

CITY OF WESTFIELD, MASSACHUSETTS

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

For the Year Ended June 30, 2020

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Independent Auditor's Report

To the Honorable Mayor
City of Westfield, 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 Westfield, Massachusetts, as of and for the year ended June 30, 2020, (except for the Westfield Contributory Retirement System and the Westfield Gas and Electric Light Department, which are as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the City of Westfield, Massachusetts' basic financial statements as listed in the table of contents. We did not audit the financial statements of the Westfield Gas and Electric Light Department which is both, a major fund and 59 percent, 48 percent and 86 percent, respectively, of the assets, net position and operating revenues of the business-type activities.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Westfield Gas and Electric Light Department which represent 59 percent, 48 percent and 86 percent, respectively, of the assets, net position, and operating revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Westfield Gas and Electric Light Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 Westfield, Massachusetts, as of June 30, 2020, (except for the Westfield Contributory Retirement System and the Westfield Gas and Electric Light Department, which are as of December 31, 2019), and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, on our consideration of the City of Westfield Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Westfield, Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

April 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Westfield (the City), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$12,293,165 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14,727,109, or a decrease of \$2,433,944 (17%).
- At the close of the current fiscal year, the City's governmental funds reported total ending fund a balance of \$31,249,186, an increase of \$4,186,083 (15%) in comparison with the prior year.
- The General Fund's total fund balance increased by \$4,248,852 (30%) to \$18,514,822. The ending General fund balance is 12% of revenues and transfers in and 12% of expenditures and transfers out.
- Total liabilities of the City increased by \$70,276,878 (14%) to \$586,302,507 during the fiscal year. This was primarily attributed to increases in warrants and accounts payable of \$2,050,990, in accrued payrolls of \$1,737,790 and in the other post employment benefit (OPEB) liability of \$87,587,180; and net decrease in notes payable of \$2,410,000, in bonds and leases payable of \$2,235,361 and in the pension liability of \$15,917,038.
- The City had free cash certified by the Department of Revenue in the amount of \$5,092,431. The key factors that attributed to the free cash amount for fiscal year 2020 were unexpended/unencumbered appropriations of \$2,574,800, amount over/(under) budget – state and local receipts of \$1,596,800, excess over budget – other financing sources(uses) of \$224,500 and prior year free cash not appropriated of \$1,022,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Westfield's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources with the net difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

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

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

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

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

The City of Westfield adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and gas and electric light activities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The City uses internal service funds to account for municipal building insurance, unemployment, worker's compensation and health insurance. Because these services predominately benefit governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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

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

Financial Highlights

Statement of Net Position Highlights

	Governmental Activities		
	2020	2019	Change
Assets:			
Current assets	\$ 72,676,772	\$ 58,915,529	\$ 13,761,243
Noncurrent assets (excluding capital)	-	867,071	(867,071)
Capital assets	192,450,026	188,051,997	4,398,029
Total assets	265,126,798	247,834,597	17,292,201
Deferred Outflows of Resources	89,255,740	39,792,893	49,462,847
Liabilities:			
Current liabilities (excluding debt and leases)	16,219,226	11,569,402	4,649,824
Current debt and leases	5,851,536	5,154,431	697,105
Noncurrent liabilities (excluding debt and leases)	412,607,020	341,040,588	71,566,432
Noncurrent debt and leases	47,394,751	51,686,470	(4,291,719)
Total liabilities	482,072,533	409,450,891	72,621,642
Deferred Inflows of Resources	11,123,391	5,299,780	5,823,611
Net Position:			
Net investment in capital assets	140,070,811	132,833,772	7,237,039
Restricted	11,556,535	11,398,378	158,157
Unrestricted	(290,440,732)	(271,355,331)	(19,085,401)
Total net position	\$ (138,813,386)	\$ (127,123,181)	\$ (11,690,205)
	Business-Type Activities		
	2020	2019	Change
Assets:			
Current assets	\$ 78,254,390	\$ 72,262,570	\$ 5,991,820
Noncurrent assets (excluding capital assets)	3,012,126	3,271,597	(259,471)
Capital assets	218,845,972	213,289,580	5,556,392
Total assets	300,112,488	288,823,747	11,288,741
Deferred Outflows of Resources	6,811,336	7,886,180	(1,074,844)
Liabilities:			
Current liabilities (excluding debt and leases)	8,714,415	9,752,409	(1,037,994)
Current debt and leases	12,858,917	15,798,426	(2,939,509)
Noncurrent liabilities (excluding debt and leases)	40,204,450	41,548,673	(1,344,223)
Noncurrent debt and leases	42,452,192	40,475,230	1,976,962
Total liabilities	104,229,974	107,574,738	(3,344,764)
Total Deferred Inflows of Resources	51,587,299	47,284,899	4,302,400
Net Position:			
Net investment in capital assets	165,278,132	159,329,468	5,948,664
Restricted	2,040,571	1,859,715	180,856
Unrestricted	(16,212,152)	(19,338,893)	3,126,741
Total net position	\$ 151,106,551	\$ 141,850,290	\$ 9,256,261

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2020	2019	Change
Program Revenues:			
Charges for services	\$ 11,829,511	\$ 11,849,519	\$ (20,008)
Operating grants and contributions	68,581,033	65,157,384	3,423,649
Capital grants and contributions	13,556,871	4,303,187	9,253,684
General Revenues:			
Property taxes	76,855,281	74,498,944	2,356,337
Motor vehicle excise and other taxes	4,993,097	4,973,056	20,041
Hotel room occupancy taxes	665,983	756,462	(90,479)
Penalties and interest on taxes	612,208	493,712	118,496
Nonrestricted grants and contributions	6,904,344	7,242,564	(338,220)
Unrestricted investment income	569,074	578,617	(9,543)
Miscellaneous	4,135	2,338	1,797
Total revenues	184,571,537	169,855,783	14,715,754
Expenses:			
General government	10,231,199	9,310,827	920,372
Airport	4,625,358	4,940,929	(315,571)
Public safety	19,597,965	19,650,619	(52,654)
Public works	9,682,810	10,389,257	(706,447)
Education	71,991,240	72,744,516	(753,276)
Health and human services	2,092,743	2,056,729	36,014
Culture and recreation	2,077,051	2,134,012	(56,961)
Employee benefits and insurance	69,109,963	59,928,974	9,180,989
State assessments	5,530,863	5,479,923	50,940
Interest	2,493,585	2,602,068	(108,483)
Total expenses	197,432,777	189,237,854	8,194,923
Transfers, net	1,171,035	348,909	822,126
Change in net position	(11,690,205)	(19,033,162)	7,342,957
Net position - beginning of year	(127,123,181)	(108,090,019)	(19,033,162)
Net position - end of year	\$ (138,813,386)	\$ (127,123,181)	\$ (11,690,205)

	Business-Type Activities		
	2020	2019	Change
Program Revenues:			
Sewer	\$ 6,231,533	\$ 5,982,830	\$ 248,703
Water	8,290,425	6,571,364	1,719,061
Gas and Electric Light	77,485,210	74,326,931	3,158,279
Total revenues	92,007,168	86,881,125	5,126,043
Expenses:			
Sewer	4,643,520	4,815,708	(172,188)
Water	6,632,094	6,304,095	327,999
Gas and Electric Light	70,259,371	68,335,217	1,924,154
Total expenses	81,534,985	79,455,020	2,079,965
Net (expenses) revenues	10,472,183	7,426,105	3,046,078
Transfers, net	(1,215,922)	(352,144)	(863,778)
Change in net position	9,256,261	7,073,961	2,182,300
Net position - beginning of year	141,850,290	134,776,329	7,073,961
Net position - end of year	\$ 151,106,551	\$ 141,850,290	\$ 9,256,261

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,293,165 at the close of fiscal year 2020.

Net position of \$305,348,943 represents its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position \$13,597,106, represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$306,652,884).

At the end of the current fiscal year, the City is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities, in the business-type activities and for the government as a whole. The unrestricted net position for the governmental activities, business-type activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB and pension liabilities that are required under GASB to be recognized in the City's financial statements. These liabilities are presented on the statement of net position.

The governmental activities net position decreased by \$11,690,205 (9%) during the current fiscal year. The significant reasons for the decrease in net position are attributed to increases resulting from the acquisition of \$17,334,566 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$12,936,537, due to the net changes in governmental funds of \$4,186,083, in debt and leases of \$4,285,814, in the deferred outflow/(inflow) of resources related to OPEB of \$59,318,326 and in the pension liability of \$13,421,432; and decreases resulting from the recognition of this year's changes in the OPEB liability of \$86,119,862 and in the deferred outflow/(inflow) of resources related to pensions of \$15,679,090.

There was an increase of \$9,256,261 (7%) in net position reported in connection with the business-type activities. Of this, there were increases of \$1,345,684 attributed to the sewer department, of \$1,377,071 attributed to the water department and of \$6,533,506 attributed to the gas and electric light department.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, the general fund unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$31,249,186, an increase of \$4,186,083 (15%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$22,170 (.1%).
- Restricted fund balance – \$10,967,659 (35.1%).
- Committed fund balance – \$2,905,886 (9.3%).
- Assigned fund balance – \$5,289,089 (16.9%).
- Unassigned fund balance – \$12,064,382 (38.6%).

Major Governmental Funds

At the end of the fiscal year, the General Fund reported a total fund balance of \$18,514,822, increasing \$4,248,852 (30%) from the prior year. Of the \$18,514,822, the unassigned amount is \$13,225,733 (71%) and the assigned amount is \$5,289,089 (29%). General fund revenues were \$8,367,428 (6%) more than the prior fiscal year and expenditures also increased by \$2,482,199 (2%). Other activities in the General Fund were net transfers in from other funds of \$938,615.

The main components of the increases in general fund revenues as compared to the prior year are related to property taxes of \$2,118,141 (3%), in intergovernmental receipts of \$2,032,802 (5%); in licenses, permits and fees of \$1,054,141 (13%) and in intergovernmental – “on behalf” payments of \$3,207,191 (25%).

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

- Decrease in General government expenditures of \$230,014 (3%).
- Decrease in Public safety expenditures of \$532,093 (39%).
- Decrease in Public works expenditures of \$269,235 (2%).
- Increase in Employee benefits and insurance expenditures of \$3,816,020 (10%).

Major Proprietary Funds

The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

The *Sewer Fund* is the financing and operations of the City's wastewater system. The sewer fund has accumulated a balance of \$39,198,158 and shows an increase of \$1,345,684 (4%) in total operations. This is the result of operating revenues exceeding operating expenditures by \$1,519,581, other income of \$340,000, intergovernmental revenues (Massachusetts Clean Water Trust subsidies) of \$182,952, interest expense of \$454,520 and net transfers out to the general fund of \$242,329. Operating revenues increased by \$87,673 (2%) while operating expenses decreased by \$223,116 (5%) from the prior year.

The *Water Fund* is the financing and operations of the City's water system. The water fund has accumulated a balance of \$40,021,656 and shows an increase of \$1,377,071 (4%) in total operations. This is the result of operating revenues exceeding operating expenditures by \$380,308, other income of \$1,777,847, intergovernmental revenues (Massachusetts Clean Water Trust subsidies) of \$140,000, interest expense of \$639,824 and transfers out to the general fund of \$281,260. Operating revenues increased by \$380,102 (6%) and operating expenses also increased by \$302,850 (5%) from the prior year.

The *Gas and Electric Light Department* is the financing and operations of the electric and gas plant. The Department shows an increase of \$6,533,506 (9%) in total operations. This is the result of operating revenues exceeding operating expenditures by \$6,412,844, investment income of \$739,034, other income of \$240,615, capital contributions of \$714,342, interest expense of \$880,996 and transfers out to the general fund of \$692,333. A difference in net transfers of (\$44,887) is the timing between the calendar year of the electric light business-type activity and the fiscal year of the governmental activities. Operating revenues increased by \$3,154,544 (4%) and operating expenses also increased by \$1,647,266 (2%) from the prior year.

Internal Service Funds

The composition of the internal service funds is as follows:

The *municipal buildings insurance fund* was established pursuant to Section 13 of Chapter 40 of the Massachusetts General Laws. The fund may be used to repair, rebuild or replace any municipal buildings or other municipal property damaged, destroyed or lost by fire, lightning, vandalism, burglary, theft or otherwise. The fund has accumulated a fund balance of \$157,520.

The *unemployment compensation fund* was established pursuant to Section 5E of Chapter 40 of the Massachusetts General Laws. The fund is to provide for the anticipated costs of funding reimbursements to the Commonwealth for unemployment compensation benefits. The fund has accumulated a fund balance of \$395,359.

The *workmen's compensation fund* was established pursuant to Section 13A of Chapter 40 of the Massachusetts General Laws. The fund has accumulated a fund balance of \$395,430.

The *health insurance claims fund* is for the City's health insurance. The fund was established on January 1, 2004. The fund has accumulated a fund balance of \$16,820,980.

The total funds and net position increased by \$4,341,683 (12%) in total operations. This is the result of contributions from the employees and employer of \$20,917,969, other income of \$726,060, expenses of \$17,737,883, interest earned of \$185,537 and transfers in from the general fund of \$250,000. Operating revenues decreased by \$1,637,957 (7%) and operating expenses also decreased by \$4,455,932 (20%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2020 was \$141,526,629. This was an increase of \$1,935,669 (1%) over the previous year's budget.

There was an increase of \$2,261,335 between the original budget and the final amended budget. The changes are attributed to council votes during the year for various budget operating line items.

General fund expenditures were less than budgeted by \$6,363,918. Of the \$6,363,918 in under budget expenditures, \$3,789,089 has been carried over to fiscal year 2021.

A negative variance exists for intergovernmental receipts of \$74,500 as revenues did not meet budget expectations.

Overall, the variance with the final budget was a positive \$4,276,663 consisting of a revenue surplus of \$1,701,834 and an appropriation surplus of \$2,574,829.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$192,450,026 and \$218,845,972, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

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

- City Hall energy management system for \$304,854.
- Airport land purchase for \$210,000.
- Airport equipment purchases for \$87,263.
- Airport improvement projects for \$10,963,557.
- Police vehicle purchases for \$137,696.
- Animal control building improvements for \$24,581.
- Fire Department vehicle and equipment purchases for \$361,755.
- Highway vehicle and equipment purchases for \$1,228,672.
- Road and sidewalk infrastructure improvements for \$3,215,557.
- Schools' improvement projects for \$493,187.
- Highland Elementary School playground equipment purchases for \$83,681.
- Parks' playground and ball courts' improvements for \$223,763.

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

In the sewer fund:

- Infrastructure improvements for \$1,478,413.

In the water fund:

- Vehicle and equipment purchases for \$146,032.
- Infrastructure improvements for \$4,237,154.

Debt Administration. The City's governmental outstanding long-term debt, as of June 30, 2020, totaled \$50,885,000, of which \$11,350,000 is for building improvements, \$7,745,000 for school improvement projects, \$13,000,000 for energy conservation improvements, \$625,000 for land acquisitions, \$2,505,000 for public work projects, \$150,000 for airport projects, \$25,000 for various departmental equipment and \$15,485,000 for various other municipal purpose projects.

The City also has governmental bond anticipation notes outstanding for a total of \$701,000, consisting of \$643,000 for airport improvements and \$58,000 for road improvements.

The governmental activities have capital leases for various airport, fire and highway department vehicles and equipment. The last lease is due in 2024. The City currently owes \$1,733,789 on these leases consisting of \$1,660,287 in principal and \$73,502 in interest.

The enterprise funds outstanding long-term debt totaled \$46,382,665; of which, \$10,560,737 is sewer debt, \$14,220,312 is water debt and \$21,601,616 is gas and electric light debt (as of December 31, 2019) that are fully supported by the rates and does not rely on a general fund subsidy.

The enterprise funds also have \$8,778,000 in temporary debt outstanding consisting of \$928,000 in the sewer fund and \$7,850,000 in the water fund.

In addition, the City has a business-type capital lease for various vehicles and equipment. The last lease payment is due in 2023. The City currently owes \$158,920 on these leases consisting of \$150,444 in principal and \$8,476 in interest.

Please refer to notes 4F, 4I, 4J and 4K for further discussion of the major capital, lease and debt activity.

Next Year’s Annual City Council Votes

The financial statements of the City of Westfield as of June 30, 2020 do not reflect the fiscal year 2021 City Council action with exception of the free cash amount used to fund the 2021 budget. The fiscal year 2021 budget was approved by the City Council on June 4, 2020 and June 29, 2020. The City Council has authorized the fiscal year 2021 operating and capital budget as follows:

From raise and appropriate		\$ 130,641,398
From Income/Rates:		
Gas and Electric Department		5,356,644
Sewerage and Wastewater Treatment Department		7,231,359
Water Department		6,686,284
From Other Available Funds:		
General Fund:		
Unassigned fund balance:		
Free cash		1,500,000
Non-major Governmental Funds:		
Ambulance services	\$ 3,393,928	
Cable Access	377,129	
Community Preservation Fund	475,850	
Stormwater management	599,604	4,846,511
		\$ 156,262,196

Requests for Information

This financial report is designed to provide a general overview of the City of Westfield’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Auditor, City Hall, 59 Court Street, Westfield, Massachusetts, 01085.

