPEB investment earnings	<u>111</u>	<u>--</u>
	<u>\$ 17,095</u>	<u>\$ (12,934)</u>

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 23 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### *OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)*

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

#### Year Ended June 30:

2024	\$	1,034
2025		958
2026		1,295
2027		675
2028		199
		<hr/>
	\$	<u>4,161</u>

### NOTE 24 - SELF-INSURANCE

The Town self-insures against claims for workers' compensation. As of July 1, 2018, the Town no longer self-insures for health insurance, the residual balance in the health insurance fund has been fully expended during the fiscal year 2023, following a December 2022 insurance premium holiday. As a result, there were no remaining balances in the internal service fund related to health insurance as of June 30, 2023.

#### *WORKERS' COMPENSATION*

The Town maintains a self-insurance program for workers' compensation, in accordance with state requirements to provide coverage for work-related injuries or illnesses sustained by its employees. Under this program, the Town is responsible for the payment of workers' compensation claims. The Town contracts with an insurance consultant for claims processing, 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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 24 - SELF-INSURANCE (CONTINUED)

#### *WORKERS' COMPENSATION (CONTINUED)*

During the normal course of business, the Town also pays an unemployment insurance assessment on a quarterly basis. This assessment is determined based on the current payroll figures and is in accordance with state-regulated unemployment insurance rates. Contrary to the self-insured arrangement for workers' compensation, the Town is not self-insured for unemployment insurance. The quarterly assessments are direct payments to the state's unemployment insurance fund, which provides unemployment benefits to eligible former employees. These payments are considered operating expenses and are recognized in the financial statements in the period they are due.

#### *SEGMENT INFORMATION*

Segment information for the internal service funds for the year ended June 30, 2023 is as follows:

	Health Insurance	Workers' Compensation	Total
Total Assets	\$ --	\$ 437,821	\$ 437,821
Total Equity	\$ --	\$ 437,821	\$ 437,821
Operating revenues	\$ --	\$ 90,338	\$ 90,338
Operating expenses	895,412	35,790	931,202
Nonoperating revenues	13,605	16,572	30,177
Change in Net Position	\$ (881,807)	\$ 71,120	\$ (810,687)

### NOTE 25 - COMMITMENTS AND CONTINGENCIES

#### *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.

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 25 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### *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 had \$514,156 in encumbrances that will be honored in the next fiscal year.

### NOTE 26 - BEGINNING FUND BALANCE RECLASSIFICATION

The Town's major governmental funds for fiscal year 2023, as defined by Governmental Accounting Boards Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Capital Project Fund	Nonmajor Governmental Funds
As previously reported	\$ --	\$ 27,677,401
Reclassify major fund	<u>5,994,903</u>	<u>(5,994,903)</u>
As reclassified	<u>\$ 5,994,903</u>	<u>\$ 21,682,498</u>

