



CITY OF AMESBURY, MASSACHUSETTS

Annual Financial Statements
For the Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Municipal Council
City of Amesbury, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the General Fund budgetary comparison information, and the Pension and OPEB schedules appearing on pages 62 to 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial



reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Melanson

Merrimack, New Hampshire
January 19, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Amesbury (the City), we offer readers this narrative overview and analysis of the financial activities of the City of Amesbury for the fiscal year ended June 30, 2021.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include sewer and water activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Proprietary Funds

Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for sewer and water operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer and water operations, both of which are considered to be major funds.

Fiduciary Funds

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

Notes to 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

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information required to be disclosed by accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate

compliance with this budget. Required supplementary information also includes pension and OPEB schedules.

Financial Highlights

- As of the close of the current fiscal year, the City's net position was a deficit of \$(64,729,746) as a result of the total OPEB liability. This deficit decreased by \$220,966 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$40,180,234, a decrease of \$653,402 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,927,742, an increase of \$1,063,535 in comparison to the prior year, resulting primarily from fiscal year 2021 results of operations of \$1,458,471 less fund balance assigned to offset fiscal year 2022 tax rate of \$168,305.

Government-Wide Financial Analysis

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

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 52,824	\$ 49,645	\$ 5,258	\$ 4,610	\$ 58,082	\$ 54,255
Capital assets	<u>64,505</u>	<u>61,437</u>	<u>34,570</u>	<u>36,200</u>	<u>99,075</u>	<u>97,637</u>
Total assets	117,329	111,082	39,828	40,810	157,157	151,892
Deferred outflows of resources	<u>18,463</u>	<u>26,920</u>	<u>672</u>	<u>975</u>	<u>19,135</u>	<u>27,895</u>
Total assets and deferred outflows	<u>\$ 135,792</u>	<u>\$ 138,002</u>	<u>\$ 40,500</u>	<u>\$ 41,785</u>	<u>\$ 176,292</u>	<u>\$ 179,787</u>
Other liabilities	\$ 9,493	\$ 5,868	\$ 382	\$ 272	\$ 9,875	\$ 6,140
Long-term liabilities	<u>197,234</u>	<u>211,102</u>	<u>17,588</u>	<u>19,753</u>	<u>214,822</u>	<u>230,855</u>
Total liabilities	206,727	216,970	17,970	20,025	224,697	236,995
Deferred inflows of resources	<u>15,788</u>	<u>7,361</u>	<u>536</u>	<u>382</u>	<u>16,324</u>	<u>7,743</u>
Total liabilities and deferred inflows	222,515	224,331	18,506	20,407	241,021	244,738
Net position:						
Net investment in capital assets	52,207	49,651	21,928	21,679	74,135	71,330
Restricted	6,915	4,934	-	-	6,915	4,934
Unrestricted	<u>(145,845)</u>	<u>(140,914)</u>	<u>66</u>	<u>(301)</u>	<u>(145,779)</u>	<u>(141,215)</u>
Total net position	<u>(86,723)</u>	<u>(86,329)</u>	<u>21,994</u>	<u>21,378</u>	<u>(64,729)</u>	<u>(64,951)</u>
Total liabilities, deferred inflows, and net position	<u>\$ 135,792</u>	<u>\$ 138,002</u>	<u>\$ 40,500</u>	<u>\$ 41,785</u>	<u>\$ 176,292</u>	<u>\$ 179,787</u>

CHANGES IN NET POSITION

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,464	\$ 3,234	\$ 7,150	\$ 6,414	\$ 10,614	\$ 9,648
Operating grants and contributions	25,622	21,063	-	-	25,622	21,063
Capital grants and contributions	2,633	1,825	-	-	2,633	1,825
General revenues:						
Property taxes	48,383	43,620	-	-	48,383	43,620
Excises	3,357	2,812	-	-	3,357	2,812
Penalties, interest and other taxes	207	185	-	-	207	185
Grants and contributions not restricted to specific programs	2,473	2,480	-	-	2,473	2,480
Investment income	105	130	-	-	105	130
Miscellaneous	186	497	-	-	186	497
Total revenues	<u>86,430</u>	<u>75,846</u>	<u>7,150</u>	<u>6,414</u>	<u>93,580</u>	<u>82,260</u>
Expenses:						
General government	5,846	5,221	-	-	5,846	5,221
Public safety	13,808	13,139	-	-	13,808	13,139
Education	54,861	55,226	-	-	54,861	55,226
Public works	5,373	5,986	-	-	5,373	5,986
Health and human services	1,375	1,881	-	-	1,375	1,881
Culture and recreation	1,280	1,612	-	-	1,280	1,612
Intergovernmental	2,920	2,530	-	-	2,920	2,530
Interest on long-term debt	1,324	682	-	-	1,324	682
Sewer services	-	-	2,414	2,580	2,414	2,580
Water services	-	-	4,157	4,078	4,157	4,078
Total expenses	<u>86,787</u>	<u>86,277</u>	<u>6,571</u>	<u>6,658</u>	<u>93,358</u>	<u>92,935</u>
Change in net position before transfers	(357)	(10,431)	579	(244)	222	(10,675)
Transfers in (out)	(37)	-	37	-	-	-
Change in net position	(394)	(10,431)	616	(244)	222	(10,675)
Net position - beginning of year, as reclassified	<u>(86,329)</u>	<u>(75,898)</u>	<u>21,378</u>	<u>21,622</u>	<u>(64,951)</u>	<u>(54,276)</u>
Net position - end of year	<u>\$ (86,723)</u>	<u>\$ (86,329)</u>	<u>\$ 21,994</u>	<u>\$ 21,378</u>	<u>\$ (64,729)</u>	<u>\$ (64,951)</u>

The largest portion of net position, \$74,134,862, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, 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, \$6,915,064, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit of \$(145,779,672) primarily resulting from the City's unfunded net pension and OPEB liabilities.

Governmental Activities

Governmental activities for the year resulted in a decrease in net position of \$(394,941). Tax rate increased on all classes of property, and property values increased due to new growth and increased local real estate market values. Total expenses remained consistent from prior year. Overall, governmental activities incurred almost breakeven results.

Business-Type Activities

Business-type activities for the year resulted in an increase in net position of \$615,907. This was primarily due to an increase in revenue of \$735,458 in comparison to the prior year.

Financial Analysis of Funds

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

Governmental Funds

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

As of the end of the current fiscal year, governmental funds reported a decrease of \$(653,402), for a combined ending fund balance of \$40,180,234. For general fund results, see the following section. The Amesbury Elementary School major fund reported a decrease of \$(781,640) for an ending fund balance of \$27,809,256. This project was funded by issuance of debt in prior years as well as current reimbursements from the Massachusetts School Building Authority for a percentage of the costs. Nonmajor governmental funds reported a decrease of \$(1,330,233) for combined ending fund balance of \$6,442,006. The change in the nonmajor governmental funds was primarily due to South Hunt Road project costs of \$3,627,721, which was covered by intergovernmental revenue \$1,247,016 as well as debt that was issued in prior years.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,927,742, while total fund balance was \$5,928,972. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>	% of <u>Total General Fund Expenditures</u>
Unassigned fund balance ¹	\$ 4,927,742	\$ 3,864,207	\$ 1,063,535	7.3%
Total fund balance ²	\$ 5,928,972	\$ 4,470,501	\$ 1,458,471	8.7%

¹ Includes General stabilization fund.

² Includes General and Smart Growth stabilization funds.

The total fund balance of the general fund increased by \$1,458,471 during the current fiscal year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (873,731)
Expenditures less than budget	845,221
Revenues in excess of budget	1,540,385
Other factors	<u>(53,404)</u>
Total	\$ <u>1,458,471</u>

Included in the total general fund balance are the City's stabilization accounts with the following balances:

	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>
General stabilization (unassigned)	\$ 592,812	\$ 1,188,232	\$ (595,420)
Smart growth stabilization (committed)	<u>207,695</u>	<u>327,296</u>	<u>(119,601)</u>
Total	\$ <u>800,507</u>	\$ <u>1,515,528</u>	\$ <u>(715,021)</u>

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 \$65,795, an increase of \$366,998 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 change in appropriations of \$413,168 primarily due to use of prior year assigned fund balance of \$201,745 towards fiscal year 2021 expenditures.

Property taxes came in \$727,526 in excess of budget due to timing of receipts. Excise taxes came in \$768,590 in excess of budget primarily due to first year receiving cannabis excise and therefore, the budget was conservative.

Youth Services continued to have a decline in services due to COVID and as a result had more appropriation turn back than usual, in an amount of \$154,322. The Massachusetts Interlocal Insurance Association (MIIA) offered a premium free month which contributed to employee benefits unspent appropriation of \$102,505. The police department generally turns back funds. For fiscal year 2021, the police department unspent appropriation was \$135,189.

Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$99,075,148 (net of accumulated depreciation), an increase of \$1,437,382 from the prior year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress.

Major capital asset events during the current fiscal year included the Amesbury Elementary School construction costs of \$1,614,490 and South Hunt Road improvements of \$3,627,721.

Credit Rating

The City is currently assigned an "AA" rating from Standard and Poor's for general obligation debt.

Long-Term Debt

At the end of the current fiscal year, total bonds and loans payable outstanding was \$56,795,773, all of which was backed by the full faith and credit of the government.