BASIC FINANCIAL STATEMENTS

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 56,608,792	\$ 18,812,718	\$ 75,421,510
Receivables, net of allowance for uncollectibles:			
Property Taxes	2,081,135	-	2,081,135
Tax Liens	2,769,622	-	2,769,622
Excise Taxes	638,845	-	638,845
Departmental	1,455,815	-	1,455,815
User Charges	797,791	9,117,263	9,915,054
Due from Other Governments	5,769,452	950,507	6,719,959
Other	982,585	-	982,585
Inventory	-	7,819,309	7,819,309
Prepaid Expenses	1,191,000	73,345	1,264,345
Cooperative Investments	-	250,000	250,000
Tax Foreclosures	381,735	-	381,735
Restricted:			
MMWEC Reserve Trust	-	31,825,153	31,825,153
Cash in Escrow	-	575,794	575,794
Cash for Rate Stabilization	-	5,883,428	5,883,428
Deferred Charges	-	2,946,873	2,946,873
Total current assets	<u>72,676,772</u>	<u>78,254,390</u>	<u>150,931,162</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Due from Other Governments	-	1,164,724	1,164,724
Other Investments	-	299,589	299,589
Cooperative Investments	-	399,032	399,032
Deferred Charges	-	-	-
Other	-	21,722	21,722
Regulatory Asset, net	-	1,127,059	1,127,059
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	39,403,529	22,440,057	61,843,586
Depreciable	153,046,497	196,405,915	349,452,412
Total noncurrent assets	<u>192,450,026</u>	<u>221,858,098</u>	<u>414,308,124</u>
Total Assets	<u>\$ 265,126,798</u>	<u>\$ 300,112,488</u>	<u>\$ 565,239,286</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	10,688,387	3,160,052	13,848,439
Deferred Outflows Related to OPEB	78,567,353	3,651,284	82,218,637
Total Deferred Outflows of Resources	<u>\$ 89,255,740</u>	<u>\$ 6,811,336</u>	<u>\$ 96,067,076</u>

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

(Continued)

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	\$ 4,673,963	\$ 7,408,859	\$ 12,082,822
Accrued Payroll	7,419,669	81,141	7,500,810
Retainage Payable	318,888	-	318,888
Accrued Expenses	-	502,984	502,984
Employee Withholdings	290,461	-	290,461
Tax Refund Payable	18,000	-	18,000
Other	160,608	-	160,608
Accrued Interest	667,412	287,225	954,637
Accrued Claims	844,897	-	844,897
Deposits	-	5,741	5,741
Compensated Absences	1,825,328	428,465	2,253,793
Notes Payable	701,000	8,778,000	9,479,000
Bonds and Leases Payable	5,150,536	4,080,917	9,231,453
Total current liabilities	22,070,762	21,573,332	43,644,094
NONCURRENT:			
Compensated Absences	2,792,401	2,712,559	5,504,960
Accrued Expenses	-	1,128,382	1,128,382
Net OPEB Liability	347,368,287	17,901,077	365,269,364
Net Pension Liability	62,446,332	18,462,432	80,908,764
Bonds and Leases Payable	47,394,751	42,452,192	89,846,943
Total noncurrent liabilities	460,001,771	82,656,642	542,658,413
Total Liabilities	482,072,533	104,229,974	586,302,507
DEFERRED INFLOWS OF RESOURCES			
Reserve for Rate Stabilization	-	45,245,088	45,245,088
Reserve for Energy Conservation	-	1,041,716	1,041,716
Deferred Inflows Related to Pensions	7,578,325	2,240,553	9,818,878
Deferred Inflows Related to OPEB	3,545,066	3,059,942	6,605,008
Total Deferred Inflows of Resources	11,123,391	51,587,299	62,710,690
NET POSITION			
Net Investment in Capital Assets	140,070,811	165,278,132	305,348,943
Restricted for:			
Capital Projects	567,480	1,329,631	1,897,111
Federal & State Grants	2,303,113	-	2,303,113
Community Preservation	2,167,619	-	2,167,619
Permanent Funds:			
Expendable	15,888	-	15,888
Nonexpendable	22,170	-	22,170
Other Purposes	6,480,265	710,940	7,191,205
Unrestricted	(290,440,732)	(16,212,152)	(306,652,884)
Total Net Position	\$ (138,813,386)	\$ 151,106,551	\$ 12,293,165

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

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 10,231,199	\$ 1,195,824	\$ 1,004,333	\$ 202,525	\$ (7,828,517)	\$ -	\$ (7,828,517)
Airport	4,625,358	560,502	18,252	11,150,215	7,103,611	-	7,103,611
Public Safety	19,597,965	5,371,838	793,907	-	(13,432,220)	-	(13,432,220)
Public Works	9,682,810	2,057,105	25,072	2,182,531	(5,418,102)	-	(5,418,102)
Education	71,991,240	2,424,889	45,042,395	-	(24,523,956)	-	(24,523,956)
Health and Human Services	2,092,743	125,859	739,586	-	(1,227,298)	-	(1,227,298)
Culture and Recreation	2,077,051	93,494	101,520	21,600	(1,860,437)	-	(1,860,437)
Employee Benefits and Insurance	69,109,963	-	20,821,111	-	(48,288,852)	-	(48,288,852)
State Assessments	5,530,863	-	-	-	(5,530,863)	-	(5,530,863)
Interest	2,493,585	-	34,857	-	(2,458,728)	-	(2,458,728)
Total Governmental Activities	197,432,777	11,829,511	68,581,033	13,556,871	(103,465,362)	-	(103,465,362)
Business-Type Activities:							
Sewer	4,643,520	5,708,581	182,952	340,000	-	1,588,013	1,588,013
Water	6,632,094	6,372,578	36,125	1,881,722	-	1,658,331	1,658,331
Gas and Electric Light	70,259,371	76,031,834	739,034	714,342	-	7,225,839	7,225,839
Total Primary Government	\$ 278,967,762	\$ 99,942,504	\$ 69,539,144	\$ 16,492,935	(103,465,362)	10,472,183	(92,993,179)
General Revenues:							
Property Taxes					76,855,281	-	76,855,281
Motor vehicle excise and other taxes					4,993,097	-	4,993,097
Hotel room occupancy and meal taxes					665,983	-	665,983
Penalties & Interest on Taxes					612,208	-	612,208
Grants & Contributions not restricted to specific programs					6,904,344	-	6,904,344
Unrestricted Investment Income					569,074	-	569,074
Miscellaneous					4,135	-	4,135
Transfers, net					1,171,035	(1,215,922)	(44,887)
Total General Revenues and Transfers					91,775,157	(1,215,922)	90,559,235
Change in Net Position					(11,690,205)	9,256,261	(2,433,944)
Net Position:							
Beginning of year					(127,123,181)	141,850,290	14,727,109
End of year					\$ (138,813,386)	\$ 151,106,551	\$ 12,293,165

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

**CITY OF WESTFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 26,992,286	\$ 13,175,905	\$ 40,168,191
Receivables, net of allowance for uncollectibles:			
Property Taxes	2,059,901	21,234	2,081,135
Tax Liens	2,769,622	-	2,769,622
Excise Taxes	638,845	-	638,845
Departmental	441,233	1,014,582	1,455,815
User Charges	462,620	335,171	797,791
Due from Other Governments	1,349,224	4,420,228	5,769,452
Tax Foreclosures	381,735	-	381,735
Total Assets	\$ 35,095,466	\$ 18,967,120	\$ 54,062,586
Liabilities:			
Warrants and Accounts Payable	\$ 1,386,473	\$ 3,287,490	\$ 4,673,963
Accrued Payroll	6,991,922	427,747	7,419,669
Retainage Payable	-	318,888	318,888
Employee Withholdings	290,461	-	290,461
Tax Refund Payable	18,000	-	18,000
Other	160,608	-	160,608
Notes Payable	-	701,000	701,000
Total Liabilities	8,847,464	4,735,125	13,582,589
Deferred Inflows of Resources:			
Unavailable Revenue	7,733,180	1,497,631	9,230,811
Fund Balance:			
Nonspendable	-	22,170	22,170
Restricted	-	10,967,659	10,967,659
Committed	-	2,905,886	2,905,886
Assigned	5,289,089	-	5,289,089
Unassigned	13,225,733	(1,161,351)	12,064,382
Total Fund Balance	18,514,822	12,734,364	31,249,186
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 35,095,466	\$ 18,967,120	\$ 54,062,586

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

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 76,248,193	\$ 485,985	\$ 76,734,178
Intergovernmental	46,100,855	22,593,439	68,694,294
Excise and Other Taxes	5,719,438	-	5,719,438
Licenses, Permits, Fees	9,223,180	-	9,223,180
Charges for Services	-	6,988,206	6,988,206
Interest on Taxes	612,208	-	612,208
Investment Income	569,074	32,193	601,267
Gifts and Donations	-	250,315	250,315
Other	-	19,865	19,865
Intergovernmental - "On-behalf" Payments	16,086,548	-	16,086,548
Total Revenues	154,559,496	30,370,003	184,929,499
Expenditures:			
Current:			
General Government	7,536,128	1,631,518	9,167,646
Airport	837,255	11,974,683	12,811,938
Public Safety	14,490,816	5,038,414	19,529,230
Public Works	7,447,290	3,866,454	11,313,744
Education	61,587,928	8,561,861	70,149,789
Health and Human Services	1,559,409	265,109	1,824,518
Culture and Recreation	1,259,651	368,292	1,627,943
Employee Benefits and Insurance	43,956,915	-	43,956,915
State Assessments	5,530,863	-	5,530,863
Debt Service:			
Principal	4,605,000	-	4,605,000
Interest	2,438,004	-	2,438,004
Total Expenditures	151,249,259	31,706,331	182,955,590
Excess of Revenues Over (Under) Expenditures	3,310,237	(1,336,328)	1,973,909
Other Financing Sources (Uses):			
Transfers In	1,188,615	-	1,188,615
Transfers Out	(250,000)	(17,580)	(267,580)
Bond Premium	-	197,480	197,480
Proceeds from Issuance of Bonds and Notes	-	70,000	70,000
Capital Leases	-	1,023,659	1,023,659
Total Other Financing Sources (Uses)	938,615	1,273,559	2,212,174
Net Change in Fund Balances	4,248,852	(62,769)	4,186,083
Fund Balances, Beginning of Year	14,265,970	12,797,133	27,063,103
Fund Balances, End of Year	\$ 18,514,822	\$ 12,734,364	\$ 31,249,186

CITY OF WESTFIELD, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2020

Total Governmental Fund Balances		\$ 31,249,186
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		192,450,026
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		9,230,811
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		78,132,349
Internal Service funds are used by management to account for Health Insurance, Workers' Compensation, Municipal Building Insurance and Unemployment Compensation activities. The assets and liabilities of the Internal Service funds are included in the Governmental activities in the Statement of Net Position.		17,769,289
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds and Leases Payable	\$ (52,545,287)	
Net Other Post Employment Benefits Liability	(347,368,287)	
Net Pension Liability	(62,446,332)	
Compensated Absences	(4,617,729)	
		(466,977,635)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		<u>(667,412)</u>
Net Position of Governmental Activities		<u><u>\$ (138,813,386)</u></u>

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

CITY OF WESTFIELD, 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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	4,186,083
<p>Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation expense:</p>		
Capital Outlay Purchases	\$ 17,334,566	
Depreciation	<u>(12,936,537)</u>	4,398,029
<p>Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.</p>		
		(740,979)
<p>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:</p>		
Repayment of Debt and Lease Principal	5,379,473	
Proceeds from Issuance of Bonds and Notes	(70,000)	
Capital Lease Financing	<u>(1,023,659)</u>	4,285,814
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Net Change in Compensated Absences	953,940	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	59,318,326	
Net Change in Net Other Post Employment Benefits Liability	(86,119,862)	
Net Change in Net Pension Liability	13,421,432	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(15,679,090)	
Net Change in Accrued Interest on Long-Term Debt	<u>(55,581)</u>	(28,160,835)
<p>Internal Service funds are used by management to account for Health Insurance, Workers' Compensation, Municipal Building Insurance and Unemployment Compensation activities.</p>		
The net activity of Internal Service Funds is reported with Governmental Activities		<u>4,341,683</u>
Change in Net Position of Governmental Activities	\$	<u>(11,690,205)</u>

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

CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Basis	Amounts Carried Forward to Next year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget			
	Forward from Prior Year	Original Budget				
Revenues:						
Property Taxes	\$ -	\$ 75,767,927	\$ 76,039,177	\$ 76,144,193	\$ -	\$ 105,016
Intergovernmental	-	46,175,355	46,175,355	46,100,855	-	(74,500)
Excise and Other Taxes	-	5,655,000	5,655,000	5,719,438	-	64,438
Licenses, Permits, Fees	-	7,843,797	7,843,797	9,223,180	-	1,379,383
Interest on Taxes	-	500,000	500,000	612,208	-	112,208
Interest on Investments	-	325,000	325,000	440,289	-	115,289
Total Revenues	-	136,267,079	136,538,329	138,240,163	-	1,701,834
Expenditures:						
Current:						
General Government	269,952	7,736,677	8,286,099	7,536,128	299,705	450,266
Airport	276,970	764,705	1,084,349	837,255	187,121	59,973
Public Safety	302,402	15,010,491	15,507,457	14,490,816	266,789	749,852
Public Works	605,572	7,716,675	9,088,686	7,447,290	1,027,105	614,291
Education	727,467	63,164,542	63,892,009	61,587,928	1,896,759	407,322
Health and Human Services	62	1,567,150	1,613,488	1,559,409	1,292	52,787
Culture and Recreation	1,623	1,280,456	1,282,079	1,259,651	9,430	12,998
Employee Benefits and Insurance	100,086	26,947,534	27,979,532	27,870,367	100,888	8,277
State Assessments	-	5,687,015	5,687,015	5,530,863	-	156,152
Debt Service:						
Principal	-	4,610,109	4,610,109	4,605,000	-	5,109
Interest	-	2,495,806	2,495,806	2,438,004	-	57,802
Total Expenditures	2,284,134	136,981,160	141,526,629	135,162,711	3,789,089	2,574,829
Excess of Revenues Over (Under) Expenditures	(2,284,134)	(714,081)	(4,988,300)	3,077,452	(3,789,089)	4,276,663
Other Financing Sources (Uses):						
Operating Transfers In	-	975,000	1,182,350	1,395,964	-	213,614
Operating Transfers Out	-	(260,919)	(468,269)	(457,350)	-	10,919
Total Other Financing Sources (Uses)	-	714,081	714,081	938,614	-	224,533
Net Change in Budgetary Fund Balance	(2,284,134)	-	(4,274,219)	\$ 4,016,066	\$ (3,789,089)	\$ 4,501,196
Other Budgetary Items:						
Free Cash and Other Reserves	-	-	1,990,085			
Prior Year Encumbrances	2,284,134	-	2,284,134			
Total Other Budgetary Items	2,284,134	-	4,274,219			
NET BUDGET	\$ -	\$ -	\$ -			

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

CITY OF WESTFIELD, MASSACHUSETTS
Reconciliation of the Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2020

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 138,240,163	\$ 135,162,711
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	128,785	-
Net Increase in Revenue from recording Refund Taxes Payable	14,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	16,086,548	-
Recognition of Expenditures - "on behalf payments"	-	16,086,548
Net Increase in Revenue from Recording 60-Day Receipts	90,000	-
Reported on a GAAP Basis	\$ 154,559,496	\$ 151,249,259

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

CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer Fund	Water Fund	Gas and Electric Light	Total	
			(as of December 31, 2019)		
ASSETS					
CURRENT:					
Cash and Cash Equivalents	\$ 1,201,779	\$ 2,861,579	\$ 14,749,360	\$ 18,812,718	\$ 16,440,601
User Charges, net of allowance	2,031,879	2,343,059	4,742,325	9,117,263	-
Due from Other Governments	559,702	390,805	-	950,507	-
Other Accounts Receivable	-	-	-	-	982,585
Inventory	-	-	7,819,309	7,819,309	-
Prepaid Expenses	-	-	73,345	73,345	1,191,000
Cooperative Investments	-	-	250,000	250,000	-
Restricted and Designated:					
MMWEC Reserve Trust	-	-	31,825,153	31,825,153	-
Cash in Escrow	-	-	575,794	575,794	-
Cash for Rate Stabilization	-	-	5,883,428	5,883,428	-
Deferred Charges	-	-	2,946,873	2,946,873	-
Total current assets	<u>3,793,360</u>	<u>5,595,443</u>	<u>68,865,587</u>	<u>78,254,390</u>	<u>18,614,186</u>
NONCURRENT:					
Due from Other Governments	1,164,724	-	-	1,164,724	-
Other Investments	-	-	299,589	299,589	-
Cooperative Investments	-	-	399,032	399,032	-
Other	-	-	21,722	21,722	-
Regulatory Asset, net	-	-	1,127,059	1,127,059	-
Capital Assets, net of accumulated depreciation:					
Nondepreciable	8,539,685	12,709,281	1,191,091	22,440,057	-
Depreciable	40,795,698	51,586,135	104,024,082	196,405,915	-
Total noncurrent assets	<u>50,500,107</u>	<u>64,295,416</u>	<u>107,062,575</u>	<u>221,858,098</u>	<u>-</u>
Total Assets	<u>54,293,467</u>	<u>69,890,859</u>	<u>175,928,162</u>	<u>300,112,488</u>	<u>18,614,186</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	294,952	466,589	2,398,511	3,160,052	-
Deferred Outflows Related to OPEB	464,682	1,305,411	1,881,191	3,651,284	-
Total Deferred Outflows of Resources	<u>759,634</u>	<u>1,772,000</u>	<u>4,279,702</u>	<u>6,811,336</u>	<u>-</u>
LIABILITIES					
CURRENT:					
Accounts Payable	129,978	191,225	7,087,656	7,408,859	-
Accrued Payroll	27,946	53,195	-	81,141	-
Accrued Expenses	-	-	502,984	502,984	-
Accrued Interest	107,358	179,867	-	287,225	-
Accrued Claims	-	-	-	-	844,897
Deposits	-	5,741	-	5,741	-
Compensated Absences	15,002	26,596	386,867	428,465	-
Notes Payable	928,000	7,850,000	-	8,778,000	-
Bonds and Leases Payable	1,391,904	1,171,559	1,517,454	4,080,917	-
Total current liabilities	<u>2,600,188</u>	<u>9,478,183</u>	<u>9,494,961</u>	<u>21,573,332</u>	<u>844,897</u>
NONCURRENT:					
Compensated Absences	78,098	76,489	2,557,972	2,712,559	-
Accrued Expenses	-	-	1,128,382	1,128,382	-
Net OPEB Liability	2,054,488	5,771,589	10,075,000	17,901,077	-
Net Pension Liability	1,723,241	2,726,020	14,013,171	18,462,432	-
Bonds and Leases Payable	9,168,833	13,199,197	20,084,162	42,452,192	-
Total noncurrent liabilities	<u>13,024,660</u>	<u>21,773,295</u>	<u>47,858,687</u>	<u>82,656,642</u>	<u>-</u>
Total Liabilities	<u>15,624,848</u>	<u>31,251,478</u>	<u>57,353,648</u>	<u>104,229,974</u>	<u>844,897</u>
DEFERRED INFLOWS OF RESOURCES					
Reserve for Rate Stabilization	-	-	45,245,088	45,245,088	-
Reserve for Energy Conservation	-	-	1,041,716	1,041,716	-
Deferred Inflows Related to Pensions	209,128	330,823	1,700,602	2,240,553	-
Deferred Inflows Related to OPEB	20,967	58,902	2,980,073	3,059,942	-
Total Deferred Inflows of Resources	<u>230,095</u>	<u>389,725</u>	<u>50,967,479</u>	<u>51,587,299</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	39,571,072	42,074,660	83,632,400	165,278,132	-
Restricted for Capital	224,465	1,105,166	-	1,329,631	-
Restricted for Other	52,489	82,657	575,794	710,940	-
Unrestricted	(649,868)	(3,240,827)	(12,321,457)	(16,212,152)	17,769,289
Total Net Position	<u>\$ 39,198,158</u>	<u>\$ 40,021,656</u>	<u>\$ 71,886,737</u>	<u>\$ 151,106,551</u>	<u>\$ 17,769,289</u>

