

CITY OF WESTFIELD, MASSACHUSETTS

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

For the Year Ended June 30, 2018

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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, 2018, (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, 2017), 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 58 percent, 47 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 58 percent, 47 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, 2018, (except for the Westfield Contributory Retirement System and the Westfield Gas and Electric Light Department, which are as of December 31, 2017), 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 March 29, 2019, 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 & Associates, LLC
South Deerfield, Massachusetts

March 29, 2019

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, 2018. 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 \$33,560,907 (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 \$30,214,444, or an increase of \$3,346,463 (11%).
- As required by Government Accounting Standards Board (GASB) Statement No. 75, in fiscal year 2018, the City recognized an increase to the Other Post Employment Benefits (OPEB) obligation payable of \$67,741,398 on the statement of net position from the previous year; see Note 6.
- At the close of the current fiscal year, the City's governmental funds reported total ending fund a balance of \$28,550,657, an increase of \$11,489,733 (67%), mostly due to the issuance of bonds.
- The General Fund's total fund balance increased by \$2,069,834 (15%) to \$16,342,053. The ending General fund balance is 11% of revenues and transfers in and 12% of expenditures and transfers out.
- Total liabilities of the City increased by \$1,884,433 (.4%) to \$447,523,127 during the fiscal year. This was primarily attributed to increases in warrants and accounts payable of \$1,434,560, in notes payable of \$3,129,610 and in bonds and leases payable of \$7,467,307; and net decreases in compensated absences of \$1,071,721, in the other post employment benefit (OPEB) liability of \$1,224,251 and in the net pension liability of \$8,176,838.
- The City had free cash certified by the Department of Revenue in the amount of \$5,178,618. The key factors that attributed to the free cash amount for fiscal year 2018 were unexpended/unencumbered appropriations of \$2,386,900, amount over/(under) budget – state and local receipts of \$2,205,500, excess over budget – other financing sources(uses) of \$195,000 and prior year free cash not appropriated of \$133,200
- The City's enterprise fund certified free cash is as follows:
 - Sewer fund \$ 114,759.
 - Water fund \$ 790,016.

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		
	2018	2017	Change
Assets:			
Current assets	\$ 59,507,553	\$ 54,625,381	\$ 4,882,172
Noncurrent assets (excluding capital)	1,710,875	2,533,510	(822,635)
Capital assets	193,957,683	200,169,218	(6,211,535)
Total assets	255,176,111	257,328,109	(2,151,998)
Deferred Outflows of Resources	10,093,867	9,487,290	606,577
Liabilities:			
Current liabilities (excluding debt and leases)	10,815,935	10,869,032	(53,097)
Current debt and leases	6,636,748	13,768,928	(7,132,180)
Noncurrent liabilities (excluding debt and leases)	284,850,057	294,162,288	(9,312,231)
Noncurrent debt and leases	56,019,314	52,872,196	3,147,118
Total liabilities	358,322,054	371,672,444	(13,350,390)
Deferred Inflows of Resources:	15,037,943	-	15,037,943
Net Position:			
Net investment in capital assets	134,313,387	136,867,358	(2,553,971)
Restricted	12,085,540	10,798,501	1,287,039
Unrestricted	(254,488,946)	(252,522,904)	(1,966,042)
Total net position	\$ (108,090,019)	\$ (104,857,045)	\$ (3,232,974)
	Business-Type Activities		
	2018	2017	Change
Assets:			
Current assets	\$ 70,217,329	\$ 59,789,948	\$ 10,427,381
Noncurrent assets (excluding capital assets)	3,873,048	4,577,329	(704,281)
Capital assets	196,469,389	180,382,111	16,087,278
Total assets	270,559,766	244,749,388	25,810,378
Deferred Outflows of Resources	2,652,188	2,410,914	241,274
Liabilities:			
Current liabilities (excluding debt and leases)	8,946,283	7,110,869	1,835,414
Current debt and leases	18,394,089	7,578,020	10,816,069
Noncurrent liabilities (excluding debt and leases)	30,910,146	32,092,716	(1,182,570)
Noncurrent debt and leases	30,950,555	27,184,645	3,765,910
Total liabilities	89,201,073	73,966,250	15,234,823
Total Deferred Inflows of Resources	42,359,955	38,122,563	4,237,392
Net Position:			
Net investment in capital assets	149,974,697	148,996,725	977,972
Restricted	7,152,970	851,126	6,301,844
Unrestricted	(15,476,741)	(14,776,362)	(700,379)
Total net position	\$ 141,650,926	\$ 135,071,489	\$ 6,579,437

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2018	2017	Change
Program Revenues:			
Charges for services	\$ 11,872,645	\$ 10,472,581	\$ 1,400,064
Operating grants and contributions	63,445,279	62,296,029	1,149,250
Capital grants and contributions	5,295,120	2,991,250	2,303,870
General Revenues:			
Property taxes	71,339,001	69,772,842	1,566,159
Motor vehicle excise and other taxes	4,954,205	4,821,308	132,897
Hotel room occupancy taxes	769,671	321,874	447,797
Penalties and interest on taxes	572,979	667,365	(94,386)
Nonrestricted grants and contributions	6,865,470	6,272,464	593,006
Unrestricted investment income	296,008	258,357	37,651
Miscellaneous	3,576	-	3,576
Gain/(loss) on Disposition of Capital Assets	35,000	-	35,000
Total revenues	165,448,954	157,874,070	7,574,884
Expenses:			
General government	9,265,224	7,862,886	1,402,338
Airport	4,299,971	3,535,118	764,853
Public safety	19,481,589	19,043,843	437,746
Public works	9,503,024	8,682,173	820,851
Education	69,227,549	65,866,466	3,361,083
Health and human services	2,015,615	2,262,182	(246,567)
Culture and recreation	1,801,076	1,778,582	22,494
Employee benefits and insurance	45,757,273	55,291,037	(9,533,764)
State assessments	4,636,859	4,061,746	575,113
Interest	2,697,912	2,725,197	(27,285)
Total expenses	168,686,092	171,109,230	(2,423,138)
Transfers, net	4,164	938,973	(934,809)
Change in net position	(3,232,974)	(12,296,187)	9,063,213
Net position - beginning of year	(104,857,045)	(92,560,858)	(12,296,187)
Net position - end of year	\$ (108,090,019)	\$ (104,857,045)	\$ (3,232,974)