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

Requests for Information

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

Chief Financial Officer
City of Amesbury
62 Friend Street
Amesbury, MA 01913

CITY OF AMESBURY, MASSACHUSETTS

Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Current:			
Cash and short-term investments	\$ 47,786,330	\$ 3,226,284	\$ 51,012,614
Investments	1,680,965	-	1,680,965
Receivables, net of allowance for uncollectibles:			
Property taxes	2,640,276	-	2,640,276
Excises	347,506	-	347,506
User fees	-	2,031,531	2,031,531
Police and fire details	125,927	-	125,927
Ambulance	<u>242,958</u>	<u>-</u>	<u>242,958</u>
Total current assets	52,823,962	5,257,815	58,081,777
Noncurrent:			
Land and construction in progress	11,124,113	1,053,846	12,177,959
Other capital assets, net of accumulated depreciation	<u>53,381,060</u>	<u>33,516,129</u>	<u>86,897,189</u>
Total noncurrent assets	<u>64,505,173</u>	<u>34,569,975</u>	<u>99,075,148</u>
Total assets	117,329,135	39,827,790	157,156,925
Deferred Outflows of Resources			
Related to pensions	6,464,880	449,430	6,914,310
Related to OPEB	<u>11,998,387</u>	<u>222,978</u>	<u>12,221,365</u>
Total deferred outflows of resources	<u>18,463,267</u>	<u>672,408</u>	<u>19,135,675</u>
Total Assets and Deferred Outflows of Resources	\$ <u><u>135,792,402</u></u>	\$ <u><u>40,500,198</u></u>	\$ <u><u>176,292,600</u></u>

(continued)

CITY OF AMESBURY, MASSACHUSETTS

Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
(continued)			
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current:			
Accounts payable	\$ 3,166,889	\$ 152,748	\$ 3,319,637
Accrued liabilities	3,498,479	229,709	3,728,188
Unearned revenue	1,817,582	-	1,817,582
Notes payable	1,000,000	-	1,000,000
Other liabilities	10,659	-	10,659
Current portion of long-term liabilities:			
Bonds and loans payable	2,366,307	1,838,980	4,205,287
Capital leases	224,632	28,747	253,379
Compensated absences	91,178	13,982	105,160
Total current liabilities	12,175,726	2,264,166	14,439,892
Noncurrent:			
Bonds and loans payable, net of current portion	41,816,527	10,773,959	52,590,486
Net pension liability	36,330,934	2,525,680	38,856,614
Total OPEB liability	115,198,491	2,140,853	117,339,344
Capital leases, net of current portion	137,952	-	137,952
Compensated absences, net of current portion	1,067,812	265,651	1,333,463
Total noncurrent liabilities	194,551,716	15,706,143	210,257,859
Total liabilities	206,727,442	17,970,309	224,697,751
Deferred Inflows of Resources			
Related to pensions	4,758,752	330,823	5,089,575
Related to OPEB	11,030,038	204,982	11,235,020
Total deferred inflows of resources	15,788,790	535,805	16,324,595
Net Position			
Net investment in capital assets	52,206,573	21,928,289	74,134,862
Restricted for:			
Circuit Breaker	1,545,733	-	1,545,733
School Choice	941,152	-	941,152
Other purposes	3,409,400	-	3,409,400
Permanent funds:			
Nonexpendable	600,054	-	600,054
Expendable	418,725	-	418,725
Unrestricted (deficit)	(145,845,467)	65,795	(145,779,672)
Total Net Position	(86,723,830)	21,994,084	(64,729,746)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 135,792,402	\$ 40,500,198	\$ 176,292,600

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

CITY OF AMESBURY, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 5,846,051	\$ 1,091,640	\$ 2,555,341	\$ -	\$ (2,199,070)	\$ -	\$ (2,199,070)
Public safety	13,807,737	1,896,718	236,638	-	(11,674,381)	-	(11,674,381)
Education	54,860,680	182,714	22,501,109	1,235,171	(30,941,686)	-	(30,941,686)
Public works	5,373,136	43,589	43,261	1,310,221	(3,976,065)	-	(3,976,065)
Health and human services	1,375,073	32,317	227,793	87,484	(1,027,479)	-	(1,027,479)
Culture and recreation	1,280,153	216,849	57,437	-	(1,005,867)	-	(1,005,867)
Intergovernmental	2,919,669	-	-	-	(2,919,669)	-	(2,919,669)
Interest	<u>1,324,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,324,392)</u>	<u>-</u>	<u>(1,324,392)</u>
Total Governmental Activities	86,786,891	3,463,827	25,621,579	2,632,876	(55,068,609)	-	(55,068,609)
Business-Type Activities:							
Sewer services	2,414,056	2,961,353	-	-	-	547,297	547,297
Water services	<u>4,156,942</u>	<u>4,188,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,360</u>	<u>31,360</u>
Total Business-Type Activities	<u>6,570,998</u>	<u>7,149,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,657</u>	<u>578,657</u>
Total	<u>\$ 93,357,889</u>	<u>\$ 10,613,482</u>	<u>\$ 25,621,579</u>	<u>\$ 2,632,876</u>	(55,068,609)	578,657	(54,489,952)
General Revenues:							
Property taxes					48,383,291	-	48,383,291
Excises					3,356,713	-	3,356,713
Penalties, interest and other taxes					207,428	-	207,428
Grants and contributions not restricted to specific programs					2,472,696	-	2,472,696
Investment income					104,638	-	104,638
Miscellaneous					186,152	-	186,152
Transfers, net:					<u>(37,250)</u>	<u>37,250</u>	<u>-</u>
Total general revenues					<u>54,673,668</u>	<u>37,250</u>	<u>54,710,918</u>
Change in Net Position					(394,941)	615,907	220,966
Net Position							
Beginning of year, as reclassified					<u>(86,328,889)</u>	<u>21,378,177</u>	<u>(64,950,712)</u>
End of year					<u>\$ (86,723,830)</u>	<u>\$ 21,994,084</u>	<u>\$ (64,729,746)</u>

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

CITY OF AMESBURY, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Amesbury Elementary School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and short-term investments	\$ 9,575,750	\$ 27,809,256	\$ 10,401,323	\$ 47,786,329
Investments	800,507	-	880,458	1,680,965
Receivables:				
Property taxes	3,164,276	-	-	3,164,276
Excises	554,506	-	-	554,506
Ambulance	-	-	460,885	460,885
Total Assets	<u>\$ 14,095,039</u>	<u>\$ 27,809,256</u>	<u>\$ 11,742,666</u>	<u>\$ 53,646,961</u>
Liabilities				
Warrants payable	\$ 1,466,386	\$ -	\$ 1,700,503	\$ 3,166,889
Accrued liabilities	2,970,240	-	321,690	3,291,930
Unearned revenue	-	-	1,817,582	1,817,582
Notes payable	-	-	1,000,000	1,000,000
Other liabilities	10,659	-	-	10,659
Total Liabilities	4,447,285	-	4,839,775	9,287,060
Deferred Inflows of Resources				
Unavailable revenues	3,718,782	-	460,885	4,179,667
Fund Balances				
Nonspendable	-	-	600,054	600,054
Restricted	-	27,809,256	8,109,509	35,918,765
Committed	671,740	-	195,530	867,270
Assigned	329,490	-	-	329,490
Unassigned	4,927,742	-	(2,463,087)	2,464,655
Total Fund Balances	<u>5,928,972</u>	<u>27,809,256</u>	<u>6,442,006</u>	<u>40,180,234</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,095,039</u>	<u>\$ 27,809,256</u>	<u>\$ 11,742,666</u>	<u>\$ 53,646,961</u>

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

CITY OF AMESBURY, MASSACHUSETTS

Reconciliation of Total Governmental Fund
Balances to Net Position of Governmental
Activities in the Statement of Net Position

June 30, 2021

Total governmental fund balances	\$	40,180,234
<ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 		64,505,173
<ul style="list-style-type: none"> • Revenues are reported on the accrual basis of accounting and are not deferred until collection. 		3,356,667
<ul style="list-style-type: none"> • Deferred outflows and inflows of pension resources are not financial resources nor are they available to pay current-period expenditures. Pension related outflows and inflows consist of: <ul style="list-style-type: none"> Deferred outflows Deferred inflows 		6,464,880 (4,758,752)
<ul style="list-style-type: none"> • Deferred outflows and inflows of OPEB resources are not financial resources nor are they available to pay current-period expenditures. OPEB related outflows and inflows consist of: <ul style="list-style-type: none"> Deferred outflows Deferred inflows 		11,998,387 (11,030,038)
<ul style="list-style-type: none"> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 		(206,548)
<ul style="list-style-type: none"> • Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds <ul style="list-style-type: none"> Bonds payable Net pension liability Total OPEB liability Capital leases Compensated absences 		(44,182,834) (36,330,934) (115,198,491) (362,584) <u>(1,158,990)</u>
Net position of governmental activities	\$	<u>(86,723,830)</u>

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

CITY OF AMESBURY, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Amesbury Elementary School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 48,437,858	\$ -	\$ -	\$ 48,437,858
Excise taxes	3,336,679	-	-	3,336,679
Penalties, interest and other taxes	207,428	-	-	207,428
Charges for services	141,906	-	2,275,781	2,417,687
Intergovernmental	15,444,167	1,235,171	9,397,467	26,076,805
Licenses and permits	708,428	-	70,086	778,514
Fines and forfeitures	44,571	-	-	44,571
Investment income	78,961	-	25,678	104,639
Contributions	-	-	200,321	200,321
Miscellaneous	<u>179,685</u>	<u>-</u>	<u>6,466</u>	<u>186,151</u>
Total Revenues	68,579,683	1,235,171	11,975,799	81,790,653
Expenditures				
Current:				
General government	2,508,630	-	1,882,589	4,391,219
Public safety	8,308,020	-	2,008,945	10,316,965
Education	38,723,615	2,016,811	4,159,382	44,899,808
Public works	4,043,167	-	3,986,414	8,029,581
Health and human services	903,404	-	297,422	1,200,826
Culture and recreation	798,847	-	94,971	893,818
Employee benefits	6,317,511	-	-	6,317,511
Debt service:				
Principal	1,994,100	-	-	1,994,100
Interest	1,422,015	-	-	1,422,015
Fiscal charges	-	-	262,334	262,334
Intergovernmental	<u>2,919,669</u>	<u>-</u>	<u>-</u>	<u>2,919,669</u>
Total Expenditures	<u>67,938,978</u>	<u>2,016,811</u>	<u>12,692,057</u>	<u>82,647,846</u>
Excess (deficiency) of revenues over expenditures	640,705	(781,640)	(716,258)	(857,193)
Other Financing Sources (Uses)				
Issuance of capital leases	241,041	-	-	241,041
Transfers in	1,155,887	-	387,591	1,543,478
Transfers out	<u>(579,162)</u>	<u>-</u>	<u>(1,001,566)</u>	<u>(1,580,728)</u>
Total Other Financing Sources (Uses)	<u>817,766</u>	<u>-</u>	<u>(613,975)</u>	<u>203,791</u>
Change in fund balance	1,458,471	(781,640)	(1,330,233)	(653,402)
Fund Balance at Beginning of Year, as reclassified	<u>4,470,501</u>	<u>28,590,896</u>	<u>7,772,239</u>	<u>40,833,636</u>
Fund Balance, at End of Year	<u>\$ 5,928,972</u>	<u>\$ 27,809,256</u>	<u>\$ 6,442,006</u>	<u>\$ 40,180,234</u>