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

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer Fund	Water Fund	Gas and Electric Light (as of December 31, 2019)	Total	
Operating Revenues:					
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ 15,786,015
Employee Contributions	-	-	-	-	5,131,954
Charges for Services	5,696,045	6,354,030	74,498,115	86,548,190	-
Rate Stabilization Fund Transfers	-	-	(3,629,093)	(3,629,093)	-
Other	12,536	18,548	4,922,197	4,953,281	726,060
Total Operating Revenues	5,708,581	6,372,578	75,791,219	87,872,378	21,644,029
Operating Expenses:					
Salaries & Wages	982,357	1,611,855	-	2,594,212	-
Operating and Maintenance Expenses	1,760,617	2,061,540	18,279,653	22,101,810	-
Purchase Power and Gas	-	-	37,675,163	37,675,163	-
Distribution Expenses	-	-	3,718,048	3,718,048	-
Depreciation	996,612	1,533,603	5,078,160	7,608,375	-
Insurance and Employee Benefits	449,414	785,272	4,627,351	5,862,037	17,737,883
Total Operating Expenses	4,189,000	5,992,270	69,378,375	79,559,645	17,737,883
Operating Income (Loss)	1,519,581	380,308	6,412,844	8,312,733	3,906,146
Non-Operating Revenues (Expenses):					
Investment Income	-	-	739,034	739,034	185,537
Other	340,000	1,777,847	240,615	2,358,462	-
Intergovernmental	182,952	140,000	-	322,952	-
Capital Contributions	-	-	714,342	714,342	-
Interest Expense	(454,520)	(639,824)	(880,996)	(1,975,340)	-
Total Non-Operating Revenues (Expenses)	68,432	1,278,023	812,995	2,159,450	185,537
Income (Loss) Before Operating Transfers	1,588,013	1,658,331	7,225,839	10,472,183	4,091,683
Operating Transfers:					
Transfer In	-	-	-	-	250,000
Transfers Out	(242,329)	(281,260)	(692,333)	(1,215,922)	-
Total Operating Transfers	(242,329)	(281,260)	(692,333)	(1,215,922)	250,000
Change in Net Position	1,345,684	1,377,071	6,533,506	9,256,261	4,341,683
Net Position at Beginning of Year	37,852,474	38,644,585	65,353,231	141,850,290	13,427,606
Net Position at End of Year	\$ 39,198,158	\$ 40,021,656	\$ 71,886,737	\$ 151,106,551	\$ 17,769,289

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

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer Fund	Water Fund	Gas and Electric Light (as of December 31, 2019)	Total	
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$ 4,977,569	\$ 5,707,524	\$ 74,853,580	\$ 85,538,673	\$ -
Receipts from Interfund Services Provided	-	-	-	-	20,917,969
Receipts from Other Revenues	12,536	18,548	-	31,084	1,313,731
Payments for Operations and Purchased Power	-	-	(34,438,387)	(34,438,387)	-
Payments for Other Operations	-	-	(13,727,645)	(13,727,645)	-
Payments to Vendors	(2,422,822)	(3,366,206)	-	(5,789,028)	-
Payments to Employees	(967,284)	(1,596,372)	(14,863,540)	(17,427,196)	-
Payments for Interfund Services Used	-	-	-	-	(20,572,732)
Net Cash Provided by (Used for) Operating Activities	1,599,999	763,494	11,824,008	14,187,501	1,658,968
Cash Flows from Noncapital Financing Activities:					
Transfers from (to) Other Funds	(242,329)	(281,260)	(627,527)	(1,151,116)	250,000
Non-operating Revenues	-	-	240,615	240,615	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(242,329)	(281,260)	(386,912)	(910,501)	250,000
Cash Flows from Capital and Related Financing Activities:					
Proceeds from the Issuance of Bonds and Notes	487,000	4,300,000	-	4,787,000	-
Proceeds from Capital Lease	-	110,925	-	110,925	-
Contribution in Aid of Construction	-	-	714,342	714,342	-
Intergovernmental Revenues	751,293	1,396,625	-	2,147,918	-
Other	340,000	140,000	-	480,000	-
Acquisition/Retirement of Capital Assets	(1,478,413)	(4,383,187)	(7,237,082)	(13,098,682)	-
Principal Payments on Bonds, Notes and Leases	(1,746,405)	(2,610,613)	(1,503,454)	(5,860,472)	-
Interest Expense	(480,601)	(664,743)	(880,996)	(2,026,340)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,127,126)	(1,710,993)	(8,907,190)	(12,745,309)	-
Cash Flows from Investing Activities:					
Investment Income	-	-	568,615	568,615	185,537
Proceeds/(Purchase) of Investments	-	-	(3,113,685)	(3,113,685)	-
Net Cash Provided by (Used for) Investing Activities	-	-	(2,545,070)	(2,545,070)	185,537
Net Increase (Decrease) in Cash and Cash Equivalents	(769,456)	(1,228,759)	(15,164)	(2,013,379)	2,094,505
Cash and Cash Equivalents at Beginning of Year	1,971,235	4,090,338	24,091,252	30,152,825	14,346,096
Cash and Cash Equivalents at End of Year	\$ 1,201,779	\$ 2,861,579	\$ 24,076,088	\$ 28,139,446	\$ 16,440,601

(Continued)

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer Fund	Water Fund	Gas and Electric Light (as of December 31, 2019)	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:					
Operating Income (Loss)	\$ 1,519,581	\$ 380,308	\$ 6,412,844	8,312,733	\$ 3,906,146
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	996,612	1,533,603	5,078,160	7,608,375	-
Deferred (Outflows)/Inflows of Resources Related to Pensions	420,737	646,023	3,204,137	4,270,897	-
Deferred (Outflows)/Inflows of Resources Related to OPEB	(332,887)	(949,540)	(1,383,136)	(2,665,563)	-
Change in Assets and Liabilities:					
Increase (Decrease) in Accounts Payable	(189,279)	(616,444)	(392,317)	(1,198,040)	(294,579)
Increase (Decrease) in Accrued Payroll	8,145	23,046	-	31,191	-
Increase (Decrease) in Accrued Expenses	-	-	(58,322)	(58,322)	-
Increase (Decrease) in Compensated Absences	6,928	(7,563)	(141,928)	(142,563)	-
Increase (Decrease) in Net OPEB Liability	210,816	831,293	425,209	1,467,318	-
Increase (Decrease) in Net Pension Liability	(322,178)	(430,726)	(1,742,702)	(2,495,606)	-
Increase (Decrease) in Energy Conservation	-	-	142,817	142,817	-
Increase (Decrease) in Reserve for Rate Stabilization	-	-	3,629,093	3,629,093	-
Increase (Decrease) in Accrued Claims	-	-	-	-	(366,685)
Decrease (Increase) in Inventory	-	-	(2,399,659)	(2,399,659)	-
Decrease (Increase) in Prepaid Expenses	-	-	(11,604)	(11,604)	(1,191,000)
Decrease (Increase) in Deferred Charges	-	-	(945)	(945)	-
Decrease (Increase) in Due From Others	-	-	-	-	(394,914)
Decrease (Increase) in User Charges Receivable	(718,476)	(646,506)	(937,639)	(2,302,621)	-
Total Adjustments	80,418	383,186	5,411,164	5,874,768	(2,247,178)
Net Cash Provided by (Used for) Operating Activities	\$ 1,599,999	\$ 763,494	\$ 11,824,008	\$ 14,187,501	\$ 1,658,968

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

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 4,405,262	\$ 472,857	\$ 1,147,094
Investments	256,456,155	-	-
Accounts Receivable	91,497	-	-
Total Assets	260,952,914	472,857	1,147,094
LIABILITIES			
Warrants Payable	100,145	3,535	35,010
Accrued Payroll	-	7,564	-
Due to Others	-	-	74,382
Due to Student Groups	-	-	219,340
Escrows and Deposits	-	-	818,362
Total Liabilities	100,145	11,099	1,147,094
NET POSITION			
Held in Trust for Pension Benefits and Other Purposes	\$ 260,852,769	\$ 461,758	\$ -

(1) The Pension Trust Fund and the Gas and Electric Light Department OPEB Trust Fund are as of December 31, 2019.

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

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
Additions		
Contributions:		
Employers	\$ 20,470,034	\$ -
Plan Members	4,194,105	-
Transfers/Reimbursements from Other Systems	635,563	-
Federal Grant Reimbursements	10,714	-
Commonwealth of Massachusetts - COLA	100,333	-
Private Donations	-	36,065
Total Contributions	25,410,749	36,065
Investment Income:		
Interest & Dividends	6,272,527	35,943
Net Change in Fair Value of Investments	37,377,115	-
Total Investment Earnings	43,649,642	35,943
Less Investment Expense	(1,561,193)	-
Net Investment Earnings	42,088,449	35,943
Total Additions	67,499,198	72,008
Deductions:		
Benefit Payments to Plan Members and Beneficiaries	28,641,510	-
Refunds to Members and Transfers to Other Systems	1,553,990	-
Educational Scholarships	-	77,077
General Expenses	370,296	-
Total Deductions	30,565,796	77,077
Change in Net Position	36,933,402	(5,069)
Net Position at Beginning of Year	223,919,367	466,827
Net Position at End of Year	\$ 260,852,769	\$ 461,758

(1) The Pension Trust Fund and the Gas and Electric Light Department OPEB Trust Fund are as of December 31, 2019.

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Westfield, Massachusetts (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant City accounting policies are described herein.

A. Reporting Entity

The City was incorporated in 1669 as a Town and in 1920 as a City. The City is a municipality in which citizens elect the mayor, six councilors and seven at-large councilors.

For financial reporting purposes, the City has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, the accompanying financial statements present the City of Westfield and its blended component units.

Blended component units are entities that are legally separate from the City, but are so related that they are, in substance, part of the City's operations and so data from these units and are combined with the primary government. The following component unit is blended within the primary government in the fiduciary funds:

The Westfield Contributory Retirement System (the System) was established to provide retirement benefits to City employees, the City Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The system did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 59 Court Street, Westfield, Massachusetts.

The following component unit is blended within the primary government in the proprietary funds:

The City of Westfield Gas and Electric Light Department – The condensed financial statements of the City of Westfield Gas and Electric Light Department (the Department) are included in the Proprietary Fund Type column and Business-Type Activity column of the basic financial statements. The complete financial statements may be obtained from their respective administration offices at 100 Elm Street, Westfield, Massachusetts.

The City is responsible for electing/appointing the governing board of the Westfield Housing Authority and the Westfield Community Development Corporation. These related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond the City electing/appointing the board members. Audited financial statements are available from the respective organizations. Descriptions of these related organizations follow:

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Westfield Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly, and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The City has no significant influence over management, budget, or policies of the authority.

Westfield Community Development Corporation – A nonprofit organization that promotes economic development in the City. The organization is incorporated as a nonprofit organization and was organized under Section 501 of the Internal Revenue Service. The City has no significant influence over management, budget, or policies of the organization.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

The government-wide financial statements (e.g., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

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

Fund financial statements

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

and

- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Proprietary and fiduciary funds are reported by fund type.

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

Government-wide financial statements

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

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

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

Fund financial statements

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

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

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

The City reports the following major governmental funds:

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

The City reports the following major proprietary funds:

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

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

The *gas and electric light fund* is used to account for activities of the City's gas and electric distribution operations.

The *internal service fund* is used to account for the activity in self-insurance funds.

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

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

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

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

Additionally, the City reports the following fund types:

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

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

The *Other Post Employment Benefit (OPEB) Trust Funds (Gas and Electric Light and the City)* are used to account for the assets held by the City and the Gas and Electric Light Departments (as of December 31, 2019) in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Funds cannot be used to support the City's or the Gas and Electric Departments' operations.

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 *agency fund* is used to account for assets held in a purely custodial capacity.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

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

D. Cash and Cash Equivalents

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

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

Investment income from proprietary funds is maintained in those funds.

E. Restricted and Designated Assets

Restricted and designated assets in the Gas and Electric Light Department; cash, cash equivalents and investments, which are restricted under the terms of legislation, certain agreements for payments to third parties or Municipal Light Board actions limiting the use of such funds, are included as restricted or designated assets. When the Department restricts funds for a specific purpose, and both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources where required, then unrestricted resources as they are needed. Please refer to Note 4E for further discussion.

F. Investments

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

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

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

Level 3 inputs are unobservable for the asset or liability.

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

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

G. Receivables

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

Property Taxes, Tax Liens and Tax Foreclosures

Property taxes are based on assessments as of January 1, 2019 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The City has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The City mailed preliminary tax bills for the fiscal year 2020 on June 28, 2019, and September 30, 2019, that were due on August 1, 2019 and November 1, 2019 and actual bills on December 31, 2019, and March 31, 2020, that were due on February 3, 2020, and June 1, 2020, respectively.

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

The legal levy limit under Proposition 2 1/2 for fiscal year 2020 is \$81,172,571.

The total amount raised by taxation was \$76,484,434.

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

CITY OF WESTFIELD, MASSACHUSETTS
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Excise Taxes

Excise taxes consist of motor vehicle excise taxes. Excise taxes are assessed annually for each vehicle registered in the City and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair market value of those vehicles. The tax calculation is the fair market value of the vehicle multiplied by the \$25 per \$1,000 of value.

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

Departmental

Departmental receivables consist primarily of ambulance, Community Development Office loan programs, police off-duty, vocational high school, ordinance violations among others and are recorded as receivables in the fiscal year.

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

User Charges

User charges consist of solid waste and stormwater in the governmental activities, and water, sewer and gas and electric light in the business-type funds. These charges are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the fiscal year of the levy.

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

Due from Other Governments

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

Accounts Receivable

In the fiduciary funds, the retirement system accounts receivable consists of miscellaneous income, member deductions, make up payments and redeposits. Additionally, in the governmental activities internal service funds, other accounts receivable consists of Incurred But Not Reported (IBNR) claims.

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

H. Inventory

Inventory in the business-type activities is valued at the lower of cost (weighted average method) or market. Materials and supplies consist primarily of pipe, valves, utility poles, wire, meters, transformers and cable.

CITY OF WESTFIELD, MASSACHUSETTS
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I. Other Investments

Other investments consist of the Gas and Electric Light Department's equity in New England Hydro-Transmission Electric Company (Hydro-Quebec). Restricted assets of the MMWEC Reserve Trust and Other – Investments at December 31, 2019 consist of common stock owned by the Department as follows:

Hydro-Quebec Phase II	\$	33,589
Public Utility Mutual Insurance Company		266,000
	\$	299,589

The Department has joined with other utilities on committing to equity sponsorship of a project known as Hydro-Quebec Phase II that consists of two companies operating certain electric transmission facilities in New Hampshire and Massachusetts. The Department owns .2554% of the Companies' outstanding common stock. The Department uses the equity method of accounting for the investment because the investment is under common control with other municipal utilities. Under the equity method, investments are recorded at cost and increased or decreased by the Department's pro-rata share of earnings or losses and distributions. Investment income is recorded as earned.

In addition, the Department joined with other utilities to invest in Public Utility Mutual Insurance Company ("PUMIC"). PUMIC provides general insurance to members of the Public Utilities Risk Management Association. The Department invested \$266,000 in 1999 and is a founding member.

J. Deferred Charges

Under the terms of the Gas and Electric Department's member agreement with Massachusetts Municipal Wholesale Electric Company (MMWEC), the Department is required to prepay various operating expenses, working capital requirements, and/or research expenditures for various projects that are operational, under construction, or in the planning stages. The Department charges these items to expense when MMWEC indicates that the expense has been incurred.