# TOWN OF AMHERST, MASSACHUSETTS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL – GENERAL FUND (Unaudited)

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 61,110,535	\$ 61,110,535	\$ 61,574,374	\$ 463,839
Excises	1,550,000	1,550,000	1,959,748	409,748
Penalties, interest, and other taxes	1,065,308	1,065,308	1,123,751	58,443
Charges for services	2,115,662	2,115,662	2,609,762	494,100
Intergovernmental	18,456,842	18,456,842	18,863,899	407,057
Licenses and permits	760,408	760,408	1,032,723	272,315
Fines and forfeitures	60,600	60,600	34,899	(25,701)
Investment income	90,000	90,000	747,676	657,676
Other	500	500	252,283	251,783
<b>Total Revenues</b>	<u>85,209,855</u>	<u>85,209,855</u>	<u>88,199,115</u>	<u>2,989,260</u>
<b>Expenditures</b>				
General government	8,615,964	8,615,964	7,887,944	728,020
Public safety	11,764,687	11,764,687	11,357,670	407,017
Education	42,432,565	42,432,565	42,166,088	266,477
Public works	2,536,130	2,536,130	2,516,478	19,652
Planning, conservation, and inspections	1,649,408	1,649,408	1,658,345	(8,937)
Community services	1,601,784	1,601,784	1,497,460	104,324
Library services	2,149,058	2,149,058	2,073,997	75,061
Debt service	1,828,634	1,828,634	636,589	1,192,045
Intergovernmental	11,428,846	11,428,846	11,167,940	260,906
<b>Total Expenditures</b>	<u>84,007,076</u>	<u>84,007,076</u>	<u>80,962,511</u>	<u>3,044,565</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,202,779</u>	<u>1,202,779</u>	<u>7,236,604</u>	<u>6,033,825</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	11,483,265	16,483,265	16,483,265	--
Transfers out	(15,498,494)	(22,111,945)	(22,111,945)	--
Use of free cash:				
Transfer to stabilization fund	1,812,450	2,525,901	--	(2,525,901)
Capital budget	1,000,000	1,900,000	--	(1,900,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,202,779)</u>	<u>(1,202,779)</u>	<u>(5,628,680)</u>	<u>(4,425,901)</u>
<b>Overall Budgetary Excess</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,607,924</u>	<u>\$ 1,607,924</u>

*See independent auditors' report and notes to required supplementary information.*

# TOWN OF AMHERST, MASSACHUSETTS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR GENERAL FUND BUDGET

FOR THE YEAR ENDED JUNE 30, 2023

### ***BUDGETARY BASIS***

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

### ***BUDGET/GAAP RECONCILIATION***

The budgetary data for the General Fund is based upon accounting principles that differ from 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, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP Basis	\$ 91,848,420	\$ 84,315,185	\$ 9,316,230
Remove effect of combining the stabilization fund and General Fund	(335,498)	--	(3,687,550)
Reverse beginning of year appropriation carryforwards from expenditures	--	(553,023)	--
Add end of year appropriation carryforwards to expenditures	--	514,156	--
Reverse the effect of non-budgeted State contributions	<u>(3,313,807)</u>	<u>(3,313,807)</u>	<u>--</u>
Budgetary Basis	<u>\$ 88,199,115</u>	<u>\$ 80,962,511</u>	<u>\$ 5,628,680</u>



# 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, 2023	December 31, 2022	25.82%	\$ 51,646	\$ 23,141	223.18%	68.20%
June 30, 2022	December 31, 2021	26.43%	\$ 34,290	\$ 23,141	148.18%	78.60%
June 30, 2021	December 31, 2020	26.56%	\$ 47,425	\$ 22,944	206.70%	69.24%
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, 2023	June 30, 2022	0.16%	\$ --	\$ 40,762	\$ 40,762	\$ 12,960	\$ --	57.75%	
June 30, 2022	June 30, 2021	0.16%	\$ --	\$ 37,339	\$ 37,339	\$ 12,754	\$ --	62.03%	
June 30, 2021	June 30, 2020	0.17%	\$ --	\$ 47,125	\$ 47,125	\$ 12,509	\$ --	50.67%	
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 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 SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

(Amounts expressed in thousands)

Hampshire County Retirement System								
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll		
June 30, 2023	December 31, 2022	\$ 7,797	\$ 7,797	\$ --	\$ 23,141	33.69%		
June 30, 2022	December 31, 2021	\$ 7,423	\$ 7,423	\$ --	\$ 23,141	32.08%		
June 30, 2021	December 31, 2020	\$ 6,935	\$ 6,935	\$ --	\$ 22,944	30.23%		
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								
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll		
June 30, 2023	June 30, 2022	\$ 3,314	\$ 3,314	\$ --	\$ 12,960	25.57%		
June 30, 2022	June 30, 2021	\$ 2,875	\$ 2,875	\$ --	\$ 12,754	22.54%		
June 30, 2021	June 30, 2020	\$ 2,565	\$ 2,565	\$ --	\$ 12,509	20.51%		
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 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 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