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

CITY OF AMESBURY, MASSACHUSETTS

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ (653,402)																										
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital asset additions</td> <td align="right">6,375,106</td> </tr> <tr> <td>Net effect of capital asset disposals</td> <td align="right">(540,788)</td> </tr> <tr> <td>Depreciation</td> <td align="right">(2,766,091)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenues. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="right">188,525</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Repayments or redemptions of bonds</td> <td align="right">2,145,000</td> </tr> <tr> <td>Issuance of leases</td> <td align="right">(241,041)</td> </tr> <tr> <td>Repayments of leases</td> <td align="right">372,837</td> </tr> </table> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td align="right">209,058</td> </tr> </table> • Pension and OPEB liabilities, including related outflows and inflows are reported in the statement of net position and the statement of activities, but are not reported in governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Change in net pension liability</td> <td align="right">2,878,280</td> </tr> <tr> <td>Change in pension related deferred outflows and inflows of resources</td> <td align="right">(2,790,012)</td> </tr> <tr> <td>Change in total OPEB liability</td> <td align="right">8,295,961</td> </tr> <tr> <td>Change in OPEB related deferred outflows and inflows of resources</td> <td align="right">(14,094,804)</td> </tr> </table> • Some expenses reported in the Statement of Activities do not require the use of financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Change in compensated absences liability</td> <td align="right"><u>226,430</u></td> </tr> </table> 		Capital asset additions	6,375,106	Net effect of capital asset disposals	(540,788)	Depreciation	(2,766,091)		188,525	Repayments or redemptions of bonds	2,145,000	Issuance of leases	(241,041)	Repayments of leases	372,837		209,058	Change in net pension liability	2,878,280	Change in pension related deferred outflows and inflows of resources	(2,790,012)	Change in total OPEB liability	8,295,961	Change in OPEB related deferred outflows and inflows of resources	(14,094,804)	Change in compensated absences liability	<u>226,430</u>
Capital asset additions	6,375,106																										
Net effect of capital asset disposals	(540,788)																										
Depreciation	(2,766,091)																										
	188,525																										
Repayments or redemptions of bonds	2,145,000																										
Issuance of leases	(241,041)																										
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	209,058																										
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Change in total OPEB liability	8,295,961																										
Change in OPEB related deferred outflows and inflows of resources	(14,094,804)																										
Change in compensated absences liability	<u>226,430</u>																										
Change in net position of governmental activities	\$ <u><u>(394,941)</u></u>																										

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

CITY OF AMESBURY, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets and Deferred			
Outflows of Resources			
Assets			
Current:			
Cash and short-term investments	\$ 1,407,634	\$ 1,818,650	\$ 3,226,284
User fees	<u>821,282</u>	<u>1,210,249</u>	<u>2,031,531</u>
Total current assets	2,228,916	3,028,899	5,257,815
Noncurrent:			
Land	331,418	722,428	1,053,846
Other capital assets, net of accumulated depreciation	<u>11,314,233</u>	<u>22,201,896</u>	<u>33,516,129</u>
Total noncurrent assets	<u>11,645,651</u>	<u>22,924,324</u>	<u>34,569,975</u>
Total assets	13,874,567	25,953,223	39,827,790
Deferred Outflows of Resources			
Related to pensions	165,943	283,487	449,430
Related to OPEB	<u>70,169</u>	<u>152,809</u>	<u>222,978</u>
Total deferred outflows of resources	<u>236,112</u>	<u>436,296</u>	<u>672,408</u>
Total Assets and Deferred			
Outflows of Resources	\$ <u>14,110,679</u>	\$ <u>26,389,519</u>	\$ <u>40,500,198</u>

(continued)

CITY OF AMESBURY, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
(continued)			
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current:			
Accounts payable	\$ 80,090	\$ 72,658	\$ 152,748
Accrued liabilities	74,467	155,242	229,709
Current portion of long-term liabilities:			
Bonds and loans payable	930,013	908,967	1,838,980
Capital leases	-	28,747	28,747
Compensated absences	4,811	9,171	13,982
Total current liabilities	1,089,381	1,174,785	2,264,166
Noncurrent:			
Bonds and loans payable, net of current portion	1,610,060	9,163,899	10,773,959
Net pension liability	932,559	1,593,121	2,525,680
Total OPEB liability	673,708	1,467,145	2,140,853
Compensated absences, net of current portion	91,404	174,247	265,651
Total noncurrent liabilities	3,307,731	12,398,412	15,706,143
Total liabilities	4,397,112	13,573,197	17,970,309
Deferred Inflows of Resources			
Related to pensions	122,150	208,673	330,823
Related to OPEB	64,506	140,476	204,982
Total deferred inflows of resources	186,656	349,149	535,805
Net Position			
Net investment in capital assets	9,105,578	12,822,711	21,928,289
Unrestricted	421,333	(355,538)	65,795
Total Net Position	9,526,911	12,467,173	21,994,084
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 14,110,679	\$ 26,389,519	\$ 40,500,198

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

CITY OF AMESBURY, MASSACHUSETTS

Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Operating Revenues			
Charges for services	\$ <u>2,961,353</u>	\$ <u>4,188,302</u>	\$ <u>7,149,655</u>
Total Operating Revenues	2,961,353	4,188,302	7,149,655
Operating Expenses			
Salaries and benefits	1,001,218	1,708,692	2,709,910
Other operating expenses	972,852	1,184,173	2,157,025
Depreciation	<u>600,291</u>	<u>1,030,554</u>	<u>1,630,845</u>
Total Operating Expenses	<u>2,574,361</u>	<u>3,923,419</u>	<u>6,497,780</u>
Operating Income	386,992	264,883	651,875
Nonoperating Revenues (Expenses)			
Intergovernmental revenue	255,360	-	255,360
Interest expense	(95,055)	(233,523)	(328,578)
Transfers in	197,468	-	197,468
Transfers out	<u>-</u>	<u>(160,218)</u>	<u>(160,218)</u>
Total Nonoperating Revenues (Expenses), Net	<u>357,773</u>	<u>(393,741)</u>	<u>(35,968)</u>
Change in Net Position	744,765	(128,858)	615,907
Net Position at Beginning of Year	<u>8,782,146</u>	<u>12,596,031</u>	<u>21,378,177</u>
Net Position at End of Year	<u>\$ <u>9,526,911</u></u>	<u>\$ <u>12,467,173</u></u>	<u>\$ <u>21,994,084</u></u>

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

CITY OF AMESBURY, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 2,933,927	\$ 4,142,174	\$ 7,076,101
Payments to vendor for goods and services	(918,438)	(1,122,294)	(2,040,732)
Payments of employees' wages and related benefits	<u>(928,501)</u>	<u>(1,614,619)</u>	<u>(2,543,120)</u>
Net Cash Provided by Operating Activities	1,086,988	1,405,261	2,492,249
Cash Flows From Noncapital Financing Activities			
Transfers in	197,468	-	197,468
Transfers out	<u>-</u>	<u>(160,218)</u>	<u>(160,218)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>197,468</u>	<u>(160,218)</u>	<u>37,250</u>
Cash Flows from Capital Financing Activities			
Acquisition and construction of capital assets	(15,357)	-	(15,357)
Principal payments on bonds and leases	(666,652)	(942,385)	(1,609,037)
Interest expense	<u>(100,568)</u>	<u>(230,097)</u>	<u>(330,665)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(782,577)</u>	<u>(1,172,482)</u>	<u>(1,955,059)</u>
Net Change in Cash and Short-Term Investments	501,879	72,561	574,440
Cash and Short-Term Investments, Beginning of Year	<u>905,755</u>	<u>1,746,089</u>	<u>2,651,844</u>
Cash and Short-Term Investments, End of Year	<u>\$ 1,407,634</u>	<u>\$ 1,818,650</u>	<u>\$ 3,226,284</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 386,992	\$ 264,883	\$ 651,875
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	600,291	1,030,554	1,630,845
Changes in assets, deferred outflows, liabilities, and deferred inflows:			
User fees	(27,425)	(46,128)	(73,553)
Deferred outflows	105,948	196,382	302,330
Accounts payable	54,413	53,911	108,324
Accrued liabilities	(2,956)	7,488	4,532
Compensated absences	44,038	24,584	68,622
Net pension liability	(73,881)	(126,214)	(200,095)
Total OPEB liability	(48,532)	(105,670)	(154,202)
Deferred inflows	<u>48,100</u>	<u>105,471</u>	<u>153,571</u>
Net Cash Provided By Operating Activities	<u>\$ 1,086,988</u>	<u>\$ 1,405,261</u>	<u>\$ 2,492,249</u>
Schedule of non-cash capital and related financing activities:			
Intergovernmental debt subsidies (MWPAT)	\$ 255,360	\$ -	\$ 255,360

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

CITY OF AMESBURY, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Pension Trust Fund (As of <u>December 31, 2020</u>)	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
Assets			
Cash and short-term investments	\$ 2,165,336	\$ 38,826	\$ 87,226
Investments:			
PRIT	64,641,633	-	-
Corporate equities	-	210,664	-
Corporate bonds	-	974,334	-
Certificates of deposit	-	226,125	-
U.S. Treasury and agency securities	<u>-</u>	<u>523,150</u>	<u>-</u>
Total investments	<u>64,641,633</u>	<u>1,934,273</u>	<u>-</u>
Total Assets	\$ <u>66,806,969</u>	\$ <u>1,973,099</u>	\$ <u>87,226</u>
Liabilities			
Accounts payable	\$ 75	\$ -	\$ 30,886
Net Position			
Restricted for pension	66,806,894	-	-
Restricted for other purposes	<u>-</u>	<u>1,973,099</u>	<u>56,340</u>
Total Net Position	<u>66,806,894</u>	<u>1,973,099</u>	<u>56,340</u>
Total Liabilities and Net Position	\$ <u>66,806,969</u>	\$ <u>1,973,099</u>	\$ <u>87,226</u>