K. Capital Assets

Capital assets, which include land, construction in progress, buildings, machinery and equipment, and infrastructure assets (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

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

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

The Gas and Electric Light Department's investment in capital assets is stated at cost; which includes material and labor. Maintenance and repairs are charged to operating expense as incurred, and significant renewals and betterments are capitalized. As assets are retired or otherwise disposed of, the Department and the Cooperative calculate or estimate the related cost and accumulated depreciation; which are removed from the accounts. Any profit or loss on disposition is credited or charged to income in the year retired. The Department and the Cooperative evaluated the fair value of its assets and no adjustment for impairment was deemed necessary by management. The Department and Cooperative capitalize additions to the plant with an original cost of \$1,000 or more.

Depreciation for the Gas and Electric Light Department is computed using the straight-line method at a composite rate as prescribed by the Massachusetts Department of Public Utilities (DPU). Depreciation was calculated using a composite rate of 3% for the year ended December 31, 2019, with the exception of various fixed assets of the telecommunications division, for which management may estimate alternative useful lives.

L. Amortization

The Gas and Electric Light Department's Union Street regulatory asset is being amortized on a straight-line basis over 276 months. The Twiss Street regulatory asset is being amortized on a straight-line basis over 288 months.

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

N. Deferred Outflows and Inflows of Resources

Government-wide financial statements

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*. The deferred outflows related to pensions for future pension expenses is explained in note 5F. The deferred outflows related to OPEB for future retiree health and life insurance expenses is explained in note 5G. These amounts are deferred and recognized as outflows of resources in a future period.

CITY OF WESTFIELD, MASSACHUSETTS
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In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department has four items, *reserve for rate stabilization*, *reserve for energy conservation*, *deferred inflows related to pensions* and *deferred inflows related to OPEB*, which qualify in this category. The deferred inflows related to pensions for future pension revenues is explained in note 5F. The deferred inflows related to OPEB for future retiree health and life insurance revenues is explained in note 5G. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

- **Reserve for Rate Stabilization:** The Municipal Light Board, in their capacity as the governing body for the Department, have taken various regulatory actions that result in differences between the recognition of revenues and expenses for rate-making purposes and their treatment under generally accepted accounting principles. *Rate stabilization* is intended to defer the need for future rate increases when costs exceed existing rates. Amounts may be either transferred into this fund (which reduces revenues), or amounts are transferred out of this fund (which increases revenues). Management utilizes rate stabilization funds on an event driven basis.
- **Reserve for Energy Conservation:** In the ordinary course of business, the Department will enter into energy conservation reimbursement contracts with its commercial customers. These are secured by the equipment associated with the reimbursement. Contracts with terms that range from two to four years are classified as long-term. Also, the Department enters into contracts for construction projects and for the resale of electricity. Interest receivable is recorded when earned.

Fund financial statements

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

O. Net position and Fund Balances

In the Government-Wide financial statements, the difference between the City's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets, restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

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

CITY OF WESTFIELD, MASSACHUSETTS
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Net position has been “restricted for” the following:

“Capital projects” represents amounts restricted for capital purposes.

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

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

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

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Other purposes” represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, which is the City Council action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit.

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

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

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

CITY OF WESTFIELD, MASSACHUSETTS
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P. Long-term Debt

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

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

Q. Compensated Absences

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

R. Pension Benefits

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

S. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 65%, 80% and 85% share of insurance premiums in the general fund in the fiscal year paid.

T. Use of Estimates

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

U. Total Column

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
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2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

Every board and committee in charge of a department shall annually send to the Mayor an estimate, in detail, of the appropriations needed to enable the department to properly perform its duties.

The Mayor and City Auditor review the budget and submit a budget to the City Council.

The City Council receives the budget and refers it to the Finance Committee.

After reviewing with each department, the Finance Committee submits the budget to the City Council.

The budget is legally enacted by vote of the City Council prior to the end of the fiscal year.

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

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

For fiscal year 2020, the City incurred a final budget deficit of \$4,274,219 for the General Fund.

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

Unassigned fund balance:		
Council votes - Free cash	\$	1,679,736
Appropriation deficits		310,349
Prior year's encumbrances		2,284,134
	\$	<u>4,274,219</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
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B. Deficit Fund Balances

The following funds had deficits at June 30, 2020 as measured by the balances of unreserved fund balance:

- The *Airport improvements'* capital project funds have deficits totaling \$823,202. The City has outstanding bond anticipation notes of \$643,000 for these projects. The deficit will be eliminated upon the issuance of permanent debt and the appropriation of funds.
- The *roadway improvements–target* capital project fund has a deficit of \$33,098. The City has an outstanding bond anticipation note of \$58,000 for this project. The deficit will be eliminated upon the issuance of permanent debt.
- The *Airport improvements'* special revenue project funds have deficits totaling \$212,830. These deficits will be eliminated upon the receipt of additional grant funds or appropriation of funds.
- The *Community Development Block Grant* special revenue fund has a deficit of \$10,367. This deficit will be eliminated upon the receipt of additional grant funds or appropriation of funds.
- The *Federal emergency management covid-19 grant* special revenue fund has a deficit of \$81,854. The deficit will be eliminated upon the future receipt of grant funds or upon appropriation.

3. WESTFIELD GAS AND ELECTRIC LIGHT DEPARTMENT (THE “COOPERATIVE”)

The Southwest Cooperative, a blended component unit of the Department, was formed in October 2006 for the sole purpose of constructing gas transmission facilities and pipelines from the supplier's source, located in Southwick, Massachusetts, to the gas distribution system currently operated by the Department. In accordance with the by-laws of the Cooperative, a majority of its members, officers and directors will consist of members of the Department's management. The entire capacity provided by this project is utilized by the Department.

At December 31, 2019, the Cooperative has been included in the financial statements of the City of Westfield Gas and Electric Light Department. All significant intercompany accounts and transactions have been eliminated as part of the consolidation.

4. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits – City Financials

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2020 were \$88,054,769. Of these, \$21,205,442 are exposed to custodial credit risk as uninsured and uncollateralized.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Custodial Credit Risks – Deposits – Gas and Electric Light

Cash and cash equivalents that are presented for the gas and electric light, a business-type activity fund, are at December 31, 2019. The complete financial statements may be obtained from their respective administration offices.

Custodial Credit Risks – Deposits – Westfield Contributory Retirement System

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned. The System does not have a deposit policy for custodial credit risk. Deposits at December 31, 2019 were \$3,724,796. None are exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies – City Financials

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

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

As of June 30, 2020, the City had no investments that met the above criteria.

Investment Policies – Westfield Contributory Retirement System (The System)

Under the Public Employee's Retirement Administration Commission (PERAC) regulations, every retirement board shall file a statement of investment objectives with PERAC. Among the information to be filed are the investment policy, the rate of return expected, the expected level of risk, the asset mix, the degree of diversification, and other pertinent financial information.

The System has expended investment powers, including the ability to invest in equity securities, corporate bonds and other specified investments.

The System also participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The System does not have the ability to control any of the investment decisions related to its funds in PRIT.

Specific policies for investments of funds for the System that have been approved by PERAC, are as follows:

- Equity investments shall not exceed 60% of the total book value of the portfolio at the time of purchase.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
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- At least 30% but no more than 80% of the total book value of the portfolio valued at market shall consist of fixed income investments with a maturity of more than one year.
- Real estate investments shall not exceed 2% of the total book value of the portfolio at the time of purchase and shall consist of real estate trusts and partnerships, provided that (a) trust participants or limited partners do not participate in the selection of trustees or general partners and should a limited partner be required to participate in the selection of a general partner, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action, and (b) such trustees or general partners retain authority in the decision making process and (c) such an investment in a trust or limited partnership result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture of said trust or limited partnership is prudent.
- Real estate investments shall not total more than \$600,000 at the time of purchase and shall consist of real estate trusts and partnerships, provided that: (a) trust participants or limited partners do not participate in the selection of trustees or general partners and should a trust participant or limited partner be required to participate in the selection of a trustee or general partner, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action, and (b) such trustees or general partners retain authority in the decision making process, and (c) should an investment in a trust or limited partnership result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture of said trust or limited partnership is prudent.
- Non-United States based corporations and foreign government bonds provided such securities are denominated in the United States Currency, are listed on a United States exchange or traded over the counter in the United States, and provided further that the total of such securities not exceed 10% of the market value of the portfolio.
- In accordance with PERAC Investment Guideline 99-2, the Westfield Retirement Board may invest in the Loomis Sayles Investment Trust Small Company Value Fund. Investment in this commingled fund represents a modest modification to the System's existing investment mandate with Loomis Sayles, which had been in the form of a small cap value separate account. The commingled fund has the identical investment strategy as the separate account but will serve to reduce custodial and administrative expenses for the System.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
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As of December 31, 2019, the System had the following investments and maturities:

Investment Type	Fair Value	Maturities (in Years)
		6 to 10
Debt Securities:		
Bond mutual funds	\$ 34,888,301	<u>\$ 34,888,301</u>
Other Investments:		
Equity mutual funds - Domestic	85,506,501	
Equity mutual funds - International	48,791,842	
Pension reserve investment trust - Hedge Funds	24,051,551	
Pooled real estate	28,068,927	
Pooled Venture Capital Funds	31,285,186	
Massachusetts Municipal Depository Trust	199,358	
	<u>\$ 252,791,666</u>	

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the System's \$252,791,666 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the System's name. The System has no policy on custodial credit risk.

Interest Rate Risk

The System does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The System limits investments in bonds with a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 10% of the market value of fixed income investments may be invested in bonds with a minimum quality rating of Ba or equivalent as rated by one or more recognized bond rating services.

The System's exposure to credit risk as of December 31, 2019 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
Bond Mutual Funds:	
AAA	\$ 7,492,339
AA2	27,395,962
	<u>\$ 34,888,301</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
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Concentration of Credit Risk

The System may invest up to 15% of the account's assets in high yield securities on an opportunistic basis. There are no qualified investments that are more than 5 percent.

Fair Value of Investments

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

The System has the following recurring fair value measurements as of December 31, 2019:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Equity securities - domestic	\$ 85,506,501	\$ 85,506,501	\$ -	\$ -
Equity mutual funds - International	48,791,842	48,791,842	-	-
Bond mutual funds	34,888,301	-	34,888,301	-
	<u>169,186,644</u>	<u>\$ 134,298,343</u>	<u>\$ 34,888,301</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (PRIT)-hedge funds	24,051,551			
Pooled real estate	28,068,927			
Pooled Venture Capital Funds	31,285,186			
External Investment Pools (MMDT)	199,358			
Total Investments	<u><u>\$ 252,791,666</u></u>			

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

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

B. Receivables

At June 30, 2020, receivables for the individual major governmental funds, non-major governmental funds and December 31, 2019, for the fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 2,428,885	\$ (347,750)	\$ 2,081,135
Tax liens	2,769,622	-	2,769,622
Excise taxes	1,583,302	(944,457)	638,845
Departmental	3,990,668	(2,534,853)	1,455,815
User charges	803,531	(5,740)	797,791
Due from other governments	5,769,452	-	5,769,452
Tax foreclosures	381,735	-	381,735
Fiduciary funds:			
Westfield Employees Retirement System (at December 31, 2019):			
Accounts Receivable	91,497	-	91,497
	<u>\$ 17,818,692</u>	<u>\$ (3,832,800)</u>	<u>\$ 13,985,892</u>

The remaining \$982,585 amount shown on the Statement of Activities in other receivables represents adjustments due from members for health insurance claims in the fourth quarter of fiscal year 2020 of the Internal Service funds.

At June 30, 2020 and December 31, 2019 for the Gas and Electric Light Department, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
User charges	\$ 2,159,936	\$ (128,057)	\$ 2,031,879
Due from other governments	1,724,426	-	1,724,426
Water Fund:			
User charges	2,425,172	(82,113)	2,343,059
Due from other governments	390,805	-	390,805
Gas and Electric Light (As of December 31, 2019)			
User charges	5,436,325	(694,000)	4,742,325
	<u>\$ 12,136,664</u>	<u>\$ (904,170)</u>	<u>\$ 11,232,494</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

The composition of amounts due from other governments as of June 30, 2020 for governmental funds and the business-type activities are as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Massachusetts School Building Authority:		
School Building Assistance - capital portion	\$	867,072
Department of Veterans Services:		
Veterans benefits	482,152	\$ 1,349,224

Nonmajor Governmental Funds:

U.S. Department of Agriculture:

School lunch	66,542
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U.S. Department of Education:

School title grants	340,497
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U.S. Department of Housing and Urban Development:

Community Development Block Grant	19,208
Pass through Holyoke: Home Program	10,097

U.S. Department of Transportation:

Federal Aviation Administration	2,711,700
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Commonwealth of Massachusetts:

Department of Elementary and Secondary Education:	
School lunch	1,751
School title grants	15,000
Executive Office of Education	199,327
Executive Office of Energy & Economic Development	6,260
Massachusetts Aeronautics Commission:	
Airport Grants	436,408

Other:

Massachusetts Department of Transportation:		
Highway Department - Chapter 90 funds	613,438	4,420,228
		\$ 5,769,452

Business-Type Funds:

Sewer Fund:

Town of Southwick's portion of the repayment of the City's Massachusetts Clean Water Trust loan (includes subsidy) for its share of the wastewater treatment plant.	\$	688,770
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Massachusetts Clean Water Trust:

Principal loan subsidy	1,035,656
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Water Fund:

Commonwealth of Massachusetts:

Executive Office of Environmental Affairs:	
Tekoa Dam Removal	390,805
	\$ 2,115,231

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

C. Deferred Inflows of Resources – Unavailable Revenue

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. The City has four items, *reserve for rate stabilization*, *reserve for energy conservation*, *deferred inflows related to pensions* and *deferred inflows related to OPEB*, which qualify in this category. The deferred inflows related to pensions for future pension revenues is explained in note 5F. The deferred inflows related to OPEB for future retiree health and life insurance revenues is explained in note 5G.

- **Reserve for Rate Stabilization:** Management utilizes rate stabilization funds on an event driven basis. During 2019, the Department used \$1,646,395 to offset the cost of power. The Department increased the reserve by \$5,275,488 during 2019. The balance remaining to offset future costs is \$45,245,088 as of December 31, 2019.
- **Reserve for Energy Conservation:** In the ordinary course of business, the Department will enter into energy conservation reimbursement contracts with its commercial customers. As of December 31, 2019, the balance is \$1,041,716.

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

General Fund:			
Property taxes	\$	1,689,901	
Tax liens		2,769,622	
Excise taxes		638,845	
Departmental		441,233	
User charges		462,620	
Tax foreclosures		381,735	
Due from other governments		1,349,224	\$ 7,733,180
Nonmajor governmental funds:			
Property taxes		21,234	
Departmental		898,593	
User charges		335,171	
Due from other governments		242,633	1,497,631
			\$ 9,230,811

D. Inventories

Inventory in the Gas and Electric Light Department, as of December 31, 2019 consists consist primarily of pipe, valves, utility poles, wire, meters, transformers and cable for a total of \$7,819,309.

E. Restricted and Designated Assets

Restricted and designated assets in the Gas and Electric Light Department which is in the custody of and managed by the City Treasurer, and cash accounts deposited with the Massachusetts Municipal Wholesale Electric Company (“MMWEC”).