*(Unaudited)*

*(Amounts expressed in thousands)*

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 1,789	\$ 1,619	\$ 1,797	\$ 1,373	\$ 1,340	\$ 1,282	\$ 1,318
Interest	5,495	5,743	5,489	4,435	4,239	4,439	4,204
Change of benefit terms	--	--	--	9,843	--	--	--
Differences between expected and actual experience	--	(17,349)	--	(3,644)	--	(3,891)	--
Changes of assumptions	1,325	14,767	5,550	7,052	--	--	--
Benefit payments	<u>(3,542)</u>	<u>(3,279)</u>	<u>(3,545)</u>	<u>(3,309)</u>	<u>(2,643)</u>	<u>(2,644)</u>	<u>(2,261)</u>
<b>Net Change in Total OPEB Liability</b>	5,067	1,501	9,291	15,750	2,936	(814)	3,261
<b>Total OPEB Liability - Beginning</b>	<u>85,954</u>	<u>84,453</u>	<u>75,162</u>	<u>59,412</u>	<u>56,476</u>	<u>57,290</u>	<u>54,029</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 91,021</u>	<u>\$ 85,954</u>	<u>\$ 84,453</u>	<u>\$ 75,162</u>	<u>\$ 59,412</u>	<u>\$ 56,476</u>	<u>\$ 57,290</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	4,298	4,285	3,951	4,447	3,209	3,108	2,922
Net investment income (loss)	684	(454)	2,242	131	314	422	419
Benefit payments	<u>(3,542)</u>	<u>(3,279)</u>	<u>(3,545)</u>	<u>(3,309)</u>	<u>(2,453)</u>	<u>(2,452)</u>	<u>(2,261)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	1,440	552	2,648	1,269	1,070	1,078	1,080
<b>Plan Fiduciary Net Position - Beginning</b>	<u>10,508</u>	<u>9,956</u>	<u>7,308</u>	<u>6,039</u>	<u>4,969</u>	<u>3,891</u>	<u>2,811</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 11,948</u>	<u>\$ 10,508</u>	<u>\$ 9,956</u>	<u>\$ 7,308</u>	<u>\$ 6,039</u>	<u>\$ 4,969</u>	<u>\$ 3,891</u>
<b>Net OPEB Liability - Ending (a-b)</b>	<u>\$ 79,073</u>	<u>\$ 75,446</u>	<u>\$ 74,497</u>	<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 SCHEDULES OF THE NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS

*(Unaudited)*

*(Amounts expressed in thousands)*

Schedule of Net OPEB Liability	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability	\$ 91,021	\$ 85,954	\$ 84,453	\$ 75,162	\$ 59,412	\$ 56,476	\$ 57,290
Plan fiduciary net position	(11,948)	(10,508)	(9,956)	(7,308)	(6,039)	(4,969)	(3,891)
Net OPEB Liability	<u>\$ 79,073</u>	<u>\$ 75,446</u>	<u>\$ 74,497</u>	<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	13.13%	12.23%	11.79%	9.72%	10.16%	8.80%	6.79%
Covered employee payroll	\$ 36,837	\$ 35,764	\$ 32,804	\$ 33,593	\$ 38,863	\$ 37,548	\$ 45,927
Net OPEB liability as a percentage of covered employee payroll	214.66%	210.96%	227.10%	201.99%	137.34%	137.18%	116.27%
Schedule of Contributions	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 5,784	\$ 5,487	\$ 5,830	\$ 4,619	\$ 4,620	\$ 4,620	\$ 5,244
Contributions in relation to the actuarially determined contribution	(4,298)	(4,286)	(3,951)	(4,447)	(3,209)	(3,108)	(2,922)
Contribution Deficiency	<u>\$ 1,486</u>	<u>\$ 1,201</u>	<u>\$ 1,879</u>	<u>\$ 172</u>	<u>\$ 1,411</u>	<u>\$ 1,512</u>	<u>\$ 2,322</u>
Covered employee payroll	\$ 36,837	\$ 35,764	\$ 32,804	\$ 33,593	\$ 38,863	\$ 37,548	\$ 45,927
Contribution as a percentage of covered employee payroll	15.70%	15.34%	17.77%	13.75%	11.89%	12.30%	11.42%
Schedule of Investment Returns	2023	2022	2021	2020	2019	2018	2017
Annual money weighted rate of return, net of investment expense	6.30%	-4.34%	29.50%	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.*