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

CITY OF AMESBURY, MASSACHUSETTS

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	Pension Trust Fund (For the Year Ended <u>December 31, 2020</u>)	Private Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
Additions			
Contributions:			
Employers	\$ 4,312,382	\$ -	\$ -
Plan members	1,704,876	-	-
Other systems and Commonwealth of Massachusetts	260,158	-	-
Other	<u>-</u>	<u>22,903</u>	<u>-</u>
Total contributions	6,277,416	22,903	-
Investment Income:			
Investment earnings	7,181,824	58,208	-
Less: management fees	<u>(284,823)</u>	<u>-</u>	<u>-</u>
Net investment income	6,897,001	58,208	-
Fees for activities	<u>-</u>	<u>-</u>	<u>92,358</u>
Total additions	13,174,417	81,111	92,358
Deductions			
Benefit payments to plan members and beneficiaries	7,064,454	-	-
Refunds to plan members	183,632	-	-
Transfers to other systems	382,468	-	-
Administrative expenses	182,711	-	-
Payments on behalf of students	-	-	124,696
Other	<u>377,487</u>	<u>21,385</u>	<u>-</u>
Total deductions	<u>8,190,752</u>	<u>21,385</u>	<u>124,696</u>
Net increase (decrease)	4,983,665	59,726	(32,338)
Fiduciary Net Position Restricted for Pensions and Other Purposes			
Beginning of year	<u>61,823,229</u>	<u>1,913,373</u>	<u>88,678</u>
End of year	\$ <u><u>66,806,894</u></u>	\$ <u><u>1,973,099</u></u>	\$ <u><u>56,340</u></u>

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

CITY OF AMESBURY, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

Reporting Entity

The City is a municipal corporation governed by an elected Mayor and Municipal Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. The component unit discussed below is included in the City's reporting entity because of the significance of its relationship with the City.

In the Fiduciary Funds: The Amesbury Contributory Retirement System was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund. Additional financial information of the System can be obtained by contacting the Amesbury Contributory Retirement System located at 62 Friend Street, Amesbury, Massachusetts 01913.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, 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.

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 and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Amesbury Elementary School Fund accounts for the construction of a new elementary school to address overcrowding and lack of programmatic space as well as to foster a 21st century learning environment.

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

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

The City reports the following major proprietary funds:

- The Water fund is used to report the City's water enterprise fund operations. Amesbury's public water system operates under strict state and federal regulations. To help meet the stringent standards, quality control and quality assurance procedures are employed at every level of water system operation. A multi-barrier approach to drinking water protection is in place to eliminate contamination from the supply water all the way to the tap. The management and employee teams charged with the responsibility for providing safe drinking water to you are skilled and well-trained. With this combination of measures, we are able to provide a safe and reliable product that is essential to this community.
- The Sewer Fund is used to report the City's sewer enterprise fund operations. The wastewater treatment facility is located at 19 Merrimac Street and is staffed by certified operators who conduct testing and maintenance throughout the year. The staff also maintains the collection system which includes of twenty pumping stations, and over fifty low pressure grinder pumps located throughout the City. The gravity collection system consists of over fifty miles of mains ranging in size from six inches to thirty-six inches and is constructed mainly of both vitrified clay and PVC piping. The Amesbury WWTP has been expanded and upgraded to treat an average daily flow of 2.4 million gallons per day and a peak hourly flow of 8.4 million gallons per day. The WWTP is a secondary treatment facility that employs the following unit processes to treat the City's wastewater and septage; influent pumping, screening, grit removal, secondary biological treatment by means of the conventional activated sludge process, and effluent disinfection with sodium hypochlorite solution.

The *Pension Trust Fund* accounts for the activities of the Employees Contributory Retirement System, which accumulates resources for pension benefit payments to qualified employees.

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

The *Custodial Funds* account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. The City's custodial funds consist of student activity funds.

Deposits and Investments

A cash and investment pool is maintained that is available for use by all funds, except those required to be segregated by law. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. The interest earnings attributable to each fund type are included under investment income.

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.

Investments are carried at fair value.

The City conforms to the municipal finance laws of the Commonwealth of Massachusetts, including Massachusetts General Laws Chapter 44, Sections 54 and 55, with respect to investment of trust funds and public funds on deposit, limitations, and investments.

Investments in the Amesbury Retirement System are held in the Pension Reserve Investment Trust Fund (PRIT), which is maintained by the Massachusetts Pension Reserves Investment Management Board (PRIM).

Property Tax Limitations

Legislation known as "Proposition 2½" 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 percent (excluding new growth), unless an override is voted. The actual fiscal year 2021 tax levy reflected an excess capacity of \$3,578,431.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of at least one year. 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.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Infrastructure	40
Vehicles	5
Office equipment	5 - 10
Computer equipment	5

Compensated Absences

It is the City’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.

Long-Term Liabilities

All long-term liabilities are reported in the government-wide and proprietary funds *Statement of Net Position*. Bond premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The unamortized portion is presented in the *Statement of Net Position* as a component of bonds and loans payable. Bond issuance costs are reported as expenses when incurred.

Fund Equity

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

Fund Balance

Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The City's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds represent amounts that cannot be spend because they are legally or contractually required to be maintained intact (i.e., perpetual care and corpus in library trusts).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended. In the case of capital project funds, these funds are restricted for projects financed by bonds. The restricted fund balance in permanent funds represents the income portion of those funds.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision-making authority of the City. The fund balance classification includes special article appropriations approved by City Council, Smart Growth stabilization funds set aside by City Council vote for future capital acquisitions and improvements, and capital projects financed through interfund transactions.
- 4) Assigned funds represent amounts that are constrained by the City's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various City departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.
- 5) Unassigned funds represent the residual classification for the general fund and include all amounts not contained in the other classifications. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the general fund.

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

Net Position

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

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Mayor 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 Municipal 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 special City Council meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Municipal Council is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental 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. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

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

Excess of Expenditures Over Appropriations

Capital expenditures in the General Fund were overspent by \$(126,817).

Deficit Fund Equity

The following funds had deficits as of June 30, 2021:

Nonmajor governmental funds:	
Special Revenue Funds:	
COVID-19 vaccines fund	\$ (439,692)
COVID-19 fund	(250,180)
Police detail fund	(105,339)
Other deficit funds	(425,318)
Capital Projects Funds:	
Streets and sidewalks	(995,896)
Chapter 90 highway fund	(244,994)
Other deficit funds	<u>(1,668)</u>
Total nonmajor governmental funds:	\$ <u>(2,463,087)</u>

The deficit in the Streets and Sidewalks Fund is covered by a \$1,000,000 bond anticipation note. All other deficits will be eliminated through future intergovernmental revenues, issuance of bonds, or transfers from other funds.

3. Deposits and Investments

Custodial Credit Risk

The custodial credit risk for deposits or investments is the risk that in the event of the failure of the bank or counterparty to a transaction, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. Massachusetts General Law Chapter 44, Section 55, limits the City’s deposits “in a bank or trust company or banking company to an amount not exceeding sixty percent 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.”

Massachusetts General Law Chapter 32, Section 23, limits the Contributory Retirement System’s deposits “in a bank or trust company to an amount not exceeding ten percent of the capital and surplus of such bank or trust company.”

The City and the System do not have a deposit or investment policy for custodial credit risk.

As of June 30, 2021, none of the City’s bank balance of \$51,263,851 was exposed to custodial credit risk as uninsured or uncollateralized. The City’s investments are held in the City’s name by the City’s brokerage firm.

As of December 31, 2020, \$1,227,749 of the System’s bank balance of \$2,227,749 was exposed to custodial credit risk as uninsured or uncollateralized. The System’s investment of \$64,641,633 in PRIT, a state investment pool, was not subject to custodial credit risk disclosure.

Investment Summary

The following is a summary of the City’s investments as of June 30, 2021:

<u>Investment Type</u>	
U.S. Treasury notes	\$ 260,208
Federal agency securities	466,952
Corporate bonds	1,804,410
Corporate equities	664,898
Market-linked certificates of deposit	<u>418,770</u>
Total investments	\$ <u>3,615,238</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law, Chapter 44, Section 55 limits the City’s investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

All U.S. Treasury Notes have an implied credit rating of Aaa. The actual Moody’s rating breakdown as of year-end for other debt related investments of the primary government are as follows:

<u>Investment Type</u>	<u>Amount</u>	Rating as of			
		Year End			
		<u>Aaa</u>	<u>A1 - A3</u>	<u>Baa1 - Baa2</u>	<u>Unrated</u>
Federal agency securities	\$ 466,952	\$ 466,952	\$ -	\$ -	\$ -
Corporate bonds	1,804,410	-	1,082,192	722,218	-
Market-linked CDs	<u>418,770</u>	-	-	-	<u>418,770</u>
Total investments	\$ <u>2,690,132</u>	\$ <u>466,952</u>	\$ <u>1,082,192</u>	\$ <u>722,218</u>	\$ <u>418,770</u>

Massachusetts General Law, Chapter 32, Section 23, limits the investment of System funds, to the extent not required for current disbursements, in the PRIT fund or in securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth, provided that no more than the established percentage of assets is established in any one security.

The System invests in PRIT, a state investment pool. Fair value of the System's investments is the same as the value of the pool share. The Pension Reserves Investment Trust was created under Massachusetts General Law, Chapter 32, Section 22, in December 1983. The Pension Reserves Investment Trust is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Law, Chapter 30B.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Below is the list of investments, all corporate bonds, in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments.

The Bank of America Corporation	\$	186,236
Wells Fargo & Company	\$	205,260
Pfizer Inc.	\$	231,076
Duke Energy Corp	\$	232,340
General Electric	\$	237,825

Massachusetts General Law Chapter 32, Section 23, limits the amount the System may invest in any one issuer or security type, with the exception of the Pension Reserves Investment Trust Fund.

Interest Rate Risk

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 City and System do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Effective Duration</u>
Debt-related securities:		
U.S. Treasury notes	\$ 260,208	0.95
Federal agency securities	466,952	3.98
Corporate bonds	1,804,410	2.08
Market-linked CDs	<u>418,770</u>	1.95
Total	<u>\$ 2,950,340</u>	

The System does not maintain investments that are sensitive to market interest rate fluctuations.