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

These funds are segregated for specific outlays and contingencies and are recorded at fair value. The balance at December 31, 2019 consists of the following:

	Cash and Cash equivalents	Investments	Total
Restricted Cash:			
Cash in Escrow	\$ 575,794	\$ -	\$ 575,794
Cash for Rate Stabilization	5,883,428	-	5,883,428
MMWEC Reserve Trust	605,318	31,219,835	31,825,153
Total Restricted Cash and Designated	7,064,540	31,219,835	38,284,375
Deferred Charges	2,262,188	684,685	2,946,873
	<u>\$ 9,326,728</u>	<u>\$ 31,904,520</u>	<u>\$ 41,231,248</u>

F. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 (including the Gas and Electric Light Department at December 31, 2019), follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 23,882,824	\$ 210,000	\$ -	\$ 24,092,824
Construction in progress	5,144,865	10,691,797	(525,957)	15,310,705
Total capital assets not being depreciated	29,027,689	10,901,797	(525,957)	39,403,529
Capital assets being depreciated:				
Buildings and improvements	158,742,627	1,027,360	-	159,769,987
Machinery, equipment and other	24,976,975	1,899,067	(24,887)	26,851,155
Infrastructure	147,442,967	4,032,299	-	151,475,266
Total capital assets being depreciated	331,162,569	6,958,726	(24,887)	338,096,408
Less accumulated depreciation for:				
Buildings	69,929,807	5,896,033	-	75,825,840
Machinery, equipment and other	18,630,891	1,732,354	(24,887)	20,338,358
Infrastructure	83,577,563	5,308,150	-	88,885,713
Total accumulated depreciation	172,138,261	12,936,537	(24,887)	185,049,911
Total capital assets being depreciated, net	159,024,308	(5,977,811)	-	153,046,497
Total governmental activities capital assets, net	<u>\$ 188,051,997</u>	<u>\$ 4,923,986</u>	<u>\$ (525,957)</u>	<u>\$ 192,450,026</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Depreciation expense was charged to functions/programs of the governmental type activities as follows:

Governmental Activities:

General government	\$ 1,311,663
Airport	3,082,848
Public safety	870,847
Public works	3,345,848
Education	3,419,236
Health and human services	234,389
Culture and recreation	671,705
Total depreciation expense - governmental activities	<u>\$ 12,936,536</u>

Business-Type Activities:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities				
Capital assets not being depreciated:				
Land	\$ 42,705	\$ -	\$ -	\$ 42,705
Construction in progress	12,819,538	889,751	(5,212,309)	8,496,980
Total capital assets not being depreciated	<u>12,862,243</u>	<u>889,751</u>	<u>(5,212,309)</u>	<u>8,539,685</u>
Capital assets being depreciated:				
Buildings and Renovations	3,493,931	77,887	-	3,571,818
Machinery, equipment and other	542,469	-	-	542,469
Infrastructure	52,036,271	5,723,084	-	57,759,355
Total capital assets being depreciated	<u>56,072,671</u>	<u>5,800,971</u>	<u>-</u>	<u>61,873,642</u>
Less accumulated depreciation for:				
Buildings and Renovations	1,952,874	96,977	-	2,049,851
Machinery, equipment and other	380,591	47,196	-	427,787
Infrastructure	17,747,867	852,439	-	18,600,306
Total accumulated depreciation	<u>20,081,332</u>	<u>996,612</u>	<u>-</u>	<u>21,077,944</u>
Total capital assets being depreciated, net	<u>35,991,339</u>	<u>4,804,359</u>	<u>-</u>	<u>40,795,698</u>
Total business-type activities capital assets, net	<u>\$ 48,853,582</u>	<u>\$ 5,694,110</u>	<u>\$ (5,212,309)</u>	<u>\$ 49,335,383</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Business-Type Activities	Beginning			Ending
Water Activities	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 3,021,534	\$ -	\$ -	\$ 3,021,534
Construction in progress	6,085,520	3,668,820	(66,593)	9,687,747
Total capital assets not being depreciated	9,107,054	3,668,820	(66,593)	12,709,281
Capital assets being depreciated:				
Buildings and Renovations	1,476,474	-	-	1,476,474
Machinery, equipment and other	2,765,050	146,032	-	2,911,082
Infrastructure	73,652,287	634,926	-	74,287,213
Total capital assets being depreciated	77,893,811	780,958	-	78,674,769
Less accumulated depreciation for:				
Buildings and Renovations	901,620	46,860	-	948,480
Machinery, equipment and other	1,970,051	151,733	-	2,121,784
Infrastructure	22,683,361	1,335,009	-	24,018,370
Total accumulated depreciation	25,555,032	1,533,602	-	27,088,634
Total capital assets being depreciated, net	52,338,779	(752,644)	-	51,586,135
Total business-type activities capital assets, net	\$ 61,445,833	\$ 2,916,176	\$ (66,593)	\$ 64,295,416

Business-Type Activities	Beginning			Ending
Gas and Electric Light Activities (as of December 31, 2019)	Balance	Increases/ Adjustments	Decreases/ Adjustments	Balance
Capital assets not being depreciated:				
Land	\$ 1,191,091	\$ -	\$ -	\$ 1,191,091
Total capital assets not being depreciated	1,191,091	-	-	1,191,091
Capital assets being depreciated:				
Plant investment	140,611,558	5,972,200	(122,224)	146,461,534
Office and computer equipment	6,659,978	461,154	(611,482)	6,509,650
Transportation equipment	4,545,136	683,051	(355,303)	4,872,884
Equipment	14,995,629	120,677	(271,684)	14,844,622
Total capital assets being depreciated	166,812,301	7,237,082	(1,360,693)	172,688,690
Less accumulated depreciation	65,013,227	5,012,074	(1,360,693)	68,664,608
Total capital assets being depreciated, net	101,799,074	2,225,008	-	104,024,082
Total electric light activities capital assets, net	\$ 102,990,165	\$ 2,225,008	\$ -	\$ 105,215,173

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-Type Activities:	
Sewer fund	\$ 996,612
Water fund	1,533,602
Gas and Electric Light Department	<u>5,012,074</u>
Total depreciation expense - business-type activities	<u>\$ 7,542,288</u>

G. Regulatory Asset

The accounting policies of the Gas and Electric Light Department conform to accounting principles generally accepted in the United States of America applicable to rate-regulated enterprises and historically reflect the effects of the rate-making process. In 2010, the Union Street LNG peaking facility was abandoned. In 2016, the Twiss Street methane plant was also abandoned. The Commissioners of the Department (with approval by the Massachusetts Department of Public Utilities) voted to include the unrecovered cost of its investment, with a full return on investment, in future rates as amortization of a regulatory asset. Management believes it is probable that the Department will recover their investment in the regulatory assets.

As of December 31, 2019:	
Regulatory assets - cost	\$ 1,548,787
Less: accumulated amortization	<u>(421,728)</u>
	<u>\$ 1,127,059</u>

Amortization expense of the Gas and Electric Light Department on the regulatory asset was \$66,086 for the year ended December 31, 2019 and is estimated to be \$66,086 for each of the next five years.

H. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2020, are summarized below:

Transfers Out:	Transfers In:		Total
	General fund	Internal Service fund	
General fund	\$ -	\$ 250,000	\$ 250,000
Nonmajor governmental funds	17,580	-	17,580
Business-type fund	<u>1,171,035</u>	-	<u>1,171,035</u>
Total transfers out	<u>\$ 1,188,615</u>	<u>\$ 250,000</u>	<u>\$ 1,438,615</u>

The remaining (\$44,887) amount shown on the Statement of Activities in transfers represents transfers that occurred between the calendar year December 31, 2019 end for the Gas and Electric Light business-type activities and the fiscal year year-end conversion on June 30, 2020.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

I. Leases

The City has entered into lease agreements as lessee for financing of various airport, fire and highway department vehicles and equipment in the governmental activities and a various vehicles and equipment in the business-type activities. The lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery, Equipment and Other	\$ 3,988,440	\$ 397,755
Less: Accumulated Depreciation	(1,061,808)	(204,263)
Total	<u>\$ 2,926,632</u>	<u>\$ 193,492</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, are as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2021	\$ 706,676	\$ 45,291
2022	565,808	45,291
2023	284,148	45,292
2024	177,157	23,046
Total minimum lease payments	1,733,789	158,920
Less: amount representing interest	(73,502)	(8,476)
Present value of minimum lease payments	<u>\$ 1,660,287</u>	<u>\$ 150,444</u>

J. Short-Term Financing

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

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

Governmental Activities							
Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2019	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2020	
Nonmajor Governmental Funds:							
Bond anticipation notes:							
City-wide radio system	3.00%	10/31/2019	\$ 40,000	\$ -	\$ 40,000	\$ -	
Municipal outdoor recreation	3.00%	10/31/2019	30,000	-	30,000	-	
Road improvements	2.00%	6/12/2020	28,000	-	28,000	-	
Road improvements	1.75%	6/11/2021	-	58,000	-	58,000	
Airport improvements	1.75%	6/11/2021	-	643,000	-	643,000	
Total Governmental Activities			\$ 98,000	\$ 701,000	\$ 98,000	\$ 701,000	

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

Business-type Activities							
Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2019	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2020	
Sewer activities:							
Bond anticipation notes:							
Sewer system upgrades	3.00%	10/31/2019	\$ 2,500,000	\$ -	\$ 2,500,000	\$ -	
Sanitary sewer expansion (Bigwood)	3.00%	10/31/2019	1,750,000	-	1,750,000	-	
Sanitary sewer expansion (Bigwood)	2.00%	6/12/2020	300,000	-	300,000	-	
Sanitary sewer expansion (Bigwood)	2.25%	6/12/2020	141,000	-	141,000	-	
Sanitary sewer expansion (Bigwood)	1.75%	6/11/2021	-	928,000	-	928,000	
Water activities:							
Bond anticipation notes:							
Water Well connector and Tank	3.00%	10/31/2019	1,500,000	-	1,500,000	-	
Water Treatment and Distribution	3.00%	10/31/2019	700,000	-	700,000	-	
Water Well connector and Tank	2.00%	6/12/2020	3,900,000	-	3,900,000	-	
Water meters	2.00%	6/12/2020	1,000,000	-	1,000,000	-	
Water Well connector and Tank	2.50%	10/20/2020	-	1,500,000	-	1,500,000	
Water meters	2.50%	10/20/2020	-	500,000	-	500,000	
Water Treatment and Distribution	1.75%	6/11/2021	-	2,000,000	-	2,000,000	
Water Well connector and Tank	1.75%	6/11/2021	-	2,850,000	-	2,850,000	
Water meters	1.75%	6/11/2021	-	1,000,000	-	1,000,000	
Total Business-type activities			\$ 11,791,000	\$ 8,778,000	\$ 11,791,000	\$ 8,778,000	

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

K. Long Term Debt

General Obligation Bonds

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

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2020
Inside Debt:					
Municipal Purpose Loan of 2011:					
School departmental equipment	3.48%	3/1/2011	12/1/2030	\$ 535,000	\$ 25,000
Building improvements	3.48%	3/1/2011	12/1/2030	195,000	60,000
Land Acquisition	3.48%	3/1/2011	12/1/2030	1,000,000	495,000
Dike construction	3.48%	3/1/2011	12/1/2030	2,200,000	1,150,000
Municipal Purpose Loan of 2014:					
Road improvements	3.41%	4/4/2014	3/1/2034	2,420,000	380,000
Park Square improvements	3.41%	4/4/2014	3/1/2034	1,751,000	975,000
Building improvements	3.41%	4/4/2014	3/1/2034	10,000,000	7,600,000
Energy Conservation	3.41%	4/4/2014	3/1/2034	17,000,000	13,000,000
City Hall remodeling	3.41%	4/4/2014	3/1/2034	3,496,000	2,710,000
Elementary School Roof Remodeling	3.41%	4/4/2014	3/1/2034	404,161	285,000
Municipal Refunding Loan of 2016:					
Land Acquisition	2.00%	11/6/2015	8/1/2020	670,000	130,000
Municipal Purpose Loan of 2016					
	2.52%	3/31/2016	4/1/2036	9,753,000	8,070,000
Municipal Purpose Loan of 2017					
	3.0%-5.0%	10/15/2017	10/15/2036	7,785,700	6,880,000
Municipal Refunding Loan of 2018:					
Technology Center	3.0%-5.0%	8/1/2018	4/1/2038	1,314,000	980,000
Municipal Purpose Loan of 2019					
	3.0%-5.0%	6/12/2019	2/15/2039	530,000	465,000
Municipal Purpose Loan of 2019B					
	2.0%-5.0%	10/30/2019	11/1/2023	70,000	70,000
Total Inside Debt				<u>\$</u>	<u>43,275,000</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2020
Total Inside Debt					\$ 43,275,000
Outside Debt:					
Municipal Purpose Loan of 2014:					
Barnes Airport	3.41%	4/4/2014	3/1/2034	470,000	150,000
New Elementary School Construction	3.41%	4/4/2014	3/1/2034	3,500,000	2,715,000
School Project - Green Repair # 1	3.41%	4/4/2014	3/1/2034	813,812	615,000
School Project - Green Repair # 2	3.41%	4/4/2014	3/1/2034	4,320,027	3,495,000
Municipal Refunding Loan of 2016:					
South Middle School project	2.00%	11/6/2015	8/1/2020	3,290,000	635,000
Total Outside Debt					7,610,000
Total Governmental Type Debt					\$ 50,885,000

Debt service requirements for principal and interest for governmental bonds payable in future fiscal years are as follows:

Year	Principal	Interest	Total
2021	\$ 4,480,000	\$ 2,219,056	\$ 6,699,056
2022	3,895,000	2,015,531	5,910,531
2023	3,965,000	1,821,882	5,786,882
2024	3,965,000	1,625,106	5,590,106
2025	4,030,000	1,428,081	5,458,081
2026-2030	19,080,000	4,331,028	23,411,028
2031-2035	10,875,000	979,375	11,854,375
2036-2040	595,000	17,250	612,250
	\$ 50,885,000	\$ 14,437,309	\$ 65,322,309

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2020
Inside Debt:					
Municipal Purpose Loan of 2011:					
Sewer Facility	3.80%	3/1/2011	12/1/2030	\$ 1,000,000	\$ 550,000
Municipal Refunding Loan of 2016:					
Sewer Treatment Plant	2.00%	11/6/2015	8/1/2020	300,000	55,000
Municipal Purpose Loan of 2017	3.0%-5.0%	10/15/2017	10/15/2037	1,323,300	1,185,000
Municipal Purpose Loan of 2019	3.0%-5.0%	6/12/2019	2/15/2039	1,139,000	1,130,000
Municipal Purpose Loan of 2019B	2.0%-5.0%	10/30/2019	11/1/2039	3,910,000	3,910,000
Massachusetts Clean Water Trust:					
Sewer projects	5.00%	11/15/2002	8/1/2022	18,630,170	3,488,308
Sewer projects	Varies	10/26/2004	8/1/2023	892,407	242,429
Water activities:					
Municipal Purpose Loan of 2014:					
Water mains	3.41%	4/4/2014	3/1/2022	215,000	49,000
					-
Total Inside Debt					10,609,737
Outside Debt:					
Water activities:					
Municipal Purpose Loan of 2011:					
Water mains	3.80%	3/1/2011	12/1/2030	3,170,000	1,730,000
Municipal Purpose Loan of 2014:					
Water mains	3.41%	4/4/2014	3/1/2034	1,060,000	716,000
Granville Dam improvements	2.00%	6/26/2014	6/26/2034	1,000,000	740,572
Municipal Refunding Loan of 2016:					
Water mains	2.00%	11/6/2015	8/1/2020	170,000	30,000
Municipal Purpose Loan of 2016:					
Granville water pipeline replacement	2.52%	3/31/2016	4/1/2036	324,000	265,000
Granville Reservoir improvements	2.52%	3/31/2016	4/1/2036	1,670,000	1,390,000
Municipal Purpose Loan of 2017	3.0%-5.0%	10/15/2017	10/15/2037	886,700	800,000
Municipal Refunding Loan of 2018	3.0%-5.0%	8/1/2018	4/1/2038	1,575,000	1,235,000
Municipal Purpose Loan of 2019	3.0%-5.0%	6/12/2019	2/15/2039	2,451,000	2,325,000
Municipal Purpose Loan of 2019B	2.0%-5.0%	10/30/2019	11/1/2039	2,060,000	2,060,000
Massachusetts Clean Water Trust:					
Water main projects	4-5.25%	11/1/2003	8/1/2023	3,985,590	1,011,940
Water main projects	2.00%	11/3/2005	7/15/2023	86,210	13,509
Granville water pipeline replacement	2.00%	1/7/2015	1/15/2035	2,352,248	1,854,291
Total Outside Debt					14,171,312
Total Sewer and Water Debt					\$ 24,781,049

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding December 31, 2019
Gas and Electric Light activities: (As of December 31, 2019)					
Gas and Electric	4.00%	2/1/2006	8/1/2024	\$ 2,100,000	\$ 541,667
Gas and Electric	2.10%	4/1/2008	12/31/2028	6,000,000	2,588,500
Gas and Electric	4.30%	4/4/2014	3/1/2032	6,233,950	4,474,519
Gas and Electric	4.13%	10/31/2017	10/15/2037	5,000,000	4,015,630
Gas and Electric	2.97%	6/10/2018	12/31/2038	10,000,000	9,981,300
					<u>21,601,616</u>
Total Business-Type Debt					<u><u>\$ 46,382,665</u></u>

Future Debt Service

Debt service requirements for principal and interest for the sewer enterprise fund in future fiscal years are as follows:

Sewer Fund			
Year	Principal	Interest	Total
2021	\$ 1,391,904	\$ 375,812	\$ 1,767,716
2022	1,372,742	334,195	1,706,937
2023	1,433,277	265,499	1,698,776
2024	372,814	220,987	593,801
2025	375,000	205,238	580,238
2026-2030	2,565,000	682,944	3,247,944
2031-2035	1,765,000	270,275	2,035,275
2036-2040	1,285,000	80,037	1,365,037
	<u>\$ 10,560,737</u>	<u>\$ 2,434,987</u>	<u>\$ 12,995,724</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Debt service requirements for principal and interest for the water enterprise fund in future fiscal years are as follows:

Water Fund

Year	Principal	Interest	Total
2021	\$ 1,130,037	\$ 523,437	\$ 1,653,474
2022	1,188,114	474,309	1,662,423
2023	1,201,259	420,771	1,622,030
2024	1,329,588	366,053	1,695,641
2025	1,110,568	318,996	1,429,564
2026-2030	4,577,106	936,972	5,514,078
2031-2035	3,003,640	278,456	3,282,096
2036-2040	680,000	40,234	720,234
	<u>\$ 14,220,312</u>	<u>\$ 3,359,228</u>	<u>\$ 17,579,540</u>

Debt service requirements for principal of for the gas and electric light department as of December 31, 2019 are as follows:

Gas & Electric Light Fund (As of December 31, 2019)

Year	Principal	Interest	Total
2020	\$ 1,517,455	\$ 823,500	\$ 2,340,955
2021	1,517,454	752,500	2,269,954
2022	1,512,455	681,625	2,194,080
2023	1,507,455	612,000	2,119,455
2024	1,502,454	542,625	2,045,079
2025-2029	6,564,106	1,774,150	8,338,256
2030-2034	4,744,332	761,450	5,505,782
2035-2038	2,735,905	168,900	2,904,805
	<u>\$ 21,601,616</u>	<u>\$ 6,116,750</u>	<u>\$ 27,718,366</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