	Business-Type Activities		
	2018	2017	Change
Program Revenues:			
Sewer	\$ 5,578,218	\$ 5,258,482	\$ 319,736
Water	6,263,987	6,501,971	(237,984)
Gas and Electric Light	68,686,999	67,932,334	754,665
Total revenues	80,529,204	79,692,787	836,417
Expenses:			
Sewer	4,601,350	4,550,652	50,698
Water	5,811,128	6,375,053	(563,925)
Gas and Electric Light	63,530,019	62,751,342	778,677
Total expenses	73,942,497	73,677,047	265,450
Net (expenses) revenues	6,586,707	6,015,740	570,967
Transfers, net	(7,270)	(941,974)	934,704
Change in net position	6,579,437	5,073,766	1,505,671
Net position - beginning of year	135,071,489	129,997,723	5,073,766
Net position - end of year	\$ 141,650,926	\$ 135,071,489	\$ 6,579,437

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 \$33,560,907 at the close of fiscal year 2018.

Net position of \$284,288,084 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 \$19,238,510, represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$269,965,687).

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 obligation and net 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 \$3,232,974 (3%) during the current fiscal year. The significant reasons for the decrease in net position are attributed to an increase in the fund balances of \$11,489,733 and resulting from the recognition of this year's OPEB obligation of \$1,247,752 and net pension liability of \$6,910,281; and decreases in the depreciation expense (normally spread out over the useful life of the asset) for the year of \$12,412,334 exceeding the acquisition of \$6,200,799 in new capital assets, and due to the changes in debt and leases of \$3,357,682, in the deferred outflow/(inflow) of resources related to OPEB of \$7,054,392 and in the deferred outflow/(inflow) of resources related to pensions of \$7,376,974.

There was an increase of \$6,579,437 (5%) in net position reported in connection with the business-type activities. Of this, there were increases of \$760,013 attributed to the sewer department of \$1,227,054 attributed to the water department and of \$4,592,370 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 \$28,550,657, an increase of \$11,489,733 (67%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$22,170 (1%).
- Restricted fund balance – \$10,804,924 (38%).
- Committed fund balance – \$1,838,276 (6%).
- Assigned fund balance – \$3,273,584 (11%).
- Unassigned fund balance – \$12,611,703 (44%).

Major Governmental Funds

At the end of the fiscal year, the General Fund reported a total fund balance of \$16,342,053, increasing \$2,069,834 (15%) from the prior year. Of the \$16,342,053, the unassigned amount is \$13,068,469 (80%) and the assigned amount is \$3,273,584 (20%). General fund revenues were \$4,224,984 (3%) more than the prior fiscal year and expenditures also increased by \$2,600,469 (2%). Other activities in the General Fund were net transfers in from other funds of \$913,268.

The main components of the increase in general fund revenues as compared to the prior year are related to a increases to property taxes in the amount of \$1,884,337 (3%), in intergovernmental receipts of \$1,053,961 (3%), in excise and other taxes of \$579,969 (11%); and in licenses, permits and fees of \$807,411 (11%) from the prior year.

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

- Increase in General government expenditures of \$467,002 (8%).
- Increase in Airport expenditures of \$403,113 (58%).
- Increase in Public works expenditures of \$316,587 (5%).
- Increase in Education expenditures of \$441,603 (1%).
- Increase in Employee benefits and insurance expenditures of \$308,334 (1%).
- Increase in State assessments of \$575,113 (14%).

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 \$36,237,217 and shows an increase of \$760,013 (2%) in total operations. This is the result of operating revenues exceeding operating expenditures by \$1,053,930, other income of \$126,700, intergovernmental revenues (Massachusetts Clean Water Trust subsidies) of \$226,896, interest expense of \$430,658 and transfers out to the general fund of \$216,855. Operating revenues increased by \$220,440 (4%) while operating expenses decreased by \$19,611 (.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 \$38,614,863 and shows an increase of \$1,227,054 (3%) in total operations. This is the result of operating revenues exceeding operating expenditures by \$470,944, other income of \$86,300, intergovernmental revenues (Massachusetts Clean Water Trust subsidies) of \$360,329, interest expense of \$464,714 and net transfers in from the general fund of \$774,195. Operating revenues decreased by \$3,139 and operating expenses increased by \$571,612 (10%) 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 \$4,592,370 (7%) in total operations. This is the result of operating revenues exceeding operating expenditures by \$4,020,388, investment income of \$224,148, other income of \$493,980, capital contributions of \$878,173, interest expense of \$459,709 and transfers out to the general fund of \$564,610. A difference in net transfers of (\$3,106) 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 \$748,997 (1%) and operating expenses also increased by \$723,615 (1%) from the prior year.

Internal Service Funds

The composition of the internal service funds are as following:

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 \$155,957.

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 \$316,990.

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 \$294,917.

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 \$11,200,456.

The total funds and net position increased by \$859,088 (8%) in total operations. This is the result of contributions from the employees and employer of \$17,320,713, other income of \$1,147,087, expenses of \$17,917,233, interest earned of \$58,521 and transfers in from the general fund of \$250,000. Operating revenues decreased by \$264,459 (1%) while operating expenses increased by \$325,040 (2%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2018 was \$133,218,969. This was an increase of \$4,278,822 (4%) over the previous year's budget.

There was an increase of \$547,115 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 \$5,060,454. Of the \$5,060,454 in under budget expenditures, \$2,673,584 has been carried over to fiscal year 2019 leaving a surplus of \$2,386,870 to close to the undesignated fund balance.

A negative variance exists for interest on taxes of \$27,021 as revenues did not meet budget expectations.

There was a negative variance in state assessments of \$125,822 due to lower assessments in special education of \$51,111 and in charter school sending tuitions of \$49,815, and a higher assessment in the school choice sending tuitions of \$226,748 than the actual payments.

The variance with the final budget was a positive \$4,444,415 consisting of a revenue surplus of \$2,057,545 and the appropriation surplus of \$2,386,870.