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 City and System do not have policies for foreign currency risk. As of June 30, 2021, the City and System did not have any investments exposed to foreign currency risk.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by *Governmental Accounting Standards Board Statement No. 72 Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments measured at the net asset value per share (NAV) are not subject to the fair value level classification.

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

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

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

Description	Fair Value Measurements Using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments by fair value level:				
Debt securities				
U.S. Treasury notes	\$ 260,208	\$ 260,208	\$ -	\$ -
Federal agencies	466,952	-	466,952	-
Corporate bonds	1,804,410	-	1,804,410	-
Market-linked CDs	418,770	-	418,770	-
Equity securities				
Various sectors	664,898	664,898	-	-
Total	\$ 3,615,238	\$ 925,106	\$ 2,690,132	\$ -

The System's investments are measured at NAV with no unfunded commitments as of December 31, 2021. The redemption frequency is monthly and redemption notice periods is 30 days.

4. Property Taxes Receivable and Excise Taxes

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

The day after the final tax bill is due, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The City has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

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

Boat vehicle excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2021 consist of the following, net of an estimated allowance for doubtful account in the government-wide financial statements:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Net Amount (accrual basis)
Real estate taxes	\$ 760,320	\$ (231,000)	\$ 529,320
Personal property taxes	90,121	(62,000)	28,121
Tax liens	2,241,660	(224,000)	2,017,660
Other	72,175	(7,000)	65,175
Total property taxes	<u>\$ 3,164,276</u>	<u>\$ (524,000)</u>	<u>2,640,276</u>
Motor vehicle excise	\$ 500,253	\$ (166,000)	\$ 334,253
Boat excise	54,253	(41,000)	13,253
Total excises	<u>\$ 554,506</u>	<u>\$ (207,000)</u>	<u>\$ 347,506</u>

5. Water and Sewer User Charges

The City provides water and sewer services to residents. Water and sewer bills are based on usage and the City outsources the meter reading and billing to Pennichuck Corporation. The amounts reported on the *Statement of Net Position* consist of both billed and unbilled receivables.

6. Ambulance Receivable

Ambulance receivable on statement of net position includes an allowance for doubtful accounts of \$92,000.

7. Transfers

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

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,155,887	\$ 579,162
Nonmajor Funds:		
Special Revenue Funds:		
Circuit Breaker	-	36,388
Sale of cemetery lots	-	19,000
Ambulance receipts	-	800,000
Youth revolving fund	-	142,678
Capital Project Funds:		
Chapter 90	111,263	-
Permanent Funds:		
Cemetery	-	3,500
Development Improvement Fund	<u>276,328</u>	<u>-</u>
Subtotal Nonmajor Funds ⁽¹⁾	<u>387,591</u>	<u>1,001,566</u>
Subtotal Governmental Funds	<u>1,543,478</u>	<u>1,580,728</u>
<u>Proprietary Funds:</u>		
Sewer Fund	197,468	-
Water Fund	<u>-</u>	<u>160,218</u>
Subtotal Proprietary Funds	<u>197,468</u>	<u>160,218</u>
Grand Total	<u>\$ 1,740,946</u>	<u>\$ 1,740,946</u>

⁽¹⁾ Transfers in and out were netted on page 17 to eliminate activity within the nonmajor governmental funds.

The transfers are used to either move revenues from the fund that statute or budget requires the City to collect to the fund that statute or budget requires the City to expend, or use unrestricted revenues collected in the General fund to finance various programs and accounted for in other funds in accordance with budgetary authorizations.

The \$800,000 of ambulance receipts were transferred to the general fund to supplement the fire department budget, and the transfer from youth revolving fund of \$142,678 to the general fund was to supplement the youth department budget.

8. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 95,825	\$ 126	\$ -	\$ 95,951
Machinery, equipment, and furnishings	4,895	1,107	(136)	5,866
Infrastructure	<u>20,959</u>	<u>-</u>	<u>(585)</u>	<u>20,374</u>
Total capital assets, being depreciated	121,679	1,233	(721)	122,191
Less accumulated depreciation for:				
Buildings and improvements	(45,712)	(2,271)	-	(47,983)
Machinery, equipment, and furnishings	(3,106)	(377)	136	(3,347)
Infrastructure	<u>(17,406)</u>	<u>(118)</u>	<u>44</u>	<u>(17,480)</u>
Total accumulated depreciation	<u>(66,224)</u>	<u>(2,766)</u>	<u>180</u>	<u>(68,810)</u>
Total capital assets, being depreciated, net	55,455	(1,533)	(541)	53,381
Capital assets, not being depreciated:				
Land	2,827	-	-	2,827
Construction in progress	<u>3,155</u>	<u>5,268</u>	<u>(126)</u>	<u>8,297</u>
Total capital assets, not being depreciated	<u>5,982</u>	<u>5,268</u>	<u>(126)</u>	<u>11,124</u>
Governmental activities capital assets, net	<u>\$ 61,437</u>	<u>\$ 3,735</u>	<u>\$ (667)</u>	<u>\$ 64,505</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 62,213	\$ -	\$ -	\$ 62,213
Machinery, equipment, and furnishings	1,222	-	-	1,222
Infrastructure	<u>163</u>	<u>-</u>	<u>-</u>	<u>163</u>
Total capital assets, being depreciated	63,598	-	-	63,598
Less accumulated depreciation for:				
Buildings and improvements	(27,513)	(1,549)	-	(29,062)
Machinery, equipment, and furnishings	(926)	(78)	-	(1,004)
Infrastructure	<u>(12)</u>	<u>(4)</u>	<u>-</u>	<u>(16)</u>
Total accumulated depreciation	<u>(28,451)</u>	<u>(1,631)</u>	<u>-</u>	<u>(30,082)</u>
Total capital assets, being depreciated, net	35,147	(1,631)	-	33,516
Capital assets, not being depreciated:				
Land	<u>1,054</u>	<u>-</u>	<u>-</u>	<u>1,054</u>
Total capital assets, not being depreciated	<u>1,054</u>	<u>-</u>	<u>-</u>	<u>1,054</u>
Business-type activities capital assets, net	<u>\$ 36,201</u>	<u>\$ (1,631)</u>	<u>\$ -</u>	<u>\$ 34,570</u>

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

Governmental Activities:	
General government	\$ 835,507
Public safety	338,006
Education	1,006,170
Public works	366,208
Culture and recreation	<u>220,200</u>
Total depreciation expense - governmental activities	<u>\$ 2,766,091</u>
Business-Type Activities:	
Sewer	\$ 600,291
Water	<u>1,030,554</u>
Total depreciation expense - business-type activities	<u>\$ 1,630,845</u>

9. Deferred Outflows of Resources

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

10. Accounts Payable

Accounts payable represent 2021 expenditures paid after June 30, 2021.

11. Notes Payable

The City had notes payable during the year ended June 30, 2021 in the capital projects fund. The notes are bond anticipation notes and are used to fund various capital projects.

The following are changes in notes payable for the year ended June 30, 2021:

	Interest Rate	Beginning Balance	New Issues	Maturities	Ending Balance
Elementary School Feasibility Study	2.50%	\$ 432,899	\$ -	\$ (432,899)	\$ -
Roads & Sidewalks	2.50%	1,000,000	-	(1,000,000)	-
Roads & Sidewalks	1.25%	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total		<u>\$ 1,432,899</u>	<u>\$ 1,000,000</u>	<u>\$ (1,432,899)</u>	<u>\$ 1,000,000</u>

12. Capital Leases

The City is the lessee of certain equipment under capital leases expiring in various years through 2025. Future minimum lease payments under capital leases consisted of the following as of June 30, 2021:

Fiscal Year	Governmental Activities	Business-Type Activities
2022	\$ 237,167	\$ 29,575
2023	62,770	-
2024	41,977	-
2025	41,977	-
Total payments	383,891	29,575
Less amounts representing interest	(21,307)	(828)
Present Value of Minimum Lease Payments	\$ <u>362,584</u>	\$ <u>28,747</u>

13. Long-Term Debt

Long-Term Debt Supporting Activities

General obligation bonds, loans payable, and capital leases, issued by the City for various municipal projects, are approved by City Council and repaid with property taxes recorded in the General Fund and water and sewer charges recorded in the enterprise funds. Compensated absences are repaid from the funds the costs relate to, mostly the general fund, but also the water and sewer funds. The total other post-employment benefit liability and net pension liability are liquidated by the proportional share of the obligation by the General Fund, Water Fund, and Sewer Fund.

General Obligation Bonds and Loans Payable

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The City also has water pollution abatement and drinking water loans from the Massachusetts Clean Water Trust. General obligation bonds and loans payable currently outstanding are as follows:

<u>Governmental Activities:</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>6/30/21</u>
General obligation bonds (public offering):			
GOB Refunding 2014	08/15/21	2.00%	\$ 20,000
School building addition	08/01/25	3.00 - 4.00%	2,135,000
Public safety building repair and remodel	12/15/28	3.00 - 3.50%	280,000
Municipal purpose 2014	08/15/34	2.00 - 4.00%	1,300,000
Municipal purpose 2016	09/01/35	2.00 - 4.00%	6,815,000
Municipal purpose 2020	06/01/40	2.00 - 5.00%	<u>30,075,000</u>
Total Governmental Activities			<u>\$ 40,625,000</u>
<u>Business-Type Activities:</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>6/30/21</u>
General obligation bonds (public offering):			
Sewer treatment facility	08/01/28	3.00 - 4.00%	\$ 295,000
Water treatment facility	08/01/28	3.00 - 4.00%	155,000
Water treatment facility	12/15/28	3.00 - 3.50%	705,000
Water storage tank	12/15/28	3.00 - 3.50%	100,000
Sewer refunding 2014	08/15/23	2.00%	355,000
Water refunding 2014	08/15/23	2.00%	305,000
Water treatment upgrade	08/15/34	2.00 - 4.00%	<u>580,000</u>
	Subtotal general obligation bonds (public offering)		2,495,000
Loans payable (direct borrowing)			
Sewer CW 01-13	08/01/22	3.00 - 5.25%	1,130,000
Sewer CW-02-17A	08/01/23	2.00 - 5.50%	370,000
Sewer CW-02-17B	08/01/23	2.00 - 5.50%	90,000
Sewer CW-02-17C	07/15/26	0.00%	300,073
Drinking water SRF	07/15/32	2.00%	6,426,796
Water treatment - MWPAT	07/15/30	0.00%	<u>1,801,070</u>
	Subtotal loans payable (direct borrowing)		<u>10,117,939</u>
Total Business-Type Activities			<u>\$ 12,612,939</u>