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

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 55,420,000	\$ 70,000	\$ 4,605,000	\$ 50,885,000	\$ 4,480,000
Leases payable	1,411,101	1,023,659	774,473	1,660,287	670,536
Compensated absences	5,571,669	130,157	1,084,097	4,617,729	1,825,328
Net OPEB liability	261,248,425	86,119,862	-	347,368,287	-
Net pension liability	75,867,764	-	13,421,432	62,446,332	-
Governmental activity Long-term liabilities	<u>\$ 399,518,959</u>	<u>\$ 87,343,678</u>	<u>\$ 19,885,002</u>	<u>\$ 466,977,635</u>	<u>\$ 6,975,864</u>
Business-type activities:					
Sewer Fund					
Bonds Payable:					
General obligation bonds	\$ 3,104,000	\$ 3,910,000	\$ 184,000	\$ 6,830,000	\$ 200,800
Massachusetts Clean Water Trust	4,932,750	-	1,202,013	3,730,737	1,191,104
Leases payable	20,392	-	20,392	-	-
Compensated absences	86,172	6,928	-	93,100	15,002
Net OPEB liability	1,843,672	210,816	-	2,054,488	-
Net pension liability	2,045,419	-	322,178	1,723,241	-
	<u>12,032,405</u>	<u>4,127,744</u>	<u>1,728,583</u>	<u>14,431,566</u>	<u>1,406,906</u>
Water Fund					
Bonds Payable:					
General obligation bonds	10,021,989	2,060,000	741,417	11,340,572	781,330
Massachusetts Clean Water Trust	3,216,353	-	336,613	2,879,740	348,707
Leases payable	82,102	110,925	42,583	150,444	41,522
Compensated absences	110,648	-	7,563	103,085	26,596
Net OPEB liability	4,940,296	831,293	-	5,771,589	-
Net pension liability	3,156,746	-	430,726	2,726,020	-
	<u>21,528,134</u>	<u>2,170,925</u>	<u>1,128,176</u>	<u>22,971,450</u>	<u>1,198,155</u>
Gas and Electric Light					
Bonds Payable:					
General obligation bonds	23,105,070	-	1,503,454	21,601,616	1,517,454
Compensated absences	3,086,767	264,000	405,928	2,944,839	386,867
Net OPEB liability	9,649,791	425,209	-	10,075,000	-
Net pension liability	15,755,873	-	1,742,702	14,013,171	-
	<u>51,597,501</u>	<u>689,209</u>	<u>3,652,084</u>	<u>48,634,626</u>	<u>1,904,321</u>
Total Business-type activity Long-term liabilities	<u>\$ 85,158,040</u>	<u>\$ 6,987,878</u>	<u>\$ 6,508,843</u>	<u>\$ 86,037,642</u>	<u>\$ 4,509,382</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Massachusetts Clean Water Trust (MCWT)

The City is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$26,613,911 and interest costs of \$13,028,128 for six loans which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2020 for principal and interest combined for the loans is \$7,253,098 (principal of \$6,610,477 and interest of \$642,621). The principal subsidies are guaranteed and therefore \$1,035,656 has been reported as an intergovernmental receivable in the government-wide financial statements. The net repayments, including interest, are scheduled to be \$5,906,526. Since the City is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2020 principal and interest subsidies totaled \$490,476.

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a City may authorize indebtedness up to a limit of 5 percent of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The City's inside debt at June 30, 2020, totaled \$56,024,737.

In addition, the City is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

The following is a computation of the legal debt limit as of June 30, 2020:

Equalized Valuation-Real Estate and Personal Property (2020)			\$ 3,606,467,600
Debt Limit: 5 % of Equalized value			180,323,380
Total Debt Outstanding			
Governmental Activity Debt	\$ 50,885,000		
Less: Debt Outside Debt Limit	(7,610,000)		43,275,000
Business-Type Activity Debt	43,956,049		
Less: Debt Outside Debt Limit	(31,206,312)		12,749,737
			56,024,737
Inside Debt Excess Borrowing Capacity at June 30, 2020			\$ 124,298,643

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a City must authorize debt by the City Council. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or City Council votes to rescind the authorized debt.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

The City's loan authorizations as of June 30, 2020, which are not reflected in the financial statements, are as follows:

Date Council Meeting Authorized	Purpose	Amount
1/5/2009	Public roadways and Infrastructure for Various Roads in the Southampton Road Industrial Park Area	\$ 2,257,000
9/3/2015	Purchase Departmental Equipment (City-wide radio system)	40,000
11/16/2015	Municipal Outdoor Recreational and Athletic fields rehabilitation	20,000
11/3/2016	Water Meter Replacement Project	500,000
1/19/2017	Water Treatment and distribution	1,550,000
5/4/2017	Sanitary Sewer expansion	572,000
11/18/2017	Springfield Road improvements	205,000
6/28/2018	Water well connector and Water tank	5,800,000
4/22/2019	Airport Capital Improvements	9,632,000
10/17/2019	Franklin Avenue Elementary School Feasibility	900,000
		<u>\$ 21,476,000</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

L. Fund Balances

The following is a summary of the City Governmental fund balances at the year ended June 30, 2020:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent funds	\$ -	\$ 22,170	\$ 22,170
Restricted:			
Federal and state grants	-	1,979,027	1,979,027
School revolving funds	-	2,626,276	2,626,276
City revolving funds	-	166,298	166,298
Community preservation fund	-	2,146,385	2,146,385
Donations and gifts	-	642,418	642,418
Sale of land	-	94,894	94,894
Stormwater management fund	-	716,360	716,360
Capital projects	-	722,780	722,780
Permanent funds	-	15,888	15,888
Other	-	1,857,333	1,857,333
	-	10,967,659	10,967,659
Committed:			
Ambulance	-	2,905,886	2,905,886
Assigned:			
General government	299,705	-	299,705
Airport	187,121	-	187,121
Public safety	266,789	-	266,789
Public works	1,027,105	-	1,027,105
Education	1,896,759	-	1,896,759
Health and human services	1,292	-	1,292
Culture and recreation	9,430	-	9,430
Employee benefits and insurance	100,888	-	100,888
Subsequent year's budget	1,500,000	-	1,500,000
	5,289,089	-	5,289,089
Unassigned:			
General Fund	13,225,733	-	13,225,733
Deficit capital project funds	-	(856,300)	(856,300)
Deficit special revenue funds	-	(305,051)	(305,051)
	13,225,733	(1,161,351)	12,064,382
Total Governmental fund balances	\$ 18,514,822	\$ 12,734,364	\$ 31,249,186

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

M. Stabilization Fund

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

At June 30, 2020, the stabilization funds are reported in the General Fund as unassigned fund balance as follows:

General purpose stabilization fund	\$ 5,511,056
Stabilization fund reserved for debt decline	2,025,000
	\$ 7,536,056

5. OTHER INFORMATION

A. Risk Management

Health Insurance

The City is self-insured for its health insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Liabilities are reported when it is possible that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been Incurred But Not Reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effect of inflation, recent claims settlement trends, and other economic and social factors.

The City estimates its IBNR claims based on a historical analysis of the timing of claims paid. The City purchases stop loss insurance for claims in excess of coverage provided by the City. At June 30, 2020, the amount of the liability for health insurance claims totaled \$844,897. This liability is the best estimate based on available information.

The City's changes in the reported liability for the fiscal years ended June 30, 2020 and two subsequent years are as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims	Claims Payments	Balance at Fiscal Year End
2020	\$ 1,211,582	\$ 16,437,162	\$(16,803,847)	\$ 844,897
2019	\$ 840,887	\$ 20,909,905	\$(20,539,210)	\$ 1,211,582
2018	\$ 796,613	\$ 16,661,646	\$(16,617,372)	\$ 840,887

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has obtained a variety of commercial liability insurance policies; which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

C. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

The City has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, City management believes such disallowances, if any, will not be material.

City of Westfield Gas and Electric Light Department (the Department)

Commitments – The Department purchases power through agreements with public and investor owned utilities. At December 31, 2019, the Department was committed under various short and long-term agreements for the purchase of power from generating units currently operating, under construction, and planned for construction. The objective of these commitments is to obtain sufficient power at the lowest energy cost available to meet the current and long-term needs of the Department's customers.

The Department is a participant in certain projects of Massachusetts Municipal Wholesale Electric Company (MMWEC), created as a means to develop a bulk power supply for its members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its pro-rata share of MMWEC's costs related to the Project, which costs include debt service on revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund.

The Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Department revenues. Under the PSAs, the Department is unconditionally obligated to make all payments due to MMWEC, whether or not the Project(s) is completed or operating, and notwithstanding the suspension or interruption of the output of the Project(s).

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

As of December 31, 2019, total capital expenditures and annual capacity, fuel and transmission costs (which include operations and maintenance costs, debt service, and decommissioning expenses) by participants and MMWEC toward capital projects amounted to \$837,240,231 of which approximately \$101,805,240 represents the amount attributable to the Department's Project capability of the projects of which it participates. As of July 1, 2019, MMWEC has no debt service obligations outstanding relating to the projects.

Capacity, fuel and transmission costs billed to the Department by MMWEC were \$7,120,653 for the year ended December 31, 2019.

Under the Hydro-Quebec support agreement, the Department provides support payments to the Hydro-Quebec to cover its pro-rata share of costs relating to the Phase II facilities. Support payments totaled \$131,616 for the year ended December 31, 2019. The Project agreement includes requirements that the participant make equity contributions, provide credit support and furnish certain guarantees. In addition, the Project contains a step-up-mechanism which requires participants to assume obligations of other participants who are in default, subject to certain limitations. The Department's potential liability cannot be reasonably estimated at this time.

The Department has an electric supply agreement with NextEra Energy. The agreement provides for a total of 105,192 MWH at a fixed price from \$48.85/MWH to \$52.00/MWH purchased over the term of the contract from January 2016 through December 2019.

The Department has a gas supply agreement with Direct Energy Business Marketing, LLC. The agreement provides for a fixed gas price ranging from \$2.30/MMBtu to \$10.69/MMBtu for 5,211 to 7,000 MMBtu purchased per day from November 2017 to October 2022.

The Department has a solar energy supply agreement with Twist Street Solar, LLC. The agreement provides for an estimated total of 44,422,947 kWh at a fixed price of ranging from \$0.075/kWh to \$0.0995/kWh purchased over the term of the contract from June 1, 2015 through January 2036.

The Department has a solar energy supply agreement with CED Westfield Solar. The agreement provides for an estimated total of 62,845,896 kWh at a fixed price ranging from \$0.06/kWh to \$0.06915/kWh purchased over the term of the contract from September 1, 2016 through August 2036.

The Department has an electric supply agreement with Shell Energy North America, L.P. The agreement provided for a total of 110,272 MWH at a fixed price of \$42.60/MWH purchased over the term of the contract from January 2018 through December 2022.

The Department has an electric supply agreement with Granite Reliable Power, LLC. The agreement provides for an estimated annual production of 259,955 MWH at a fixed price ranging from \$66.00/MWH to \$96.15/MWH purchased over the term of the contract from January 2018 through December 2037.

The Department has an electric supply agreement with Sunfarm Westfield, LLC. The agreement provides for an estimated annual production of 2,885 MWH to 3,173 MWH at a fixed price ranging from \$55.00/MWH to \$66.46/MWH purchased over the term of the contract from a commercial operation date of no later than June 2018 through June 2038.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

The Department has an electric supply agreement with Firstlight Power Resources Management, LLC. The agreement provides for an estimated annual production of 2,515 MWH to 3,773 MWH at a fixed price ranging from \$25.46/MWH to \$102.01/MWH purchased over the term of the contract from January 2019 through December 2023.

The Department has an electric supply agreement with GSPP Terawatt. The agreement provides for an estimated annual production of 6,105,370 kWh to 5,550,399 kWh at a fixed price ranging from \$45.00/kWH to \$56.97/kWH purchased over the term of the contract from February 2019 through February 2039.

During the general course of business, the Department enters into long-term contracts with energy suppliers who are in the early stages of developing a facility to generate electricity. These agreements commit the Department to purchasing set amounts of energy at predetermined prices. However, the commitment arising from these contracts only exists when and if the energy producing facilities are completed and begin transmitting energy. No commitment exists for the Department if a project is not completed.

Workers' compensation

The Department participates in the City's self-insurance program covering workers' compensation risks. Coverage for risks in excess of predetermined limits is placed with a commercial carrier. The Department is assessed and recognizes an amount equal to claims paid by the City for the Department's employees, administrative costs, and insurance premiums. The Department is responsible for administering their portion of the workers compensation program. The City only assesses the Department for insurance premiums because the Department pays all claims for their employees and has contracted with a third party to administer the plan. There was no accrued liability for self-insurance costs for 2019. The amount of expense incurred for workers compensation for the year ended December 31, 2019, was \$265,003.

	2019
Unpaid claims, beginning of year	\$ 24,359
Incurred claims and adjustments (including IBNR's)	83,608
Claim payments	(56,824)
Unpaid claims, end of year	\$ 51,143

General liability

The Department is self-insured for general liability insurance for the first \$500,000 per occurrence with a maximum of \$2,000,000 in the aggregate. There were no general liability claims paid for the year ended December 31, 2019. The Department has no amounts of settlements exceeding insurance coverage for each of the past three years.

Environmental Matters

The Department is subject to regulation by federal, state and local authorities with respect to air and water quality, handling and disposal of toxic substances and hazardous and solid wastes, and handling and use of chemical products. The Department could incur significant additional environmental costs associated with the operation of its own system, through ownership interests in joint ventures or through long-term contractual arrangements with other electric generating and transmitting entities. The Department could also encounter significant costs to remedy the environmental effects of prior waste handling activities. The extent of future environmental cleanup costs including environmental remediation costs is not estimable due to factors such as the unknown magnitude of possible contamination, the appropriate remediation methods, the possible effects of future legislation or regulation, and the possible

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

effects of technological changes related to future cleanup and the difficulty of determining future liability, if any, for cleanup sites at which the Department has or may be designated a potentially responsible party by the Environmental Protection Agency or other agencies. However, considering known facts, existing laws, regulatory practices, and possible insurance and rate treatment, management does not believe such matters will have a material adverse effect on the Department's financial position.

Litigation

The Department is also involved in various legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation will not materially affect the Department's financial position.

Construction programs

The Department has budgeted construction expenditures of approximately \$7,738,000 for 2020. As of December 31, 2019, approximately \$183,820 has been committed. The Department anticipates funding these expenditures through operations and bond proceeds.

Deregulation

The Department maintains the exclusive rights to supply electricity in the City of Westfield. If the Department were to open its geographic borders and allow competition from other providers, the potential impact on the Department's revenue cannot be reasonably estimated.

Operating Leases

The Cooperative has a 50-year ground lease agreement with the Town of Southwick. The lease expires in 2057 with ten renewal options for five years each. The lease grants the Cooperative certain rights to use land for the purpose of constructing, installing, and operating a natural gas pipeline facility and conduits for telecommunication lines and other purposes from the Tennessee Gas Transmission Line to the Town line with the City of Westfield and further on to the point of distribution in the City of Westfield.

Lease payments are due on an annual basis per a payment schedule; which covers the initial 26 years. For the remainder of the lease, the annual lease payments are adjusted based on the Consumer Price Index.

Future minimum commitments due are as follows at December 31:

2020	\$	21,550
2021		22,628
2022		23,759
2023		24,947
2024		26,195
2025-2057		1,683,548
	\$	1,802,627

Lease expense was \$20,524 for the year ended December 31, 2019.

The Department leases various office and transportation equipment under non-cancelable operating leases with monthly payments ranging from \$165 to \$2,292 due through November 2023. Rent expense totaled approximately \$73,419 for the year ended December 31, 2019.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

The following is a schedule of future minimum lease payments required under operating lease at December 31:

2020	\$	63,711
2021		38,365
2022		30,215
2023		25,207
	<u>\$</u>	<u>157,498</u>

Collective Bargaining Agreements

The entire work force of the Department is covered by two collective bargaining agreements. One of these agreements, the Management Guild, covers approximately 27% of the work force and expires on February 29, 2020. A new Management Guild effective March 1, 2020, was signed into place March 4, 2020, which expires February 28, 2023. The other contract with I.B.E.W. covers the remaining 73% of the work force and expires March 31, 2022.

D. COVID-19

The Covid-19 outbreak in the United States and across the globe has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which Covid-19 may impact our financial condition or results of operations is uncertain.

E. Subsequent Events

The Department is one of one hundred and three providers in the United States to receive a portion of \$1,488 billion in Connect America Fund II (“CAF II”) money from the Federal Communications Commission which is intended to support expansion of broadband internet availability in rural areas which are currently considered unserved communities. The Department’s portion of this funding is for \$10,325,401 and is planned to reach 20 communities and over 12,400 households. The Department received their first payment of this funding for approximately \$85,000 on February 27, 2020, and has continued to receive an additional \$85,000 for each month thereafter through the date of this report. This money will be received over ten years and each payment is to be transferred into an escrow account with a third-party financial institution and is not available for use to the Department. The Department serves as a pass through and will hold this money until the true recipient communities have met all necessary requirement in order for the funding to be released and used as designated.

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

F. Tax Abatements

The City enters into property tax abatement agreements with local businesses under the Commonwealth of Massachusetts Economic Development Incentive Program Act of 1993 and as amended in 2009. Under this Act, state municipalities may grant property tax abatements of up to 100% of a business’ property tax bill for the purpose of attracting or retaining these businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City of Westfield. As of June 30, 2020, the City of Westfield abated property taxes amounting to \$1,026,160 under nine tax abatement agreements. The City has not made any commitments as part of the agreements other than to reduce taxes.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

G. Pension Plan

Plan Description

The City is a member of the Westfield Contributory Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Westfield Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 59 Court Street, Westfield, Massachusetts.