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, 2018 amounts to \$193,957,683 and \$196,469,389, 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:

- Westfield Park Square improvements for \$14,550.
- Snow emergency beacon system purchase for \$37,050.
- City buildings' energy improvements for \$264,615.
- Airport land purchases for \$1,640,650.
- Airport hanger #2 renovations for \$247,566.
- Airport vehicle and equipment purchases for \$350,121.
- Airport improvement projects for \$164,740.
- Police vehicle purchases for \$261,309.
- City-wide radio system for \$84,472.
- Highway vehicle and equipment purchases for \$1,087,661.
- Road and sidewalk infrastructure improvements for \$1,406,256.
- School vehicle purchase for \$33,355.
- Schools' improvement projects for \$151,152.
- Park and athletic fields' improvements for \$218,102.
- Columbia Greenway Phase II energy conservation measures for \$239,200.

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

In the sewer fund:

- Pumping station roof repairs for \$74,241.
- Vehicle purchases for \$95,727.
- Infrastructure improvements for \$3,174,530.

In the water fund:

- Vehicle and equipment purchases for \$55,945.
- Infrastructure improvements for \$2,164,994.

Debt Administration. The City's governmental outstanding long-term debt, as of June 30, 2018, totaled \$59,565,060, of which \$13,015,000 is for building improvements, \$9,740,000 for school improvement projects, \$14,900,000 for energy conservation improvements, \$1,000,000 for land acquisitions, \$173,721 for landfill closing, \$3,640,639 for public work projects, \$250,000 for airport projects, \$35,000 for various departmental equipment and \$16,810,700 for various other municipal purpose projects.

The City has bond anticipation notes outstanding in the amount of \$1,143,256 as of June 30, 2018 for governmental activities.

The governmental activities have capital leases for various airport vehicles, fire department vehicles, highway vehicles and equipment, and school department vehicles. The last lease is due in 2021. The City currently owes \$2,018,378 on these leases consisting of \$1,947,746 in principal and \$70,632 in interest.

The enterprise funds outstanding long-term debt totaled \$34,353,860; of which, \$8,315,958 is sewer debt, \$11,878,021 is water debt and \$14,159,881 is gas and electric light debt (as of December 31, 2017) that is fully supported by the rates and does not rely on a general fund subsidy.

The enterprise funds also have \$14,950,000 in temporary debt outstanding consisting of \$4,500,000 in the sewer fund, \$3,450,000 in the water fund and \$7,000,000 is gas and electric light debt (as of December 31, 2017).

In addition, the City has a business-type capital lease for various vehicles and equipment. The last lease payment is due in 2020. The City currently owes \$40,784 on these leases consisting of \$40,784 in principal.

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, 2018 do not reflect the fiscal year 2019 budget approved by the City Council on June 27, 2018. The City Council has authorized a fiscal year 2019 operating and capital budget as follows:

From raise and appropriate		\$ 128,101,739
From Income/Rates:		
Gas and Electric Department		4,487,216
Sewerage and Wastewater Treatment Department		6,192,008
Water Department		5,748,625
From Other Available Funds:		
General Fund:		
Unassigned fund balance:		
Free cash		20,000
Non-major Governmental Funds:		
Ambulance services	\$ 3,084,792	
Cable Access	303,300	
Community Preservation Fund	475,550	
Stormwater management	586,931	4,450,573
	<u>586,931</u>	
		<u>\$ 149,000,161</u>

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, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 45,645,862	\$ 18,046,011	\$ 63,691,873
Investments	11,405	-	11,405
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,999,802	-	1,999,802
Tax Liens	2,539,408	-	2,539,408
Excise Taxes	842,923	-	842,923
Departmental	1,338,845	-	1,338,845
User Charges	570,035	6,599,486	7,169,521
Due from Other Governments	4,010,251	535,724	4,545,975
Other	596,470	-	596,470
Inventory	-	6,959,628	6,959,628
Prepaid Expenses	1,289,950	63,618	1,353,568
Tax Foreclosures	662,602	-	662,602
Restricted:			
MMWEC Reserve Trust	-	25,905,021	25,905,021
Cash in Escrow	-	614,673	614,673
Cash from BAN/bond issuance	-	3,900,000	3,900,000
Cash for Rate Stabilization	-	5,258,112	5,258,112
Deferred Charges	-	2,335,056	2,335,056
Total current assets	<u>59,507,553</u>	<u>70,217,329</u>	<u>129,724,882</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Due from Other Governments	1,710,875	2,291,517	4,002,392
Other Investments	-	299,589	299,589
Other	-	22,711	22,711
Regulatory Asset, net	-	1,259,231	1,259,231
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	30,371,454	14,110,495	44,481,949
Depreciable	163,586,229	182,358,894	345,945,123
Total noncurrent assets	<u>195,668,558</u>	<u>200,342,437</u>	<u>396,010,995</u>
Total Assets	<u>\$ 255,176,111</u>	<u>\$ 270,559,766</u>	<u>\$ 525,735,877</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	10,084,865	2,651,951	12,736,816
Deferred Outflows Related to OPEB	9,002	237	9,239
Total Deferred Outflows of Resources	<u>\$ 10,093,867</u>	<u>\$ 2,652,188</u>	<u>\$ 12,746,055</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, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	\$ 1,272,981	\$ 7,602,003	\$ 8,874,984
Accrued Payroll	5,322,177	46,033	5,368,210
Accrued Expenses	-	674,440	674,440
Employee Withholdings	774,019	-	774,019
Tax Refund Payable	35,000	-	35,000
Other	249,556	-	249,556
Accrued Interest	664,223	313,871	978,094
Accrued Claims	840,887	-	840,887
Deposits	-	5,741	5,741
Compensated Absences	1,657,092	304,195	1,961,287
Notes Payable	1,143,256	14,950,000	16,093,256
Bonds and Leases Payable	5,493,492	3,444,089	8,937,581
Total current liabilities	<u>17,452,683</u>	<u>27,340,372</u>	<u>44,793,055</u>
NONCURRENT:			
Compensated Absences	4,446,157	2,852,935	7,299,092
Accrued Expenses	-	1,202,765	1,202,765
Net OPEB Liability	225,051,099	12,298,682	237,349,781
Net Pension Liability	55,352,801	14,555,764	69,908,565
Bonds and Leases Payable	56,019,314	30,950,555	86,969,869
Total noncurrent liabilities	<u>340,869,371</u>	<u>61,860,701</u>	<u>402,730,072</u>
Total Liabilities	<u>358,322,054</u>	<u>89,201,073</u>	<u>447,523,127</u>
DEFERRED INFLOWS OF RESOURCES			
Reserve for Rate Stabilization	-	39,530,187	39,530,187
Reserve for Energy Conservation	-	546,275	546,275
Deferred Inflows Related to Pensions	7,974,549	2,097,016	10,071,565
Deferred Inflows Related to OPEB	7,063,394	186,477	7,249,871
Total Deferred Inflows of Resources	<u>15,037,943</u>	<u>42,359,955</u>	<u>57,397,898</u>
NET POSITION			
Net Investment in Capital Assets	134,313,387	149,974,697	284,288,084
Restricted for:			
Capital Projects	1,306,333	2,556,560	3,862,893
Federal & State Grants	2,957,426	-	2,957,426
Community Preservation	1,719,036	-	1,719,036
Permanent Funds:			
Expendable	15,698	-	15,698
Nonexpendable	22,170	-	22,170
Other Purposes	6,064,877	4,596,410	10,661,287
Unrestricted	(254,488,946)	(15,476,741)	(269,965,687)
Total Net Position	<u>\$ (108,090,019)</u>	<u>\$ 141,650,926</u>	<u>\$ 33,560,907</u>