# TOWN OF AMHERST, MASSACHUSETTS

## OTHER INFORMATION COMBINING STATEMENT OF NET POSITION – NONMAJOR ENTERPRISE FUNDS

**JUNE 30, 2023**

	Landfill Fund	Transportation Fund	Total Nonmajor Enterprise Funds
<b>Assets</b>			
<b>Current Assets</b>			
Cash and short-term investments	\$ 95,121	\$ 92,634	\$ 187,755
Investments	296,242	288,496	584,738
User fees receivable	6,225	--	6,225
Departmental receivables	<u>--</u>	<u>447,639</u>	<u>447,639</u>
<b>Total Current Assets</b>	<u>397,588</u>	<u>828,769</u>	<u>1,226,357</u>
<b>Noncurrent Assets</b>			
Capital assets:			
Nondepreciable capital assets	497,942	--	497,942
Other capital assets, net of accumulated depreciation	<u>226,450</u>	<u>2,633,669</u>	<u>2,860,119</u>
<b>Total Noncurrent Assets</b>	<u>724,392</u>	<u>2,633,669</u>	<u>3,358,061</u>
<b>Total Assets</b>	<u>1,121,980</u>	<u>3,462,438</u>	<u>4,584,418</u>
<b>Deferred Outflows of Resources</b>			
Related to pension	92,070	130,073	222,143
Related to OPEB	<u>72,833</u>	<u>67,370</u>	<u>140,203</u>
<b>Total Deferred Outflows of Resources</b>	<u>164,903</u>	<u>197,443</u>	<u>362,346</u>

*See independent auditors' report.*

# TOWN OF AMHERST, MASSACHUSETTS

## OTHER INFORMATION COMBINING STATEMENT OF NET POSITION – NONMAJOR ENTERPRISE FUNDS (CONTINUED)

JUNE 30, 2023

	Landfill Fund	Transportation Fund	Nonmajor Enterprise Funds
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	3,645	3,715	7,360
Current portion of long-term liabilities:			
Landfill liability	<u>40,000</u>	<u>--</u>	<u>40,000</u>
<b>Total Current Liabilities</b>	<u>43,645</u>	<u>3,715</u>	<u>47,360</u>
<b>Noncurrent Liabilities</b>			
Landfill liability, net of current portion	440,000	--	440,000
Compensated absences liability	33,585	24,821	58,406
Net pension liability	370,050	522,792	892,842
Net OPEB liability	<u>362,761</u>	<u>49,939</u>	<u>412,700</u>
<b>Total Noncurrent Liabilities</b>	<u>1,206,396</u>	<u>597,552</u>	<u>1,803,948</u>
<b>Total Liabilities</b>	<u>1,250,041</u>	<u>601,267</u>	<u>1,851,308</u>
<b>Deferred Inflows of Resources</b>			
Related to pension	19,503	27,553	47,056
Related to OPEB	<u>55,108</u>	<u>50,975</u>	<u>106,083</u>
<b>Total Deferred Inflows of Resources</b>	<u>74,611</u>	<u>78,528</u>	<u>153,139</u>
<b>Net Position</b>			
Net investment in capital assets	724,392	938,669	1,663,061
Unrestricted	<u>(762,161)</u>	<u>2,041,417</u>	<u>1,279,256</u>
<b>Total Net Position</b>	<u>\$ (37,769)</u>	<u>\$ 2,980,086</u>	<u>\$ 2,942,317</u>