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the City does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The City's portion of the collective pension expense contributed by the Commonwealth of \$16,086,548 on-behalf payments for the fiscal year ending June 30, 2020 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

Benefits Provided

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

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

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Contributions

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The City's proportionate share of the required contribution to the System for the year ended December 31, 2019 was \$10,816,169, representing 26.18% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

Pension Liability

As of June 30, 2020, the City reported a liability of \$80,908,764 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the City's proportional percentage was 97.71%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2020, the City recognized a pension cost of \$15,158,729 and reported deferred outflows of resources related to pensions of \$13,848,439 from the difference between expected and actual experience and change in assumptions; and deferred inflows of resources of \$9,818,878 from the net difference between projected and actual investment earnings on pension plan investments.

The City's deferred outflows of resources related to pensions will be recognized in the pension expense as follows;

For years ended June 30,	
2021	\$ 2,137,895
2022	1,213,558
2023	3,532,216
2024	(3,052,460)
2025	198,352
	<u>\$ 4,029,561</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2019;

Valuation date	January 1, 2019
Actuarial cost method	Individual Entry Age Normal Cost Method

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Amortization method	Total payments increase 5.8% per year.
Asset valuation method	Market value. For funding purposes, gains and losses each year are Recognized over five (5) years.
Investment rate of return	7.25% net of pension plan investment expense, including inflation
Projected salary increases	Select and ultimate by job group, ultimate rates of 4.25% for Group 1 and 4.75% for Group 4
Cost of living adjustments	3.0% per year (on the first \$13,000 of an allowance)
Mortality rates	Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct). Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct). For disabled members, the mortality rate is assumed to be in accordance with the RP-2014 Blue Collar Healthy Annuitant table set forward on year projected generationally with Scale MP-2018 (gender distinct).

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Large Capital Equity	13.0%	6.90%
Internationally Developed Equity	17.0%	7.00%
Core Fixed Income	16.0%	3.40%
Real Estate	12.5%	6.10%
Private Equity	12.5%	10.90%
Emerging Markets Equity	7.0%	9.00%
Domestic Middle Capital Equity	5.0%	6.90%
Domestic Small Capital Equity	7.0%	6.90%
Other Alternatives	10.0%	5.80%
Total	<u>100.0%</u>	

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 7.25%.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarial determined rates based on the Board's funding policy, which establishes the contractually required rates by Statute and in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%. As well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 117,065,372	\$ 80,908,764	\$ 50,193,626

H. Other Post Employment Benefits Payable

For 2020, the Post Employment Benefits Other Than Pensions disclosures include amounts related to GASB No. 74 and GASB No. 75 for Accounting and Financial Reporting for Post employment Benefit Plans Other Than Pension Plans for the City and for the Westfield Gas and Electric Department (the Department) (as of December 31, 2019) Business-type activities. The liability for the City and the Department combined to equal the total net OPEB liability reported of \$365,269,364 on the Statement of Net Position.

GASB Statement No. 74 and GASB Statement No. 75

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The City recognizes the cost of post employment benefits in the year when the employee services are received. The City reports the accumulated liability from prior years and provides information useful in assessing potential demands on the City's future cash flows.

Plan Description

In addition to providing pension benefits, the City provides post employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law Chapter 32. As of the actuarial valuation date, there are approximately 2,773 active and retired employees and dependents that meet the eligibility requirements. The plan does not issue a separate financial report.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Investment Policy

The City's policy in regard to the allocation of invested assets is established and may be amended by the City Council by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City's investment policy. As of June 30, 2020, investments, concentration and rate of return information consisted of pooled funds in the City's United Bank account described earlier under Deposits and Investments (refer to note 4A).

Funding Policy

The contribution requirements of plan members and the City are established and may be amended through City policy and member contracts. For the period ending on the June 30, 2020 Measurement date, total City premiums plus implicit costs for the retiree medical program are \$8,885,903. The City made a contribution to an OPEB Trust of \$20,000 for a total contribution during the measurement period of \$8,905,903. The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2020, the trust balance is \$845,567.

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Plan Membership:

Current active members	1,204
Current retirees, beneficiaries and dependents	1,569
Total	2,773

Net OPEB Liability

The components of the net OPEB liability are as follows:

	<u>June 30, 2020</u>
Total OPEB liability	\$ 356,039,931
Less: Plan fiduciary net position	(845,567)
City's Net OPEB liability	\$ 355,194,364
Plan fiduciary net position as a percentage of the total OPEB liability	0.24%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement that was updated for the reporting date of June 30, 2020, unless otherwise specified:

Valuation date	July 1, 2019
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CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Actuarial cost method	Individual Entry Age Normal
Single Equivalent Discount rate	2.75% annually
Investment rate of return	2.50% annually, net of OPEB plan investment expense, including inflation.
Participant salary increases	3.00% annually, as of June 30, 2020 and for future periods.
Inflation rate	2.50% annually, as of June 30, 2020 and for future periods.
Healthcare cost trend rates	an ultimate trend rate of 4.50% annually
Mortality rates	
Pre-retirement mortality: (General)	RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females, set forward one year for females.
(Teachers)	RP-2014 Mortality Table for White Collar Employees projected generationally with Scale MP-2016 for males and females.
Post-retirement mortality: (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward one year for females.
(Teachers)	RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.
Disabled mortality: (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward one year.
(Teachers)	RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.

The actuarial assumptions used the July 1, 2019 actuarial valuation and market value of assets as of the measurement date of June 30, 2020 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index was 2.66%.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Capital	0.00%	4.90%
Domestic Equity - Small/Mid Capital	0.00%	5.40%
International Equity - Developed Market	0.00%	5.32%
International Equity - Emerging Market	0.00%	6.26%
Domestic Fixed Income	0.00%	1.40%
International Fixed Income	0.00%	1.30%
Alternatives	0.00%	6.32%
Real Estate	0.00%	6.25%
Cash	100.00%	0.00%
Total	<u>100.00%</u>	
I. Real Rate of Return		0.00%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		<u>2.50%</u>
IV. Less: Investment Expense		0.00%
V. Net investment Return (III.-IV.)		<u>2.50%</u>

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 1.62%

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2019	\$ 268,844,543	\$ 812,150	\$ 268,032,393
Service cost	8,366,289	-	8,366,289
Interest on Total OPEB Liability	7,501,945	-	7,501,945
Changes in benefit terms *	-	-	-
Changes in assumptions **	58,706,968	-	58,706,968
Difference between actual and expected experience **	21,506,089	-	21,506,089
Net investment income	-	13,417	(13,417)
Employer contributions to Trust	-	8,905,903	(8,905,903)
Total benefit payments including implicit cost	(8,885,903)	(8,885,903)	-
Net change in total OPEB liability	87,195,388	33,417	87,161,971
Balances at June 30, 2020	<u>\$ 356,039,931</u>	<u>\$ 845,567</u>	<u>\$ 355,194,364</u>

* = Recognized immediately

** = Amortized over 5 years

Discount Rate

The discount rate used to measure the total OPEB liability was 2.75%. 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 that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the City's net OPEB liability using a discount rate of 2.75% as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease	Current	1% Increase
	1.75%	Discount Rate 2.75%	3.75%
City's net OPEB liability	\$ 425,681,676	\$ 355,194,364	\$ 300,509,231

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
City's net OPEB liability	\$ 296,592,240	\$ 355,194,364	\$ 432,043,352

Summary of Significant Accounting Policies

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

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

For the year ended June 30, 2020, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense of \$26,561,217 and reported deferred outflows of resources related to OPEB of \$80,337,446 from the differences between actual and expected experience, changes in assumptions and the net difference between projected and actual earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$3,624,935 from differences between actual and expected experience and changes in assumption.

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

For years ended June 30,	
2021	\$ 19,619,438
2022	19,619,439
2023	21,429,598
2024	16,044,036
	\$ 76,712,511

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Westfield Gas and Electric Department (the Department), December 31, 2019

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Department recognizes the cost of post employment benefits in the year when the employee services are received. The Department reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Department's future cash flows.

Plan Description

The Department offers medical insurance to eligible retirees (and their surviving spouse) via participation in plans offered by the City and the Westfield Contributory Retirement System with benefits provided by Blue Cross Blue Shield of Massachusetts and Health New England. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law Chapter 32. The System is a defined benefit cost-sharing multiple-employer public employee retirement system administered by the Board. The Department obtains an individual actuarial valuation which shows their proportionate share of the Net OPEB Liability. Premiums are calculated based on prior year claim experiences and amounts needed to fund the plan. As of the actuarial valuation date, there are approximately 198 active, retired employees and dependents that meet the eligibility requirements. The plan does not issue a separate financial report.

Investment Policy

The Department's policy in regard to the allocation of invested assets is established and may be amended by the Department by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Department's investment policy. As of December 31, 2019, investments, concentration and rate of return information consisted of pooled funds in the Department's Flynn Financial investments.

Funding Policy

The contribution requirements of plan members and the Department are established and may be amended through Department policy and member contracts. For the period ending on the December 31, 2019 Measurement date, total Department premiums plus implicit costs for the retiree medical program are \$618,520. The Department made a contribution to an OPEB Trust of \$500,000 for a total contribution during the measurement period of \$1,118,520. The Department did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of December 31, 2019, the trust balance is \$3,731,561.

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019.

Plan Membership:

Current active members	95
Current retirees, beneficiaries and dependents	103
Total	<u>198</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Net OPEB Liability

The components of the net OPEB liability are as follows:

	12/31/2019
Total OPEB liability	\$ 13,806,561
Less: Plan fiduciary net position	(3,731,561)
Department's Net OPEB liability	\$ 10,075,000
Plan fiduciary net position as a percentage of the total OPEB liability	27.03%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement that was updated for the reporting date of December 31, 2019, unless otherwise specified:

Valuation date	January 1, 2019
Actuarial cost method	Individual Entry Age Normal
Single Equivalent Discount rate	5.50% annually, net of investment expenses
Participant salary increases	3.00% annually
Healthcare cost trend rates	Current rate of 4.50%
Mortality rates	
Pre-retirement mortality:	RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females.
Post-retirement mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.
Disabled mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward one year.

The actuarial assumptions used the July 1, 2019 actuarial valuation and market value of assets as of the measurement date of June 30, 2020 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index with a rate of 3.26% was used.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments reflects the expected rate of return on plan assets adjusted for the expected rate of inflation. Note that the discount rate includes the effect on inflation. The long-term real rate of return removes the effect of inflation on the return amounts. It is the long-term assumption and is meant to reflect a best estimate of future experience, based on the expected asset allocation. The allocation percentages are based on information provided by the Department and the asset consultant. The real rates of return below are based on long-term nominal return estimates.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Capital	23.00%	4.80%
International Equity - Developed Market	5.00%	5.45%
Real Estate	0.00%	6.25%
Alternatives	0.00%	6.50%
International Fixed Income	5.00%	3.00%
International Equity - Emerging Market	5.00%	6.42%
Domestic Fixed Income	55.00%	2.05%
Domestic Equity - Small/Mid Capital	5.00%	5.29%
Cash	2.00%	0.00%
Total	100.00%	

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at December 31, 2018	\$ 12,360,233	\$ 2,710,442	\$ 9,649,791
Service cost	289,351	-	289,351
Interest on Total OPEB Liability	771,563	-	771,563
Changes in benefit terms *	-	-	-
Changes in assumptions **	2,021,462	-	2,021,462
Difference between actual and expected experience **	(1,017,528)	-	(1,017,528)
Net investment income	-	521,119	(521,119)
Employer contributions to Trust	-	1,118,520	(1,118,520)
Total benefit payments including implicit cost	(618,520)	(618,520)	-
Net change in total OPEB liability	1,446,328	1,021,119	425,209
Balances at December 31, 2019	\$ 13,806,561	\$ 3,731,561	\$ 10,075,000

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50%. 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 that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the Department's net OPEB liability using a discount rate of 5.50% as well as what the Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Department's net OPEB liability	\$ 11,969,270	\$ 10,075,000	\$ 8,535,977

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

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

	1% Decrease 3.50%	Healthcare Cost Trend Rates 4.50%	1% Increase 5.50%
Department's net OPEB liability	\$ 8,415,572	\$ 10,075,000	\$ 12,122,202

Summary of Significant Accounting Policies

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

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

For the year ended December 31, 2019, the GASB Statement No. 75 reporting period, the Department recognized an OPEB income of \$90,916 and reported deferred outflows of resources related to OPEB of \$1,881,191 from the differences between actual and expected experience, changes in assumptions and the net difference between projected and actual earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$2,980,073 from the differences between actual and expected experience and the net difference between projected and actual earnings on OPEB plan investments;.

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

For years ended December 31,	
2020	\$ (737,975)
2021	(737,974)
2022	182,029
2023	195,038
	<u>\$ (1,098,882)</u>

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

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

	Westfield Employees Retirement System Pension Trust Fund (as of December 31, 2019)	Gas and Electric Light Other Post Employment Benefits Trust Fund (as of December 31, 2019)	City Other Post Employment Benefit Trust Fund (as of June 30, 2020)	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,492,623	\$ 67,072	\$ 845,567	\$ 4,405,262
Investments	252,791,666	3,664,489	-	256,456,155
Accounts Receivable	91,497	-	-	91,497
Total Assets	<u>256,375,786</u>	<u>3,731,561</u>	<u>845,567</u>	<u>260,952,914</u>
LIABILITIES				
Warrants Payable	100,145	-	-	100,145
Total Liabilities	<u>100,145</u>	<u>-</u>	<u>-</u>	<u>100,145</u>
NET POSITION				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 256,275,641</u>	<u>\$ 3,731,561</u>	<u>\$ 845,567</u>	<u>\$ 260,852,769</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

	Westfield Employees Retirement System Pension Trust Fund (as of December 31, 2019)	Gas and Electric Light Other Post Employment Benefits Trust Fund (as of December 31, 2019)	City Other Post Employment Benefit Trust Fund (as of June 30, 2020)	Total Pension and Other Post Employment Benefit Trust Funds
Additions				
Contributions:				
Employers	\$ 11,064,131	\$ 500,000	\$ 8,905,903	\$ 20,470,034
Plan Members	4,194,105	-	-	4,194,105
Transfers/Reimbursements from Other Systems	635,563	-	-	635,563
Federal Grant Reimbursements	10,714	-	-	10,714
Commonwealth of Massachusetts - COLA	100,333	-	-	100,333
Private Donations	-	-	-	-
Total Contributions	<u>16,004,846</u>	<u>500,000</u>	<u>8,905,903</u>	<u>25,410,749</u>
Investment Income:				
Interest & Dividends	6,137,156	121,954	13,417	6,272,527
Net Change in Fair Value of Investments	36,964,075	413,040	-	37,377,115
Total Investment Earnings	<u>43,101,231</u>	<u>534,994</u>	<u>13,417</u>	<u>43,649,642</u>
Less Investment Expense	(1,547,318)	(13,875)	-	(1,561,193)
Net Investment Earnings	<u>41,553,913</u>	<u>521,119</u>	<u>13,417</u>	<u>42,088,449</u>
Total Additions	<u>57,558,759</u>	<u>1,021,119</u>	<u>8,919,320</u>	<u>67,499,198</u>
Deductions:				
Benefit Payments to Plan Members and Beneficiaries	19,755,607	-	8,885,903	28,641,510
Refunds to Members and Transfers to Other Systems	1,553,990	-	-	1,553,990
Educational Scholarships	-	-	-	-
General Expenses	370,296	-	-	370,296
Total Deductions	<u>21,679,893</u>	<u>-</u>	<u>8,885,903</u>	<u>30,565,796</u>
Change in Net Position	<u>35,878,866</u>	<u>1,021,119</u>	<u>33,417</u>	<u>36,933,402</u>
Net Position at Beginning of Year	<u>220,396,775</u>	<u>2,710,442</u>	<u>812,150</u>	<u>223,919,367</u>
Net Position at End of Year	<u>\$ 256,275,641</u>	<u>\$ 3,731,561</u>	<u>\$ 845,567</u>	<u>\$ 260,852,769</u>

J. Self-Insurance Funds. The following funds comprise the Internal Service Fund:

Municipal Buildings Insurance Fund

The "municipal buildings insurance fund" was established pursuant to Section 13 of Chapter 40 of the Massachusetts General Laws. The fund may be used to repair, rebuild or replace any municipal buildings or other municipal property damaged, destroyed or lost by fire, lightning, vandalism, burglary, theft or otherwise. The balance of the fund on June 30, 2020 is \$157,520.

Unemployment Compensation Fund

The unemployment compensation fund was established pursuant to Section 5E of Chapter 40 of the Massachusetts General Laws. The fund is to provide for the anticipated costs of funding reimbursements to the Commonwealth for unemployment compensation benefits. The balance of the fund on June 30, 2020 is \$395,359.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

Workmen's Compensation Fund

The workmen's compensation fund was established pursuant to Section 13A of Chapter 40 of the Massachusetts General Laws. The balance of the fund on June 30, 2020 is \$395,430.

Health Insurance Claims Trust

The "health insurance claims trust" was established for the City's health insurance. The balance of the fund at June 30, 2020 is \$16,820,980.