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, 2018**

	<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	\$ 9,265,224	\$ 1,531,996	\$ 695,552	\$ -	\$ (7,037,676)	\$ -	\$ (7,037,676)
Airport	4,299,971	582,748	83,693	2,900,892	(732,638)	-	(732,638)
Public Safety	19,481,589	5,406,608	580,508	300,000	(13,194,473)	-	(13,194,473)
Public Works	9,503,024	1,895,709	317	1,937,428	(5,669,570)	-	(5,669,570)
Education	69,227,549	2,206,609	43,097,479	-	(23,923,461)	-	(23,923,461)
Health and Human Services	2,015,615	124,264	813,898	-	(1,077,453)	-	(1,077,453)
Culture and Recreation	1,801,076	124,711	85,443	156,800	(1,434,122)	-	(1,434,122)
Employee Benefits and Insurance	45,757,273	-	18,015,481	-	(27,741,792)	-	(27,741,792)
State Assessments	4,636,859	-	-	-	(4,636,859)	-	(4,636,859)
Interest	2,697,912	-	72,908	-	(2,625,004)	-	(2,625,004)
Total Governmental Activities	168,686,092	11,872,645	63,445,279	5,295,120	(88,073,048)	-	(88,073,048)
Business-Type Activities:							
Sewer	4,601,350	5,224,622	226,896	126,700	-	976,868	976,868
Water	5,811,128	5,817,358	42,282	404,347	-	452,859	452,859
Gas and Electric Light	63,530,019	67,584,678	224,148	878,173	-	5,156,980	5,156,980
Total Primary Government	\$ 242,628,589	\$ 90,499,303	\$ 63,938,605	\$ 6,704,340	(88,073,048)	6,586,707	(81,486,341)
General Revenues:							
Property Taxes					71,339,001	-	71,339,001
Motor vehicle excise and other taxes					4,954,205	-	4,954,205
Hotel room occupancy and meal taxes					769,671	-	769,671
Penalties & Interest on Taxes					572,979	-	572,979
Grants & Contributions not restricted to specific programs					6,865,470	-	6,865,470
Unrestricted Investment Income					296,008	-	296,008
Miscellaneous					3,576	-	3,576
Gain/(loss) on Disposition of Capital Assets					35,000	-	35,000
Transfers, net					4,164	(7,270)	(3,106)
Total General Revenues and Transfers					84,840,074	(7,270)	84,832,804
Change in Net Position					(3,232,974)	6,579,437	3,346,463
Net Position:							
Beginning of year (as restated)					(104,857,045)	135,071,489	30,214,444
End of year					\$ (108,090,019)	\$ 141,650,926	\$ 33,560,907

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

**CITY OF WESTFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 22,771,533	\$ 11,777,536	\$ 34,549,069
Investments	11,405	-	11,405
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,983,767	16,035	1,999,802
Tax Liens	2,539,408	-	2,539,408
Excise Taxes	842,923	-	842,923
Departmental	311,876	1,026,969	1,338,845
User Charges	377,552	192,483	570,035
Due from Other Governments	3,096,938	2,624,188	5,721,126
Tax Foreclosures	662,602	-	662,602
Total Assets	\$ 32,598,004	\$ 15,637,211	\$ 48,235,215
Liabilities:			
Warrants and Accounts Payable	\$ 937,774	\$ 161,201	\$ 1,098,975
Accrued Payroll	4,950,811	371,366	5,322,177
Employee Withholdings	774,019	-	774,019
Tax Refund Payable	35,000	-	35,000
Other	249,556	-	249,556
Notes Payable	-	1,143,256	1,143,256
Total Liabilities	6,947,160	1,675,823	8,622,983
Deferred Inflows of Resources:			
Unavailable Revenue	9,308,791	1,752,784	11,061,575
Fund Balance:			
Nonspendable	-	22,170	22,170
Restricted	-	10,804,924	10,804,924
Committed	-	1,838,276	1,838,276
Assigned	3,273,584	-	3,273,584
Unassigned	13,068,469	(456,766)	12,611,703
Total Fund Balance	16,342,053	12,208,604	28,550,657
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 32,598,004	\$ 15,637,211	\$ 48,235,215