*See independent auditors' report.*

# TOWN OF AMHERST, MASSACHUSETTS

## OTHER INFORMATION COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – NONMAJOR ENTERPRISE FUNDS

**FOR THE YEAR ENDED JUNE 30, 2023**

	Landfill Fund	Transportation Fund	Total Nonmajor Enterprise Funds
<b>Operating Revenues</b>			
Charges for services	\$ 676,912	\$ 1,027,307	\$ 1,704,219
<b>Total Operating Revenues</b>	<u>676,912</u>	<u>1,027,307</u>	<u>1,704,219</u>
<b>Operating Expenses</b>			
Salaries and benefits	275,215	306,376	581,591
Other operating expenses	192,251	255,567	447,818
Depreciation	<u>25,405</u>	<u>160,685</u>	<u>186,090</u>
<b>Total Operating Expenses</b>	<u>492,871</u>	<u>722,628</u>	<u>1,215,499</u>
<b>Operating Income</b>	<u>184,041</u>	<u>304,679</u>	<u>488,720</u>
<b>Nonoperating Revenues</b>			
Investment income	13,520	12,072	25,592
Other nonoperating income	<u>713</u>	<u>737</u>	<u>1,450</u>
<b>Total Nonoperating Revenues</b>	<u>14,233</u>	<u>12,809</u>	<u>27,042</u>
<b>Change in Net Position</b>	198,274	317,488	515,762
<b>Net Position, Beginning of Year</b>	<u>(236,043)</u>	<u>2,662,598</u>	<u>2,426,555</u>
<b>Net Position, End of Year</b>	<u><u>\$ (37,769)</u></u>	<u><u>\$ 2,980,086</u></u>	<u><u>\$ 2,942,317</u></u>

*See independent auditors' report.*

# TOWN OF AMHERST, MASSACHUSETTS

## OTHER INFORMATION COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS

**FOR THE YEAR ENDED JUNE 30, 2023**

	Landfill Fund	Transportation Fund	Total Nonmajor Enterprise Funds
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 678,399	\$ 708,213	\$ 1,386,612
Payments to employees	(295,902)	(387,468)	(683,370)
Payments to vendors	(228,606)	(252,823)	(481,429)
<b>Net Cash Provided by Operating Activities</b>	<u>153,891</u>	<u>67,922</u>	<u>221,813</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Other nonoperating income	<u>713</u>	<u>737</u>	<u>1,450</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>713</u>	<u>737</u>	<u>1,450</u>
<b>Cash Flows From Investing Activities</b>			
Investment purchases	(152,406)	(94,945)	(247,351)
Investment income	<u>13,520</u>	<u>12,072</u>	<u>25,592</u>
<b>Net Cash Used in Investing Activities</b>	<u>(138,886)</u>	<u>(82,873)</u>	<u>(221,759)</u>
<b>Net Change in Cash and Short-Term Investments</b>	15,718	(14,214)	1,504
<b>Cash and Short-Term Investments - Beginning of year</b>	<u>79,403</u>	<u>106,848</u>	<u>186,251</u>
<b>Cash and Short-Term Investments - End of year</b>	<u>\$ 95,121</u>	<u>\$ 92,634</u>	<u>\$ 187,755</u>

*See independent auditors' report.*



# TOWN OF AMHERST, MASSACHUSETTS

## OTHER INFORMATION COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS (CONTINUED)

**FOR THE YEAR ENDED JUNE 30, 2023**

	Landfill Fund	Transportation Fund	Total Nonmajor Enterprise Funds
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 184,041	\$ 304,679	\$ 488,720
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	25,405	160,685	186,090
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees receivable and departmental receivables	1,487	(319,094)	(317,607)
Deferred outflows - related to pension	(39,188)	(55,175)	(94,363)
Deferred outflows - related to OPEB	16,212	14,904	31,116
Accounts payable	3,645	2,744	6,389
Landfill liability	(40,000)	--	(40,000)
Compensated absences liability	1,160	(2,465)	(1,305)
Net pension liability	109,792	154,184	263,976
Net OPEB liability	9,680	(33,888)	(24,208)
Deferred inflows - related to pension	(100,121)	(141,873)	(241,994)
Deferred inflows - related to OPEB	(18,222)	(16,779)	(35,001)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 153,891</u>	<u>\$ 67,922</u>	<u>\$ 221,813</u>

*See independent auditors' report.*