K. Implementation of New GASB Pronouncements

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

L. Future GASB Pronouncements

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

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

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

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

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

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2020

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WESTFIELD, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Westfield Contributory Retirement System
For the Year Ended June 30, 2020**

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

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

Measurement Date	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2019	97.71%	\$ 80,908,764	\$ 41,311,787	195.85%	75.60%
12/31/2018	98.12%	\$ 96,825,802	\$ 39,990,770	242.12%	69.10%
12/31/2017	98.24%	\$ 69,908,565	\$ 40,039,676	174.60%	76.90%
12/31/2016	98.17%	\$ 78,085,403	\$ 37,171,091	210.07%	72.30%
12/31/2015	98.02%	\$ 77,578,834	\$ 37,114,293	209.03%	71.40%
12/31/2014	98.15%	\$ 62,435,180	\$ 34,931,586	178.74%	75.50%

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

**CITY OF WESTFIELD, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Westfield Contributory Retirement System
For the Year Ended June 30, 2020**

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

Schedule of the City's Contributions:

Measurement Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	City's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2019	\$ 10,816,169	\$ (10,816,169)	\$ -	\$ 41,311,787	26.18%
12/31/2018	\$ 10,263,042	\$ (10,263,042)	\$ -	\$ 39,990,770	25.66%
12/31/2017	\$ 9,711,444	\$ (9,711,444)	\$ -	\$ 40,039,676	24.25%
12/31/2016	\$ 9,242,904	\$ (9,242,904)	\$ -	\$ 37,171,091	24.87%
12/31/2015	\$ 8,791,724	\$ (8,791,724)	\$ -	\$ 37,114,293	23.69%
12/31/2014	\$ 8,382,021	\$ (8,382,021)	\$ -	\$ 34,931,586	24.00%

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

CITY OF WESTFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2020

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability				
Service cost	\$ 8,366,289	\$ 8,630,395	\$ 6,653,680	\$ 12,113,539
Interest on net OPEB liability	7,501,945	8,294,667	8,247,554	10,155,366
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	58,706,968	26,917,327	(9,008,693)	27,283,821
Difference between actual and expected experience	21,506,089	-	(53,647)	(86,833,882)
Benefit payments, including refunds of member contributions	<u>(8,885,903)</u>	<u>(6,658,592)</u>	<u>(6,283,660)</u>	<u>(7,319,046)</u>
Net change in total OPEB liability	87,195,388	37,183,797	(444,766)	(44,600,202)
Total OPEB liability-beginning	<u>268,844,543</u>	<u>231,660,746</u>	<u>232,105,512</u>	<u>276,705,714</u>
Total OPEB liability-ending (a)	<u>\$ 356,039,931</u>	<u>\$ 268,844,543</u>	<u>\$ 231,660,746</u>	<u>\$ 232,105,512</u>
Plan fiduciary net position				
Difference between actual and expected experience	\$ -	\$ -	\$ -	\$ (332)
Net investment income	13,417	11,287	(166)	423
Employer contributions to Trust	8,905,903	6,678,592	7,012,856	7,319,046
Benefit payments, including refunds of member contributions	<u>(8,885,903)</u>	<u>(6,658,592)</u>	<u>(6,283,660)</u>	<u>(7,319,046)</u>
Net change in plan fiduciary net position	33,417	31,287	729,030	91
Total fiduciary net position-beginning	<u>812,150</u>	<u>780,863</u>	<u>51,833</u>	<u>51,742</u>
Total fiduciary net position-ending (b)	<u>\$ 845,567</u>	<u>\$ 812,150</u>	<u>\$ 780,863</u>	<u>\$ 51,833</u>
City's net OPEB liability (a-b)	<u>\$ 355,194,364</u>	<u>\$ 268,032,393</u>	<u>\$ 230,879,883</u>	<u>\$ 232,053,679</u>

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

CITY OF WESTFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2020

Schedule of Net OPEB Liability:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 356,039,931	\$ 268,844,543	\$ 231,660,746	\$ 232,105,512
Less: Plan fiduciary net position	<u>(845,567)</u>	<u>(812,150)</u>	<u>(780,863)</u>	<u>(51,833)</u>
City's Net OPEB liability	<u><u>\$ 355,194,364</u></u>	<u><u>\$ 268,032,393</u></u>	<u><u>\$ 230,879,883</u></u>	<u><u>\$ 232,053,679</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.24%	0.30%	0.34%	0.02%
City's share of covered employee payroll	\$ 83,326,182	\$ 91,725,160	\$ 89,053,554	\$ 89,053,554
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	426.27%	292.21%	259.26%	260.58%

Schedule of Contributions:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 19,793,639	\$ 21,512,754	\$ 18,782,421	\$ 18,969,296
Less: Contributions in relation to the actuarially determined contribution	<u>(8,905,903)</u>	<u>(6,678,592)</u>	<u>(7,012,856)</u>	<u>(6,983,660)</u>
Contribution deficiency (excess)	<u><u>\$ 10,887,736</u></u>	<u><u>\$ 14,834,162</u></u>	<u><u>\$ 11,769,565</u></u>	<u><u>\$ 11,985,636</u></u>
City's share of covered employee payroll	\$ 83,326,182	\$ 91,725,160	\$ 89,053,554	\$ 89,053,554
Contributions percentage of covered-employee payroll	10.69%	7.28%	7.87%	7.84%
Annual money-weighted rate of return net of investment expense	1.62%	1.43%	(.04%)	1.35%

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

CITY OF WESTFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2020

Schedule of Funding Progress:

Measurement Date	Other Post Employment Benefits					
	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2020	\$ 845,567	\$ 356,039,931	\$ 355,194,364	0.2%	\$ 83,326,182	426.3%
6/30/2019	\$ 812,150	\$ 268,844,543	\$ 268,032,393	0.3%	\$ 91,725,160	292.2%
6/30/2018	\$ 780,863	\$ 231,660,746	\$ 230,879,883	0.3%	\$ 89,053,554	259.3%
6/30/2017	\$ 51,833	\$ 232,105,512	\$ 232,053,679	0.0%	\$ 89,053,554	260.6%

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

**CITY OF WESTFIELD, MASSACHUSETTS
GAS AND ELECTRIC LIGHT DEPARTMENT
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended December 31, 2019**

Schedule of Changes in the Net OPEB Liability:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Total OPEB liability		
Service cost	\$ 289,351	\$ 283,267
Interest on net OPEB liability	771,563	740,235
Changes in Benefit terms	-	-
Changes in Assumptions	2,021,462	-
Difference between actual and expected experience	(1,017,528)	42,099
Benefit payments, including refunds of member contributions	<u>(618,520)</u>	<u>(523,786)</u>
Net change in total OPEB liability	1,446,328	541,815
Total OPEB liability-beginning	<u>12,360,233</u>	<u>11,818,418</u>
Total OPEB liability-ending (a)	<u>\$ 13,806,561</u>	<u>\$ 12,360,233</u>
 Plan fiduciary net position		
Net investment income	\$ 521,119	\$ (133,538)
Employer contributions to Trust	1,118,520	1,148,786
Benefit payments, including refunds of member contributions	<u>(618,520)</u>	<u>(523,786)</u>
Net change in plan fiduciary net position	1,021,119	491,462
Total fiduciary net position-beginning	<u>2,710,442</u>	<u>2,218,980</u>
Total fiduciary net position-ending (b)	<u>\$ 3,731,561</u>	<u>\$ 2,710,442</u>
 Department's net OPEB liability (a-b)	 <u>\$ 10,075,000</u>	 <u>\$ 9,649,791</u>

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

**CITY OF WESTFIELD, MASSACHUSETTS
GAS AND ELECTRIC LIGHT DEPARTMENT
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended December 31, 2019**

Schedule of Net OPEB Liability:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Total OPEB liability	\$ 13,806,561	\$ 12,360,233
Less: Plan fiduciary net position	<u>(3,731,561)</u>	<u>(2,710,442)</u>
Department's Net OPEB liability	<u>\$ 10,075,000</u>	<u>\$ 9,649,791</u>
Plan fiduciary net position as a percentage of the total OPEB liability	27.03%	21.93%
Department's share of covered employee payroll	\$ 7,679,954	\$ 8,110,383
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	131.19%	118.98%

Schedule of Contributions:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Actuarially determined contribution	\$ 618,520	\$ 523,786
Less: Contributions in relation to the actuarially determined contribution	<u>(1,118,520)</u>	<u>(1,148,786)</u>
Contribution deficiency (excess)	<u>\$ (500,000)</u>	<u>\$ (625,000)</u>
Department's share of covered employee payroll	\$ 7,679,954	\$ 8,110,383
Contributions percentage of covered-employee payroll	14.56%	14.16%
Annual money-weighted rate of return net of investment expense	N/A	N/A

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

**CITY OF WESTFIELD, MASSACHUSETTS
GAS AND ELECTRIC LIGHT DEPARTMENT
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended December 31, 2019**

Schedule of Funding Progress:

Other Post Employment Benefits						
Measurement Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
12/31/2019	\$ 3,731,561	\$ 13,806,561	\$ 10,075,000	27.0%	\$ 7,679,954	131.2%
12/31/2018	\$ 2,710,442	\$ 12,360,233	\$ 9,649,791	21.9%	\$ 8,110,383	119.0%

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

SUPPLEMENTARY SCHEDULES

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 243,436	\$ 3,939,039	\$ 4,091,295	\$ -	\$ 91,180
Airport Grants	27,010	11,150,215	11,390,055	-	(212,830)
Arts Lottery Council Grant	20,887	30,918	48,817	-	2,988
Community Development Block Grants	(12,725)	488,124	485,768	-	(10,369)
Council on Aging Grants	8,258	87,654	90,183	-	5,729
Elderly Meal Programs	-	16,124	16,124	-	-
Emergency Management Agency Grants	7,790	191,432	247,882	-	(48,660)
Highway Grants	85,388	2,403,173	2,482,777	-	5,784
Library Grants	-	69,509	69,509	-	-
Other Grants and Programs	75,097	271,437	252,885	-	93,649
Public Safety Grants	35,976	393,736	292,144	-	137,568
Trail Grants	419,800	21,600	68,766	-	372,634
Schools:					
School Lunch Revolving	706,718	1,454,501	1,852,614	-	308,605
School Lunch Commodities	-	141,529	141,529	-	-
School Choice Revolving	1,392,690	673,842	254,333	-	1,812,199
Private Grants	60,013	136,107	91,435	-	104,685
Revolving Accounts	551,269	468,965	514,762	-	505,472
State Special Education Reimbursement Fund	1,053,585	1,131,617	1,036,005	(17,580)	1,131,617
Other:					
Ambulance	2,278,760	3,716,136	3,089,009	-	2,905,887
Animal Control	114,042	20,171	17,346	-	116,867
Cable Access	964,157	446,002	313,469	-	1,096,690
Community Preservation Fund	1,767,723	626,808	248,146	-	2,146,385
Conservation Funds	88,712	3,363	3,998	-	88,077
Conservation Restriction	94,241	-	-	-	94,241
Economic Development Fund	11,210	-	-	-	11,210
Total Special Revenue Funds Page 101	\$ 9,994,037	\$ 27,882,002	\$ 27,098,851	\$ (17,580)	\$ 10,759,608

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
Continued From Page 101	\$ 9,994,037	\$ 27,882,002	\$ 27,098,851	\$ (17,580)	\$ 10,759,608
Special Revenue (continued):					
Other (continued):					
Extra Duty - Fire & Police	(70)	1,306,081	1,306,135	-	(124)
Fire Permits and Fees	7,968	3,500	4,539	-	6,929
Gifts and Donations	630,017	250,315	237,914	-	642,418
Handicapped Parking Violation	85,800	6,210	-	-	92,010
Insurance and Non-Contributory Funds	27,376	19,865	17,759	-	29,482
Law Enforcement	162,363	3,918	29,047	-	137,234
Off-street Lot Maintenance	47,116	18,118	23,977	-	41,257
Other Programs	12,507	65,061	60,229	-	17,339
Parks and Recreation Revolving	97,531	93,494	116,737	-	74,288
Premium on Bonds	61,098	-	84,396	197,480	174,182
Sale of Inventory and Land	7,712	560	-	-	8,272
Southwick Easements	175	-	-	-	175
Stormwater Management	613,007	618,835	515,482	-	716,360
Tax Title Revolving	13,457	14,615	-	-	28,072
Towing and Storage Motor Vehicles Reserve	42,931	41,600	34,970	-	49,561
Transportation Infrastructure	7,005	4,806	-	-	11,811
Westfield Redevelopment Authority Fund	-	40,927	-	-	40,927
Sarah Gillette Fund	25	-	-	-	25
Total Special Revenue Funds	11,810,055	30,369,907	29,530,036	179,900	12,829,826
Capital Projects:					
Airport Projects	27,838	-	584,583	-	(556,745)
Departmental Equipment	(38,541)	-	1,023,659	1,063,659	1,459
Highway and Road Projects	156,598	-	17,897	-	138,701
Total Capital Projects Page 102	\$ 145,895	\$ -	\$ 1,626,139	\$ 1,063,659	\$ (416,585)

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
Continued From Page 102	\$ 145,895	\$ -	\$ 1,626,139	\$ 1,063,659	\$ (416,585)
Capital Projects (Continued):					
Landfill Transfer Station	30,671	-	-	-	30,671
Massachusetts School Building Administration:					
Ashley Street Elementary School Construction	729,039	-	493,188	-	235,851
Other School Projects	142	-	-	-	142
Park Square Project	70,907	-	-	(70,907)	-
Pickle Ball Courts	-	-	56,968	70,907	13,939
Rehabilitate Athletic and Recreation Fields	(27,538)	-	-	30,000	2,462
Total Capital Projects	949,116	-	2,176,295	1,093,659	(133,520)
Perpetual Permanent Funds:					
Cemetery Perpetual Care Funds	3,700	-	-	-	3,700
Florence Fuller Whitney	5,000	-	-	-	5,000
Mary Noble	10,000	-	-	-	10,000
Post War Rehabilitation	3,470	-	-	-	3,470
Total Perpetual Permanent Funds	22,170	-	-	-	22,170
Permanent Funds:					
Cemetery Perpetual Care Funds	4,921	22	-	-	4,943
Florence Fuller Whitney Fund	3,894	22	-	-	3,916
Mary Noble Fund	3,474	35	-	-	3,509
Post War Rehabilitation Fund	3,503	17	-	-	3,520
Total Permanent Funds	15,792	96	-	-	15,888
Total - Non-Major Governmental Funds	\$ 12,797,133	\$ 30,370,003	\$ 31,706,331	\$ 1,273,559	\$ 12,734,364

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY, SUPPLEMENTAL
AND DEFERRED PROPERTY TAXES
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Accounts July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2020	Uncollected Accounts Per Detail June 30, 2020
Real Estate Taxes:						
Levy of 2020	\$ -	\$ 72,751,585	\$ 380,178	\$ 70,887,264	\$ 1,484,143	\$ 1,484,148
Levy of 2019	1,412,743	(6,400)	348,520	693,300	364,523	364,523
Levy of 2018	308,396	-	81,712	219,796	6,888	6,888
Levy of 2017	73,350	-	22,786	49,351	1,213	1,213
Levy of 2016	27,475	-	13,026	11,964	2,485	2,485
Prior Years	11,104	-	-	1,097	10,007	9,968
	<u>1,833,068</u>	<u>72,745,185</u>	<u>846,222</u>	<u>71,862,772</u>	<u>1,869,259</u>	<u>1,869,225</u>
Personal Property Taxes:						
Levy of 2020	-	3,715,976	796	3,595,607	119,573	119,573
Levy of 2019	34,969	-	-	4,648	30,321	30,321
Levy of 2018	8,241	-	-	-	8,241	8,241
Levy of 2017	7,601	-	-	856	6,745	6,745
Levy of 2016	3,168	-	-	371	2,797	2,797
Prior Years	339,309	-	-	4,371	334,938	335,307
	<u>393,288</u>	<u>3,715,976</u>	<u>796</u>	<u>3,605,853</u>	<u>502,615</u>	<u>502,984</u>
Supplemental Taxes:						
Levy of 2018	3,940	-	-	3,940	-	-
Deferred Property Taxes						
	<u>30,978</u>	<u>4,799</u>	<u>-</u>	<u>-</u>	<u>35,777</u>	<u>35,937</u>
Total Real Estate, Personal Property, Supplemental and Deferred Property Taxes						
	<u>\$ 2,261,274</u>	<u>\$ 76,465,960</u>	<u>\$ 847,018</u>	<u>\$ 75,472,565</u>	<u>\$ 2,407,651</u>	<u>\$ 2,408,146</u>

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Accounts July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2020	Uncollected Accounts Per Detail June 30, 2020
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Levy of 2020	\$ -	\$ 495,641	\$ 3,390	\$ 475,150	\$ 17,101	\$ 17,096
Levy of 2019	14,088	-	1,890	8,152	4,046	4,046
Levy of 2018	2,615	-	624	1,963	28	28
Levy of 2017	728	-	198	525	5	5
Levy of 2016	269	-	92	172	5	5
Prior Years	69	-	-	20	49	88
Total Community Preservation Surcharge:	\$ 17,769	\$ 495,641	\$ 6,194	\$ 485,982	\$ 21,234	\$ 21,268

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Accounts July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2020	Uncollected Accounts Per Detail June 30, 2020
Motor Vehicle Excise Taxes:						
Levy of 2020	\$ -	\$ 4,501,016	\$ 69,555	\$ 3,995,050	\$ 436,411	\$ 436,411
Levy of 2019	473,938	517,308	51,597	797,748	141,901	141,901
Levy of 2018	182,957	17	4,973	99,777	78,224	78,224
Levy of 2017	61,163	-	2,683	19,162	39,318	39,318
Levy of 2016	36,011	-	270	6,250	29,491	29,491
Prior Years	878,245	-	388	19,900	857,957	857,718
Total Motor Vehicle Excise Taxes	\$ 1,632,314	\$ 5,018,341	\$ 129,466	\$ 4,937,887	\$ 1,583,302	\$ 1,583,063

**CITY OF WESTFIELD, MASSACHUSETTS
 SCHEDULE OF TAX LIENS AND TAX FORECLOSURES
 JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Accounts July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2020	Uncollected Accounts Per Detail June 30, 2020
Tax Liens	\$ 2,632,589	\$ 689,373	\$ 33,096	\$ 519,244	\$ 2,769,622	\$ 2,767,845
Tax Foreclosures	\$ 454,385	\$ -	\$ -	\$ 72,650	\$ 381,735	\$ 381,735