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, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 71,238,871	\$ 444,744	\$ 71,683,615
Intergovernmental	43,022,883	13,420,642	56,443,525
Excise and Other Taxes	5,780,313	-	5,780,313
Licenses, Permits, Fees	8,404,027	-	8,404,027
Charges for Services	-	7,206,177	7,206,177
Interest on Taxes	572,979	-	572,979
Investment Income	296,008	12,322	308,330
Gifts and Donations	-	271,928	271,928
Other	-	85,621	85,621
Intergovernmental - "On-behalf" Payments	12,936,096	-	12,936,096
Total Revenues	142,251,177	21,441,434	163,692,611
Expenditures:			
Current:			
General Government	6,247,568	2,130,630	8,378,198
Airport	1,093,279	2,812,560	3,905,839
Public Safety	14,714,894	4,793,943	19,508,837
Public Works	6,730,731	2,696,885	9,427,616
Education	59,062,812	8,152,288	67,215,100
Health and Human Services	1,429,929	165,205	1,595,134
Culture and Recreation	1,233,573	404,935	1,638,508
Employee Benefits and Insurance	38,887,420	-	38,887,420
State Assessments	4,636,859	-	4,636,859
Debt Service:			
Principal	4,346,453	-	4,346,453
Interest	2,711,093	-	2,711,093
Total Expenditures	141,094,611	21,156,446	162,251,057
Excess of Revenues Over (Under) Expenditures	1,156,566	284,988	1,441,554
Other Financing Sources (Uses):			
Transfers In	1,163,268	-	1,163,268
Transfers Out	(250,000)	(159,104)	(409,104)
Bond Premium	-	1,397,870	1,397,870
Sale of City Property	-	35,000	35,000
Proceeds from Issuance of Bonds	-	6,785,700	6,785,700
Capital Leases	-	1,075,445	1,075,445
Total Other Financing Sources (Uses)	913,268	9,134,911	10,048,179
Net Change in Fund Balances	2,069,834	9,419,899	11,489,733
Fund Balances, Beginning of Year	14,272,219	2,788,705	17,060,924
Fund Balances, End of Year	\$ 16,342,053	\$ 12,208,604	\$ 28,550,657

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

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, 2018

Total Governmental Fund Balances		\$	28,550,657
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.			193,957,683
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			11,061,575
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.			(4,944,076)
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.			11,968,320
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:			
Bonds and Leases Payable	\$	(61,512,806)	
Net Other Post Employment Benefits Liability		(225,051,099)	
Net Pension Liability		(55,352,801)	
Compensated Absences		(6,103,249)	
		(348,019,955)	
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.			(664,223)
Net Position of Governmental Activities		\$	(108,090,019)

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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$	11,489,733
<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	\$ 6,200,799	
Depreciation	<u>(12,412,334)</u>	(6,211,535)
<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>		
		(882,135)
<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	5,503,463	
Proceeds from Issuance of Long Term Debt	(7,785,700)	
Capital Lease Financing	<u>(1,075,445)</u>	(3,357,682)
<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	1,129,709	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(7,054,392)	
Net Change in Net Other Post Employment Benefits Liability	1,247,752	
Net Change in Net Pension Liability	6,910,281	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(7,376,974)	
Net Change in Accrued Interest on Long-Term Debt	<u>13,181</u>	(5,130,443)
<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>859,088</u>
Change in Net Position of Governmental Activities	\$	<u>(3,232,974)</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, 2018**

	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	\$ -	\$ 72,665,775	\$ 71,093,865	\$ 71,125,871	\$ -	\$ 32,006
Intergovernmental	-	42,869,513	42,869,513	43,022,883	-	153,370
Excise and Other Taxes	-	5,067,102	5,067,102	5,780,313	-	713,211
Licenses, Permits, Fees	-	7,288,000	7,288,000	8,404,027	-	1,116,027
Interest on Taxes	-	600,000	600,000	572,979	-	(27,021)
Interest on Investments	-	150,000	150,000	219,952	-	69,952
Total Revenues	-	128,640,390	127,068,480	129,126,025	-	2,057,545
Expenditures:						
Current:						
General Government	168,604	6,549,833	6,656,005	6,247,568	140,841	267,596
Airport	312,836	816,228	1,926,309	1,093,279	823,536	9,494
Public Safety	179,756	14,858,935	15,379,631	14,714,894	169,487	495,250
Public Works	58,542	6,514,499	7,275,374	6,730,731	216,689	327,954
Education	973,966	60,275,015	61,148,981	59,062,812	1,227,073	859,096
Health and Human Services	-	1,575,595	1,561,061	1,429,929	422	130,710
Culture and Recreation	1,370	1,272,201	1,281,634	1,233,573	8,601	39,460
Employee Benefits and Insurance	118,391	27,289,651	26,311,042	25,951,324	86,935	272,783
State Assessments	-	4,511,037	4,511,037	4,636,859	-	(125,822)
Debt Service:						
Principal	-	4,346,453	4,346,453	4,346,453	-	-
Interest	-	2,848,942	2,821,442	2,711,093	-	110,349
Total Expenditures	1,813,465	130,858,389	133,218,969	128,158,515	2,673,584	2,386,870
Excess of Revenues Over (Under) Expenditures	(1,813,465)	(2,217,999)	(6,150,489)	967,510	(2,673,584)	4,444,415
Other Financing Sources (Uses):						
Operating Transfers In	-	968,000	1,093,000	1,288,268	-	195,268
Operating Transfers Out	-	(250,001)	(349,691)	(350,000)	-	(309)
Total Other Financing Sources (Uses)	-	717,999	743,309	938,268	-	194,959
Net Change in Budgetary Fund Balance	(1,813,465)	(1,500,000)	(5,407,180)	\$ 1,905,778	\$ (2,673,584)	\$ 4,639,374
Other Budgetary Items:						
Free Cash and Other Reserves	-	1,500,000	3,593,715			
Prior Year Encumbrances	1,813,465	-	1,813,465			
Total Other Budgetary Items	1,813,465	1,500,000	5,407,180			
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, 2018

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 129,126,025	\$ 128,158,515
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	76,056	-
Net Increase in Revenue from recording Refund Taxes Payable	4,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	12,936,096	-
Recognition of Expenditures - "on behalf payments"	-	12,936,096
Net Increase in Revenue from Recording 60-Day Receipts	109,000	-
Reported on a GAAP Basis	\$ 142,251,177	\$ 141,094,611