Future Debt Service

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

<u>Governmental</u>	<u>General Obligation Bonds (Public Offering)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 2,175,000	\$ 1,411,665	\$ 3,586,665
2023	2,200,000	1,314,590	3,514,590
2024	2,250,000	1,217,540	3,467,540
2025	2,295,000	1,118,640	3,413,640
2026	2,345,000	1,018,252	3,363,252
2027 - 2031	10,380,000	3,757,321	14,137,321
2032 - 2036	11,500,000	1,623,069	13,123,069
2037 - 2040	7,480,000	422,643	7,902,643
Total	\$ 40,625,000	\$ 11,883,720	\$ 52,508,720

<u>Business-Type</u>	<u>General Obligation Bonds (Public Offering)</u>		<u>Loans Payable (Direct Borrowing)</u>		<u>Total Principal</u>	<u>Total Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2022	\$ 440,000	\$ 110,747	\$ 1,398,980	\$ 219,918	\$ 1,838,980	\$ 330,665
2023	430,000	116,738	1,427,590	171,127	1,857,590	287,865
2024	390,000	91,663	871,493	135,937	1,261,493	227,600
2025	200,000	63,144	730,691	118,590	930,691	181,734
2026	200,000	51,356	745,193	104,831	945,193	156,187
2027 - 2031	645,000	166,948	3,754,501	307,297	4,399,501	474,245
2032 - 2035	190,000	51,127	1,189,491	23,918	1,379,491	75,045
Total	\$ 2,495,000	\$ 651,723	\$ 10,117,939	\$ 1,081,618	\$ 12,612,939	\$ 1,733,341

Changes in General Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance 7/1/20	Additions	Reductions	Ending Balance 6/30/21	Less Current Portion	Equals Long-Term Portion 6/30/21
Governmental Activities						
General obligation bonds (public offering) \$	42,770	\$ -	\$ (2,145)	\$ 40,625	\$ (2,175)	\$ 38,450
Unamortized premium	3,749	-	(191)	3,558	(191)	3,367
Total bonds payable	46,519	-	(2,336)	44,183	(2,366)	41,817
Net pension liability	39,209	-	(2,878)	36,331	-	36,331
Total OPEB liability	123,494	-	(8,296)	115,198	-	115,198
Capital leases	494	241	(372)	363	(225)	138
Compensated absences	1,386	26	(253)	1,159	(91)	1,068
Total	\$ 211,102	\$ 267	\$ (14,135)	\$ 197,234	\$ (2,682)	\$ 194,552
Business-Type Activities						
General obligation bonds (public offering) \$	2,951	\$ -	\$ (455)	\$ 2,496	\$ (440)	\$ 2,056
Loans payable (direct borrowing)	11,498	-	(1,381)	10,117	(1,399)	8,718
Subtotal	14,449	-	(1,836)	12,613	(1,839)	10,774
Net pension liability	2,726	-	(200)	2,526	-	2,526
Total OPEB liability	2,295	-	(154)	2,141	-	2,141
Capital leases	73	-	(44)	29	(29)	-
Compensated absences	211	69	-	280	(14)	266
Total	\$ 19,754	\$ 69	\$ (2,234)	\$ 17,589	\$ (1,882)	\$ 15,707

14. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described 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 for the current year.

15. Governmental Funds - Balances

The following is a breakdown of the City's fund balances at June 30, 2021:

	General Fund	Amesbury Elementary School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ -	\$ 600,054	\$ 600,054
Total Nonspendable	-	-	600,054	600,054
Restricted				
Capital Project funds:				
Amesbury Elementary School	-	27,809,256	-	27,809,256
Athletic fields	-	-	1,378,744	1,378,744
South Hunt Road traffic plan	-	-	385,550	385,550
Other capital project funds	-	-	240,146	240,146
Special Revenue funds:				
Circuit Breaker	-	-	1,545,733	1,545,733
School Choice	-	-	941,152	941,152
Planning Board escrows	-	-	653,574	653,574
Ambulance receipts	-	-	563,570	563,570
Youth revolving fund	-	-	334,243	334,243
Receipts reserved for real estate	-	-	263,877	263,877
Other special revenue funds	-	-	1,259,178	1,259,178
Expendable permanent funds	-	-	543,742	543,742
Total Restricted	-	27,809,256	8,109,509	35,918,765
Committed				
Special warrant articles	464,045	-	-	464,045
Smart Growth Stabilization ⁽¹⁾	207,695	-	-	207,695
Various capital project funds	-	-	195,530	195,530
Total Committed	671,740	-	195,530	867,270
Assigned				
Encumbrances:				
Education	118,151	-	-	118,151
Other purposes	43,034	-	-	43,034
Tax rate	168,305	-	-	168,305
Total Assigned	329,490	-	-	329,490
Unassigned ⁽²⁾	4,927,742	-	(2,463,087)	2,464,655
Total Unassigned	4,927,742	-	(2,463,087)	2,464,655
Total Fund Balance	\$ 5,928,972	\$ 27,809,256	\$ 6,442,006	\$ 40,180,234

⁽¹⁾ Massachusetts General Law Ch. 40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of a legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.

⁽²⁾ Includes General Stabilization fund balance of \$592,812.

16. Retirement System

The City follows the provisions of GASB Statement No. 67 Financial Reporting for Pension Plans and GASB Statement No. 68, Accounting and Financial Reporting for Pensions, with respect to the employees' retirement funds.

Plan Description

The System is a member of the Massachusetts Contributory Retirement System (MA System) and is governed by Chapter 32 of the Massachusetts General Laws. Because of the significance of its operational and financial relationship with the City, the System is included as a pension trust fund in the City's basic financial statements.

Substantially all employees of the City (except teachers and administrators under contract employed by the School Department) and the Amesbury Housing Authority are members of the Amesbury Contributory Retirement System (the System), a cost sharing, multiple employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid.

The System is governed by a five-member board. The five members include two appointed by the City, two elected by the members and retirees, and a fifth member chosen by the other four members with the approval of the Public Employee Retirement Administration Commission. The System Retirement Board does not have the authority to amend benefit provisions.

Membership of each plan consisted of the following at January 1, 2021 (the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	255
Terminated plan members entitled to but not yet receiving benefits	67
Active plan members	<u>276</u>
Total	<u>598</u>
Number of participating employers	2

Participant Retirement Benefits

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 five-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or

after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

If a participant was a member prior to February 1, 2012, 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 City employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

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

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.

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%.

Participants' Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979

contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC). The City's contribution to the System for the year ended June 30, 2021 was \$4,182,638, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

The accounting policies of the System as reflected in the accompanying financial statements for the year ended December 31, 2020 conform to generally accepted accounting principles for public employee retirement systems (PERS). The more significant accounting policies of the System are summarized below:

Basis of Accounting

Contributory retirement system financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized as revenue in the period in which the members provide services to the employer. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Net Pension Liability

For purposes of measuring the net pension liability, related deferred outflows and (inflows) of resources, 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.

Net Pension Liability of Participating Employers

The net pension liability is based on an actuarial valuation dated January 1, 2020 and reported as of December 31, 2020.

The components of the net pension liability of the participating employers at December 31, 2020 are as follows:

Total pension liability	\$ 106,868,811
Plan fiduciary net position	<u>66,806,894</u>
Employers' net pension liability	<u>\$ 40,061,917</u>
Plan fiduciary net position as a percentage of total pension liability	62.5%

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation are shown below:

Actuarial cost method	Entry Age Normal
Investment rate of return	7.75%
Projected salary increases	4%
Inflation rate	3%
Post-retirement cost-of-living adjustment	3% of first \$12,000

The actuarial assumptions used in the January 1, 2020 valuation were based on the 2015 experienced study completed by Sherman Actuarial Services, LLC.

Mortality rates were based on the various SOA Pub-2010 Public Retirement Plans Mortality Tables specific to the Group, Pre-retirement versus Post, Disabled and Beneficiaries, with Scale MP-2018 improvements until 2025.

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 arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	13.00%	6.40%
International equities	13.00%	6.60%
Emerging international equity	5.00%	8.40%
Hedged equity	8.00%	5.70%
Subtotal global equity	39.0%	
Core bonds	6.00%	2.70%
Short-term fixed income	2.00%	2.00%
20+ Yr. Treasury STRIPS	3.00%	1.70%
TIPS	4.00%	2.10%
Subtotal core fixed income	15.0%	
Value-added fixed income	8.00%	6.20%
Private equity	13.00%	10.20%
Real estate	10.00%	6.00%
Timberland	4.00%	6.60%
Portfolio completion (PCS)	11.00%	5.20%
Subtotal other	46.0%	
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 49,880,689	\$ 38,856,614	\$ 29,441,554

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

At June 30, 2021, the City reported a liability of \$38,856,614 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020, the City's proportion was 96.991%.

For the year ended June 30, 2021, the City recognized pension expense of \$4,341,901. In addition, the City reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 1,569,380	\$ -
Changes of assumptions	3,126,185	-
Net difference between projected and actual earnings on pension plan investments	2,195,780	(5,035,251)
Changes in proportion and differences between contributions and proportionate share of contributions	<u>22,965</u>	<u>(54,324)</u>
Total	<u>\$ 6,914,310</u>	<u>\$ (5,089,575)</u>

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

Year ended June 30:	
2022	\$ 687,056
2023	1,208,463
2024	(56,544)
2025	(14,665)
2026	<u>425</u>
Total	\$ <u>1,824,735</u>

17. Massachusetts Teachers’ Retirement System (MTRS)

Plan Description

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

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

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) 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 three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, group creditable service and group classification. The authority for amending these provisions rests with the Legislature.

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

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

Contributions

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

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 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

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

- (a) 7.15% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase 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 through January 1, 2017.