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, 2018

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer Fund	Water Fund	Gas and Electric Light (as of December 31, 2017)	Total	
ASSETS					
CURRENT:					
Cash and Cash Equivalents	\$ 2,530,510	\$ 3,567,083	\$ 11,948,418	\$ 18,046,011	\$ 11,096,793
User Charges, net of allowance	1,361,112	1,837,566	3,400,808	6,599,486	-
Due from Other Governments	535,724	-	-	535,724	-
Other Accounts Receivable	-	-	-	-	596,470
Inventory	-	-	6,959,628	6,959,628	-
Prepaid Expenses	-	-	63,618	63,618	1,289,950
Restricted and Designated:					
MMWEC Reserve Trust	-	-	25,905,021	25,905,021	-
Cash in Escrow	-	-	614,673	614,673	-
Cash from BAN/bond issuance	-	-	3,900,000	3,900,000	-
Cash for Rate Stabilization	-	-	5,258,112	5,258,112	-
Deferred Charges	-	-	2,335,056	2,335,056	-
Total current assets	<u>4,427,346</u>	<u>5,404,649</u>	<u>60,385,334</u>	<u>70,217,329</u>	<u>12,983,213</u>
NONCURRENT:					
Due from Other Governments	2,291,517	-	-	2,291,517	-
Other Investments	-	-	299,589	299,589	-
Other	-	-	22,711	22,711	-
Regulatory Asset, net	-	-	1,259,231	1,259,231	-
Capital Assets, net of accumulated depreciation:					
Nondepreciable	8,846,275	4,016,629	1,247,591	14,110,495	-
Depreciable	36,820,808	51,565,161	93,972,925	182,358,894	-
Total noncurrent assets	<u>47,958,600</u>	<u>55,581,790</u>	<u>96,802,047</u>	<u>200,342,437</u>	<u>-</u>
Total Assets	<u>52,385,946</u>	<u>60,986,439</u>	<u>157,187,381</u>	<u>270,559,766</u>	<u>12,983,213</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	247,418	421,883	1,982,650	2,651,951	-
Deferred Outflows Related to OPEB	67	170	-	237	-
Total Deferred Outflows of Resources	<u>247,485</u>	<u>422,053</u>	<u>1,982,650</u>	<u>2,652,188</u>	<u>-</u>
LIABILITIES					
CURRENT:					
Accounts Payable	114,189	169,811	7,318,003	7,602,003	174,006
Accrued Payroll	17,112	28,921	-	46,033	-
Accrued Expenses	-	-	674,440	674,440	-
Accrued Interest	187,745	126,126	-	313,871	-
Accrued Claims	-	-	-	-	840,887
Deposits	-	5,741	-	5,741	-
Compensated Absences	9,201	11,862	283,132	304,195	-
Notes Payable	4,500,000	3,450,000	7,000,000	14,950,000	-
Bonds and Leases Payable	1,438,600	950,679	1,054,810	3,444,089	-
Total current liabilities	<u>6,266,847</u>	<u>4,743,140</u>	<u>16,330,385</u>	<u>27,340,372</u>	<u>1,014,893</u>
NONCURRENT:					
Compensated Absences	7,546	108,728	2,736,661	2,852,935	-
Accrued Expenses	-	-	1,202,765	1,202,765	-
Net OPEB Liability	1,597,303	4,231,481	6,469,898	12,298,682	-
Net Pension Liability	1,358,004	2,315,587	10,882,173	14,555,764	-
Bonds and Leases Payable	6,918,142	10,927,342	13,105,071	30,950,555	-
Total noncurrent liabilities	<u>9,880,995</u>	<u>17,583,138</u>	<u>34,396,568</u>	<u>61,860,701</u>	<u>-</u>
Total Liabilities	<u>16,147,842</u>	<u>22,326,278</u>	<u>50,726,953</u>	<u>89,201,073</u>	<u>1,014,893</u>
DEFERRED INFLOWS OF RESOURCES					
Reserve for Rate Stabilization	-	-	39,530,187	39,530,187	-
Reserve for Energy Conservation	-	-	546,275	546,275	-
Deferred Inflows Related to Pensions	195,645	333,601	1,567,770	2,097,016	-
Deferred Inflows Related to OPEB	52,727	133,750	-	186,477	-
Total Deferred Inflows of Resources	<u>248,372</u>	<u>467,351</u>	<u>41,644,232</u>	<u>42,359,955</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	35,637,582	40,253,769	74,083,346	149,974,697	-
Restricted for Capital	1,037,456	1,519,104	-	2,556,560	-
Restricted for Other	-	81,737	4,514,673	4,596,410	-
Unrestricted	(437,821)	(3,239,747)	(11,799,173)	(15,476,741)	11,968,320
Total Net Position	<u>\$ 36,237,217</u>	<u>\$ 38,614,863</u>	<u>\$ 66,798,846</u>	<u>\$ 141,650,926</u>	<u>\$ 11,968,320</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, 2018**

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer Fund	Water Fund	Gas and Electric Light (as of December 31, 2017)	Total	
Operating Revenues:					
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ 13,178,649
Employee Contributions	-	-	-	-	4,142,064
Charges for Services	5,179,364	5,812,413	68,514,893	79,506,670	-
Rate Stabilization Fund Transfers	-	-	(1,904,138)	(1,904,138)	-
Other	45,258	4,945	479,943	530,146	1,147,087
Total Operating Revenues	5,224,622	5,817,358	67,090,698	78,132,678	18,467,800
Operating Expenses:					
Salaries & Wages	928,139	1,476,055	-	2,404,194	-
Operating and Maintenance Expenses	1,644,068	1,795,295	14,162,073	17,601,436	-
Purchase Power and Gas	-	-	37,916,119	37,916,119	-
Distribution Expenses	-	-	3,283,141	3,283,141	-
Depreciation	901,225	777,875	4,213,154	5,892,254	-
Insurance and Employee Benefits	697,260	1,297,189	3,495,823	5,490,272	17,917,233
Total Operating Expenses	4,170,692	5,346,414	63,070,310	72,587,416	17,917,233
Operating Income (Loss)	1,053,930	470,944	4,020,388	5,545,262	550,567
Non-Operating Revenues (Expenses):					
Investment Income	-	-	224,148	224,148	58,521
Other	126,700	86,300	493,980	706,980	-
Intergovernmental	226,896	360,329	-	587,225	-
Capital Contributions	-	-	878,173	878,173	-
Interest Expense	(430,658)	(464,714)	(459,709)	(1,355,081)	-
Total Non-Operating Revenues (Expenses)	(77,062)	(18,085)	1,136,592	1,041,445	58,521
Income (Loss) Before Operating Transfers	976,868	452,859	5,156,980	6,586,707	609,088
Operating Transfers:					
Transfer In	-	1,000,000	-	1,000,000	250,000
Transfers Out	(216,855)	(225,805)	(564,610)	(1,007,270)	-
Total Operating Transfers	(216,855)	774,195	(564,610)	(7,270)	250,000
Change in Net Position	760,013	1,227,054	4,592,370	6,579,437	859,088
Net Position at Beginning of Year (as restated)	35,477,204	37,387,809	62,206,476	135,071,489	11,109,232
Net Position at End of Year	\$ 36,237,217	\$ 38,614,863	\$ 66,798,846	\$ 141,650,926	\$ 11,968,320