- Mortality rates were based on the following:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.70%
Private equity	13.00%	8.20%
Portfolio completion strategies	11.00%	3.20%
Real estate	10.00%	3.50%
Value added fixed income	8.00%	4.20%
Timberland/natural resources	4.00%	4.10%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

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

<u>1% Decrease to 6.15%</u>	<u>Current Discount Rate (7.15%)</u>	<u>1% Increase to 8.15%</u>
\$ 35,411,955	\$ 28,544,844	\$ 22,908,510

Special Funding Situation

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

City Proportions

In fiscal year 2020 (the most recent measurement period), the City’s proportionate share of the MTRS’ collective net pension liability was \$64,405,804 based on a proportionate share of 0.226%. As required by GASB 68, the City has recognized its portion of the Commonwealth’s contribution of approximately \$3,505,015 as both a revenue and expenditure in the general fund, and its portion of the collective pension expense of approximately \$7,955,039 as both a revenue and expense in the governmental activities.

18. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2021.

General Information about the OPEB Plan

Plan Description

The City provides post-employment healthcare benefits for retired employees through the City’s plan. The City provides health insurance coverage through the Massachusetts Interlocal Insurance Association. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

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

Plan Membership

At July 1, 2020, the following employees were covered by the benefit terms:

Active employees	464
Inactive employees or beneficiaries currently receiving benefits	<u>579</u>
Total	<u>1,043</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Discount rate	3.75%
Healthcare cost trend rates	4.50%
Participation rate	80%

The discount rate was based employer current and future benefit payments, municipal bond rate, and current asset level at June 30, 2021.

Mortality rates were based on the following:

- Pre-retirement general: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females.
- Pre-retirement teachers: RP-2014 Morality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
- Post-retirement general: RP-2014 Morality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
- Post-retirement teachers: RP-2014 Morality Table for White Collar Health Annuitants projected generationally with scale MP-2016 for males and females.
- Disabled general: RP-2014 Morality Table for Blue Collar Health Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.
- Disabled teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

The actuarial assumptions used in the valuation were based on the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.75%. The discount rate was determined by an index rate for 20-year, tax exempt general obligation municipal bonds.

Total OPEB Liability

The City's total OPEB liability of \$117,339,344 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability for the past year:

		Total OPEB <u>Liability</u>
Balances, beginning of year	\$	125,789,507
Changes for the year:		
Service cost		3,917,242
Interest		3,511,747
Difference between expected and actual plan experience		(7,628,830)
Assumptions		(4,209,185)
Benefit payments		<u>(4,041,137)</u>
Net Changes		<u>(8,450,163)</u>
Balances, end of year	\$	<u><u>117,339,344</u></u>

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% <u>Decrease</u>	Current Discount Rate	1% <u>Increase</u>
\$ 136,337,748	\$ 117,339,344	\$ 97,793,970

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

The following presents the total OPEB liability, as well as what the total 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:

1% <u>Decrease</u>	Current Healthcare Cost Trend Rates	1% <u>Increase</u>
\$ 101,172,804	\$ 117,339,344	\$ 137,761,207

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

For the year ended June 30, 2021, the City recognized an OPEB expense of \$9,947,721. At June 30, 2021, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Difference between expected and actual experience	\$ -	\$ (7,867,674)
Change in assumptions	<u>12,221,365</u>	<u>(3,367,346)</u>
Total	<u>\$ 12,221,365</u>	<u>\$ (11,235,020)</u>

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

<u>Year Ended June 30:</u>	
2022	\$ 2,518,732
2023	2,518,732
2024	(1,683,517)
2025	<u>(2,367,602)</u>
Total	<u>\$ 986,345</u>

19. Commitments and Contingencies

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the City is involved. The City's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Abatements

There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. According to City Counsel, the probable outcome of these cases at the present time is indeterminable, although the City expects such amounts, if any, to be immaterial.

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 City expects such amounts, if any, to be immaterial.

Encumbrances

At year-end, the City's general fund had \$161,185 in encumbrances that will be honored in the next fiscal year.

20. Tax Increment Financing Agreements

The City provides property tax abatements authorized under Massachusetts General Law (MGL) Chapter 23A, Section 3E, *Economic Opportunity Areas*, and MGL Chapter 59, Section 5, Clause 51, *Property; exemptions*. The purpose of the program is to provide property tax assessment relief to stimulate job creation in distressed areas, attract new businesses, encourage business expansion, and increase overall economic development in Massachusetts. Tax Increment Financing (TIF) agreements are utilized as tools; by which the difference between the beginning assessed value of the property and the value added by new construction or rehabilitation is exempted from taxation. A TIF Zone must be in an area approved by the Economic Assistance Coordinating Council (EACC) as an *Economic Opportunity Area* (EOA) or found to be an area "presenting exceptional opportunities for economic development" by the Director of Economic Development. Certification of the TIF Plan is issued by the EACC after the plan is accepted by municipal vote.

Property tax revenues were reduced by \$437,643 during the fiscal year ended June 30, 2021 under agreements entered into by the City.

21. Change in Accounting Principle

During fiscal year 2021, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as revised by GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This required moving certain items previously recorded as agency funds to governmental funds, as well as reporting additions and deductions for the newly established custodial funds.

CITY OF AMESBURY, MASSACHUSETTS

Required Supplementary Information
General Fund

Schedule of Revenues and Other Sources, and Expenditures and Other Uses -
Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original Budget	Final Amended Budget		Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 47,745,817	\$ 47,710,332	\$ 48,437,858	\$ 727,526
Excise taxes	2,568,089	2,568,089	3,336,679	768,590
Penalties, interest and other taxes	185,000	185,000	207,428	22,428
Intergovernmental	11,890,586	11,890,586	11,939,152	48,566
Charges for services	195,000	195,000	141,906	(53,094)
Licenses and permits	700,000	700,000	708,428	8,428
Fines and forfeitures	55,000	55,000	44,571	(10,429)
Investment income	51,000	51,000	59,630	8,630
Miscellaneous	159,945	159,945	179,685	19,740
Total Revenues	63,550,437	63,514,952	65,055,337	1,540,385
Expenditures				
Council	103,984	112,484	109,881	2,603
Mayor	264,190	277,178	274,308	2,870
Administration and finance	287,435	277,890	272,686	5,204
Assessors	245,371	245,371	235,020	10,351
Treasurer/collector	217,495	230,420	228,175	2,245
Legal	150,000	130,000	118,456	11,544
Municipal information systems	322,964	357,735	329,110	28,625
Central supplies	60,150	64,150	60,395	3,755
Clerk	179,341	183,941	182,980	961
Elections	41,350	41,650	41,650	-
Conservation commission	46,165	47,757	47,617	140
Planning board	3,745	3,745	3,537	208
Zoning appeals board	1,100	1,100	1,051	49
Community/economic development	296,355	299,455	299,269	186
Energy and environmental affairs	99,980	35,967	34,666	1,301
Other assessments	6,395	7,395	7,395	-
Municipal buildings	154,775	154,775	132,260	22,515
Police	4,346,193	4,346,193	4,211,004	135,189
Fire	3,429,979	3,689,664	3,678,246	11,418
Building inspection	287,322	247,322	241,427	5,895
Weights and measures	4,500	4,500	4,500	-
Harbormaster	12,500	12,500	10,162	2,338
Amesbury public schools	33,475,558	33,475,557	33,477,427	(1,870)
Regional school assessment	1,853,849	1,793,849	1,792,563	1,286
Department of public works	1,647,346	1,536,083	1,441,360	94,723
Snow and ice	225,000	556,000	555,471	529
Street lighting	100,000	135,000	105,928	29,072
Refuse collection and disposal	1,402,709	1,427,709	1,324,985	102,724
Health inspection services	171,861	101,861	87,392	14,469
Council on aging	164,384	164,384	122,726	41,658
Youth services	406,047	406,047	251,725	154,322
Veterans	530,832	450,832	442,198	8,634
Library	843,250	882,169	798,847	83,322
Debt service	3,562,210	3,551,685	3,453,366	98,319
State assessment	2,838,333	2,914,112	2,919,669	(5,557)
Employee benefits	6,354,404	6,064,552	5,962,047	102,505
Liability insurance	214,961	359,969	359,464	505
Other reserves	225,000	-	-	-
Capital	375,928	652,256	779,073	(126,817)
Special articles	876,406	999,278	999,278	-
Total Expenditures	65,829,367	66,242,535	65,397,314	845,221
Excess (deficiency) of revenues over expenditures	(2,278,930)	(2,727,583)	(341,977)	2,385,606
Other Financing Sources				
Use of assigned fund balance	-	201,745	-	(201,745)
Use of overlay surplus	373,186	520,611	-	(520,611)
Use of unassigned fund balance	51,892	151,375	-	(151,375)
Transfers in	1,853,852	1,853,852	1,890,239	36,387
Excess of expenditures over revenues and other sources	\$ -	\$ -	\$ 1,548,262	\$ 1,548,262

See Independent Auditors' Report.

**Notes to the Required Supplementary Information –
General Fund Budget and Actual Comparison Schedule**

Budgetary Basis

The General Fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 68,579,683	\$ 67,938,978
Other financing sources/uses (GAAP Basis)	<u>1,396,928</u>	<u>579,162</u>
Subtotal (GAAP Basis)	69,976,611	68,518,140
To reverse unbudgeted amounts GASB 24 Massachusetts Teachers Retirement System	(3,505,015)	(3,505,015)
To record special articles carryforward	-	464,045
To record encumbrances	-	161,185
To reverse stabilization activity	715,021	-
To reverse gross up for lease	<u>(241,041)</u>	<u>(241,041)</u>
Budgetary Basis	<u>\$ 66,945,576</u>	<u>\$ 65,397,314</u>

See Independent Auditors’ Report.

CITY OF AMESBURY, MASSACHUSETTS

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
(Unaudited)

Amesbury Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	December 31, 2020	96.991%	\$38,856,614	\$ 14,661,511	265.02%	62.50%
June 30, 2020	December 31, 2019	96.974%	\$41,934,989	\$ 14,364,837	291.93%	58.80%
June 30, 2019	December 31, 2018	97.198%	\$40,662,828	\$ 13,575,817	299.52%	56.83%
June 30, 2018	December 31, 2017	97.210%	\$36,219,448	\$ 13,560,595	267.09%	60.74%
June 30, 2017	December 31, 2016	97.101%	\$38,539,328	\$ 13,009,625	296.24%	55.97%
June 30, 2016	December 31, 2015	96.882%	\$38,807,120	\$ 11,951,824	324.70%	54.51%
June 30, 2015	December 31, 2014	96.905%	\$34,074,527	\$ 12,591,751	270.61%	58.01%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the City</u>	<u>Total Net Pension Liability Associated with the City</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	June 30, 2020	0.225630%	\$ -	\$ 64,405,804	\$ 64,405,804	\$ 17,126,929	-	50.67%
June 30, 2020	June 30, 2019	0.230806%	\$ -	\$ 58,195,590	\$ 58,195,590	\$ 16,295,086	-	53.95%
June 30, 2019	June 30, 2018	0.232029%	\$ -	\$ 55,017,084	\$ 55,017,084	\$ 15,756,670	-	54.84%
June 30, 2018	June 30, 2017	0.232041%	\$ -	\$ 53,103,421	\$ 53,103,421	\$ 15,747,027	-	54.25%
June 30, 2017	June 30, 2016	0.231899%	\$ -	\$ 51,847,743	\$ 51,847,743	\$ 14,810,115	-	52.73%
June 30, 2016	June 30, 2015	0.233639%	\$ -	\$ 47,871,783	\$ 47,871,783	\$ 14,373,387	-	55.38%
June 30, 2015	June 30, 2014	0.234419%	\$ -	\$ 37,264,050	\$ 37,264,050	\$ 15,250,538	-	61.64%

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

See Independent Auditors' Report.

CITY OF AMESBURY, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Amesbury Retirement System					
Fiscal Year	Actuarially	Actuarially	Contribution	Covered	Contributions as a Percentage of Covered Payroll
	Determined Contribution	Determined Contribution	Deficiency (Excess)		
June 30, 2021	\$ 4,182,638	\$ 4,182,638	\$ -	\$ 14,841,257	28.2%
June 30, 2020	\$ 4,120,382	\$ 4,120,382	\$ -	\$ 14,661,511	28.1%
June 30, 2019	\$ 3,869,917	\$ 3,869,917	\$ -	\$ 14,364,837	26.9%
June 30, 2018	\$ 3,730,823	\$ 3,730,823	\$ -	\$ 13,575,817	27.5%
June 30, 2017	\$ 3,549,718	\$ 3,549,718	\$ -	\$ 13,560,595	26.2%
June 30, 2016	\$ 3,415,222	\$ 3,415,222	\$ -	\$ 13,009,625	26.3%
June 30, 2015	\$ 3,317,591	\$ 3,317,591	\$ -	\$ 11,951,824	27.8%

Massachusetts Teachers' Retirement System					
Fiscal Year	Actuarially	Contributions in	Contribution	Covered	Contributions as a Percentage of Covered Payroll
	Determined Contribution Provided by Commonwealth	Actuarially Determined Contribution	Deficiency (Excess)		
June 30, 2021	\$ 3,505,015	\$ 3,505,015	\$ -	\$ 17,449,002	20.1%
June 30, 2020	\$ 3,332,176	\$ 3,332,176	\$ -	\$ 17,126,929	19.5%
June 30, 2019	\$ 3,050,679	\$ 3,050,679	\$ -	\$ 16,295,086	18.7%
June 30, 2018	\$ 2,866,898	\$ 2,866,898	\$ -	\$ 15,756,670	18.2%
June 30, 2017	\$ 2,607,893	\$ 2,607,893	\$ -	\$ 15,747,027	16.6%
June 30, 2016	\$ 2,387,626	\$ 2,387,626	\$ -	\$ 14,810,115	16.1%
June 30, 2015	\$ 2,197,394	\$ 2,197,394	\$ -	\$ 14,373,387	15.3%

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

See Independent Auditors' Report.

AMESBURY CONTRIBUTORY RETIREMENT SYSTEM

Required Supplementary Information
Schedule of Changes in the Net Pension Liability
For the Years Ended December 31

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability							
Service cost	\$ 1,829,876	\$ 1,825,836	\$ 1,764,093	\$ 1,726,490	\$ 1,660,087	\$ 1,596,238	\$ 1,430,806
Interest on liability and service cost	7,979,986	7,360,146	7,226,085	6,869,060	6,714,485	7,040,701	6,789,264
Change in assumptions	-	5,153,194	-	-	-	(414,546)	-
Experience loss	-	1,488,490	-	2,753,393	-	2,330,523	-
Benefit payments	(8,008,040)	(7,665,887)	(6,990,929)	(6,576,342)	(6,321,333)	(5,966,793)	(5,140,286)
Interest on benefit payments	-	-	-	-	-	(241,254)	(207,834)
Net change in total pension liability	<u>1,801,822</u>	<u>8,161,779</u>	<u>1,999,249</u>	<u>4,772,601</u>	<u>2,053,239</u>	<u>4,344,869</u>	<u>2,871,950</u>
Total pension liability - beginning	<u>105,066,989</u>	<u>96,905,210</u>	<u>94,905,961</u>	<u>90,133,360</u>	<u>88,080,121</u>	<u>83,735,252</u>	<u>80,863,302</u>
Total pension liability - ending (a)	106,868,811	105,066,989	96,905,210	94,905,961	90,133,360	88,080,121	83,735,252
Plan fiduciary net position							
Contributions - employer	4,312,382	4,248,976	3,981,489	3,847,747	3,655,691	3,525,137	3,423,564
Contributions - member	1,704,876	1,619,219	1,594,378	1,493,691	1,501,924	1,480,049	1,412,991
Net investment (loss) income	6,889,001	8,467,480	(1,242,765)	8,338,251	3,493,201	322,438	3,102,777
Benefit payments	(8,008,041)	(7,665,887)	(6,990,929)	(6,576,342)	(6,321,333)	(5,966,793)	(5,140,286)
Administrative expense	(182,711)	(174,023)	(180,810)	(154,221)	(150,842)	(142,225)	129,258
Other	<u>268,158</u>	<u>257,428</u>	<u>260,190</u>	<u>255,896</u>	<u>252,079</u>	<u>221,844</u>	<u>105,263</u>
Net change in plan fiduciary net position	<u>4,983,665</u>	<u>6,753,193</u>	<u>(2,578,447)</u>	<u>7,205,022</u>	<u>2,430,720</u>	<u>(559,550)</u>	<u>3,033,567</u>
Plan fiduciary net position - beginning	<u>61,823,229</u>	<u>55,070,036</u>	<u>57,648,483</u>	<u>50,443,461</u>	<u>48,012,741</u>	<u>48,572,291</u>	<u>45,538,724</u>
Plan fiduciary net position - ending (b)	<u>66,806,894</u>	<u>61,823,229</u>	<u>55,070,036</u>	<u>57,648,483</u>	<u>50,443,461</u>	<u>48,012,741</u>	<u>48,572,291</u>
Net pension liability - ending (a-b)	\$ <u>40,061,917</u>	\$ <u>43,243,760</u>	\$ <u>41,835,174</u>	\$ <u>37,257,478</u>	\$ <u>39,689,899</u>	\$ <u>40,067,380</u>	\$ <u>35,162,961</u>
Plan fiduciary net position as a percentage of the total pension liability	62.51%	58.84%	56.83%	60.74%	55.97%	54.51%	58.01%
Covered payroll	\$ 15,379,305	\$ 14,859,232	\$ 14,778,943	\$ 13,965,453	\$ 13,965,453	\$ 13,428,320	\$ 12,333,598
Participating employer net pension liability as a percentage of covered payroll	260.5%	291.0%	283.1%	266.8%	284.2%	298.4%	285.1%

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

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

See Independent Auditors' Report.

AMESBURY CONTRIBUTORY RETIREMENT SYSTEM

Required Supplementary Information
Schedules of Contributions and Investment Returns
For the Years Ended December 31

(Unaudited)

Schedule of Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,312,382	\$ 4,248,976	\$ 3,981,489	\$ 3,837,747	\$ 3,655,691	\$ 3,525,137	\$ 3,423,564
Contributions in relation to the actuarially determined contribution	<u>4,312,382</u>	<u>4,248,976</u>	<u>3,981,489</u>	<u>3,837,747</u>	<u>3,655,691</u>	<u>3,525,137</u>	<u>3,423,564</u>
Contribution deficiency (excess)	\$ <u>-</u>						
Covered payroll	\$ 15,379,305	\$ 14,859,232	\$ 14,778,943	\$ 13,965,453	\$ 13,965,453	\$ 13,428,320	\$ 12,333,598
Contributions as a percentage of covered payroll	28.0%	28.6%	26.9%	27.5%	26.2%	26.3%	27.8%

Schedule of Investment Returns

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expense	11.78%	16.27%	-2.29%	17.29%	7.38%	0.69%	7.71%

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

See Independent Auditors' Report.

CITY OF AMESBURY, MASSACHUSETTS

Other Post-Employment Benefits (OPEB)
Required Supplementary Information
Schedules of Changes in the Total OPEB Liability
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 3,917,242	\$ 3,789,326	\$ 3,631,289	\$ 2,139,493
Interest on unfunded liability - time value of money	3,511,747	3,418,312	3,585,576	2,862,526
Differences between expected and actual experience	(7,628,831)	-	(4,238,359)	-
Changes of assumptions	(4,209,184)	-	29,354,120	-
Benefit payments, including refunds of member contributions	<u>(4,041,137)</u>	<u>(3,836,166)</u>	<u>(3,762,676)</u>	<u>(2,715,008)</u>
Net change in total OPEB liability	(8,450,163)	3,371,472	28,569,950	2,287,011
Total OPEB liability - beginning	<u>125,789,507</u>	<u>122,418,035</u>	<u>93,848,085</u>	<u>75,539,551</u>
Total OPEB liability - ending	\$ <u><u>117,339,344</u></u>	\$ <u><u>125,789,507</u></u>	\$ <u><u>122,418,035</u></u>	\$ <u><u>77,826,562</u></u>
Covered employee payroll	\$ 29,985,054	\$ 31,101,028	\$ 30,195,173	\$ 33,220,978
Total OPEB liability as a percentage of covered employee payroll	391.33%	404.45%	405.42%	234.27%

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

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

See Independent Auditors' Report.