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, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer Fund	Water Fund	Gas and Electric Light (as of December 31, 2017)	Total	
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$ 4,987,892	\$ 5,491,778	\$ 67,145,845	\$ 77,625,515	\$ -
Receipts from Interfund Services Provided	-	-	-	-	17,320,713
Receipts from Other Revenues	45,258	4,945	-	50,203	801,183
Payments for Operations and Purchased Power	-	-	(34,447,426)	(34,447,426)	-
Payments for Other Operations	-	-	(12,299,628)	(12,299,628)	-
Payments to Vendors	(2,058,252)	(3,021,884)	-	(5,080,136)	-
Payments to Employees	(929,502)	(1,472,762)	(10,953,936)	(13,356,200)	-
Payments for Interfund Services Used	-	-	-	-	(17,653,467)
Net Cash Provided by (Used for) Operating Activities	2,045,396	1,002,077	9,444,855	12,492,328	468,429
Cash Flows from Noncapital Financing Activities:					
Transfers from (to) Other Funds	(216,855)	(225,805)	(503,866)	(946,526)	250,000
Non-operating Revenues	-	-	493,980	493,980	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(216,855)	(225,805)	(9,886)	(452,546)	250,000
Cash Flows from Capital and Related Financing Activities:					
Proceeds from the Issuance of Bonds and Notes	3,750,000	3,200,000	-	6,950,000	-
Contribution in Aid of Construction	-	-	878,173	878,173	-
Intergovernmental Revenues	752,288	394,647	-	1,146,935	-
Acquisition/Retirement of Capital Assets	(3,344,498)	(1,701,624)	(4,870,561)	(9,916,683)	-
Principal Payments on Bonds, Notes and Leases	(1,364,918)	(965,464)	(824,638)	(3,155,020)	-
Interest Expense	(378,397)	(464,941)	(459,709)	(1,303,047)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(585,525)	462,618	(5,276,735)	(5,399,642)	-
Cash Flows from Investing Activities:					
Investment Income	-	-	257,321	257,321	58,521
Proceeds/(Purchase) of Investments	-	-	(140,931)	(140,931)	-
Net Cash Provided by (Used for) Investing Activities	-	-	116,390	116,390	58,521
Net Increase (Decrease) in Cash and Cash Equivalents	1,243,016	1,238,890	4,274,624	6,756,530	776,950
Cash and Cash Equivalents at Beginning of Year	1,287,494	2,328,193	19,191,395	22,807,082	10,319,843
Cash and Cash Equivalents at End of Year	\$ 2,530,510	\$ 3,567,083	\$ 23,466,019	\$ 29,563,612	\$ 11,096,793

(Continued)

**CITY OF WESTFIELD, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer Fund	Water Fund	Gas and Electric Light (as of December 31, 2017)	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:					
Operating Income (Loss)	\$ 1,053,930	\$ 470,944	\$ 4,020,388	5,545,262	\$ 550,567
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	901,225	777,875	4,213,154	5,892,254	-
Other	-	-	3,237	3,237	-
Deferred (Outflows)/Inflows of Resources Related to Pensions	159,744	318,918	1,377,317	1,855,979	-
Deferred (Outflows)/Inflows of Resources Related to OPEB	52,660	133,580	-	186,240	-
Change in Assets and Liabilities:					
Increase (Decrease) in Accounts Payable	31,665	(29,930)	1,564,554	1,566,289	28,218
Increase (Decrease) in Accrued Payroll	(1,610)	1,511	-	(99)	-
Increase (Decrease) in Accrued Expenses	-	-	158,944	158,944	-
Increase (Decrease) in Compensated Absences	247	1,782	55,959	57,988	-
Increase (Decrease) in Net OPEB Liability	69,143	4,813	(50,455)	23,501	-
Increase (Decrease) in Net Pension Liability	(30,136)	(356,781)	(879,640)	(1,266,557)	-
Increase (Decrease) in Energy Conservation	-	-	49,760	49,760	-
Increase (Decrease) in Reserve for Rate Stabilization	-	-	1,904,139	1,904,139	-
Increase (Decrease) in Accrued Claims	-	-	-	-	44,274
Decrease (Increase) in Inventory	-	-	(3,126,723)	(3,126,723)	-
Decrease (Increase) in Prepaid Expenses	-	-	(3,397)	(3,397)	150,000
Decrease (Increase) in Deferred Charges	-	-	102,471	102,471	-
Decrease (Increase) in Due From Others	-	-	-	-	(304,630)
Decrease (Increase) in User Charges Receivable	(191,472)	(320,635)	55,147	(456,960)	-
Total Adjustments	991,466	531,133	5,424,467	6,947,066	(82,138)
Net Cash Provided by (Used for) Operating Activities	\$ 2,045,396	\$ 1,002,077	\$ 9,444,855	\$ 12,492,328	\$ 468,429

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, 2018**

	Westfield Employees Retirement System Pension Trust Fund (as of December 31, 2017)	Gas and Electric Light Other Post Employment Benefits Trust Fund (as of December 31, 2017)	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS					
Cash and Cash Equivalents	\$ 5,428,591	\$ 32,260	\$ 629,196	\$ 479,871	\$ 757,522
Investments	231,755,657	2,188,155	151,667	-	-
Accounts Receivable	139,803	-	-	-	-
Total Assets	237,324,051	2,220,415	780,863	479,871	757,522
LIABILITIES					
Warrants Payable	119,835	1,435	-	2,137	15,396
Accrued Payroll	-	-	-	6,004	-
Due to Others	-	-	-	-	42,871
Due to Student Groups	-	-	-	-	210,162
Escrows and Deposits	-	-	-	-	489,093
Total Liabilities	119,835	1,435	-	8,141	757,522
NET POSITION					
Held in Trust for Pension Benefits and Other Purposes	\$ 237,204,216	\$ 2,218,980	\$ 780,863	\$ 471,730	\$ -

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, 2018**

	Westfield Employees Retirement System Pension Trust Fund (as of December 31, 2017)	Gas and Electric Light Other Post Employment Benefits Trust Fund (as of December 31, 2017)	ity Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions				
Contributions:				
Employers	\$ 9,884,301	\$ 375,000	\$ 7,012,856	\$ -
Plan Members	4,040,365	-	-	-
Transfers/Reimbursements from Other Systems	644,787	-	-	-
Federal Grant Reimbursements	40,804	-	-	-
Commonwealth of Massachusetts - COLA	116,272	-	-	-
Private Donations	-	-	-	32,570
Total Contributions	14,726,529	375,000	7,012,856	32,570
Investment Income:				
Interest & Dividends	4,018,248	72,015	(166)	49,173
Net Change in Fair Value of Investments	32,118,163	111,414	-	-
Total Investment Earnings	36,136,411	183,429	(166)	49,173
Less Investment Expense	(1,748,624)	(5,316)	-	-
Net Investment Earnings	34,387,787	178,113	(166)	49,173
Total Additions	49,114,316	553,113	7,012,690	81,743
Deductions:				
Benefit Payments to Plan Members and Beneficiaries	17,723,999	-	6,283,660	-
Refunds to Members and Transfers to Other Systems	1,302,251	-	-	-
Educational Scholarships	-	-	-	83,708
General Expenses	297,189	-	-	-
Total Deductions	19,323,439	-	6,283,660	83,708
Change in Net Position	29,790,877	553,113	729,030	(1,965)
Net Position at Beginning of Year	207,413,339	1,665,867	51,833	473,695
Net Position at End of Year	\$ 237,204,216	\$ 2,218,980	\$ 780,863	\$ 471,730

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, 2018

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, 2018

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, 2018

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, 2018

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 funds 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 City)* are used to account for the assets held by the City and the Gas and Electric Light Departments (as of December 31, 2017) 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, 2018

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.

CITY OF WESTFIELD, MASSACHUSETTS
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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, 2017 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 2018 on June 30, 2017, and September 29, 2017, that were due on August 1, 2017 and November 1, 2017 and actual bills on December 29, 2017, and March 30, 2018, that were due on February 1, 2018, and May 1, 2018, 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 2018 is \$74,937,129.

The total amount raised by taxation was \$71,485,049.

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, 2017 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

CITY OF WESTFIELD, MASSACHUSETTS
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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, 2017.

L. Amortization

The Gas and Electric Light Department's 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 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 funds statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

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.

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.

CITY OF WESTFIELD, MASSACHUSETTS
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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 2018, the City incurred a final budget deficit of \$5,407,180 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	\$ 3,593,715
Prior year's encumbrances	<u>1,813,465</u>
	<u><u>\$ 5,407,180</u></u>

B. Deficit Fund Balances

The following funds had deficits at June 30, 2018 as measured by the balances of unreserved fund balance:

- The roadway improvements–target capital project fund has a deficit of \$30,864. The City has an outstanding bond anticipation note of \$40,000 for this project. The deficit will be eliminated upon the issuance of permanent debt.
- The rehabilitation of athletic and park fields' capital project fund has a deficit of \$25,902. The City has an outstanding bond anticipation note of \$30,000 to offset the costs of these projects. The deficit will be eliminated upon issuance of permanent debt.

CITY OF WESTFIELD, MASSACHUSETTS
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- The fire sub-station renovations capital project fund has a deficit of \$400,000. The City has an outstanding bond anticipation note of \$400,000 for this project. The deficit will be eliminated upon the issuance of permanent debt.

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, 2017, 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, 2018 were \$76,291,385. Of these, \$33,384,365 are exposed to custodial credit risk as uninsured and uncollateralized.

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, 2017. 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, 2017 were \$5,428,591. None are exposed to custodial credit risk as uninsured and uncollateralized.

CITY OF WESTFIELD, MASSACHUSETTS
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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.

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City’s \$163,072 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the City’s name. The City has no policy on custodial credit risk.

Interest Rate Risk

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

Credit Risk

The City does not have any exposure to credit risk as of June 30, 2018.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in one issuer. The City does not have more than 5 percent of the City’s investments in one issuer.

Fair Value of Investments

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

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The City has the following recurring fair value measurements as of December 31, 2017:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	\$ 163,072			

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.
- 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

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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.

As of December 31, 2017, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		1 to 5	6 to 10
Debt Securities:			
Bond mutual funds	\$ 27,558,782	\$ 5,228,239	\$ 22,330,543
Other Investments:			
Equity mutual funds - Domestic	102,771,089		
Equity mutual funds - International	52,637,095		
Pension reserve investment trust - Hedge Funds	208,410		
Pooled real estate	23,838,914		
Pooled Venture Capital Funds	24,550,715		
Massachusetts Municipal Depository Trust	190,652		
	<u>\$ 231,755,657</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 \$231,755,657 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the System's name. The System has no policy on custodial credit risk.

Interest Rate Risk

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

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2017 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>Bond Mutual Funds:</i>	
AAA	\$ 5,228,239
AA2	19,938,080
B1	2,392,463
	<u>\$ 27,558,782</u>

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, 2017:

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	\$ 102,771,089	\$ 102,771,089	\$ -	\$ -
Equity mutual funds - International	52,637,095	52,637,095	-	-
Bond mutual funds	27,558,782	-	27,558,782	-
	<u>182,966,966</u>	<u>\$ 155,408,184</u>	<u>\$ 27,558,782</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (PRIT)-hedge funds	208,410			
Pooled real estate	23,838,914			
Pooled Venture Capital Funds	24,550,715			
External Investment Pools (MMDT)	190,652			
Total Investments	<u><u>\$ 231,755,657</u></u>			

CITY OF WESTFIELD, MASSACHUSETTS
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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.

B. Receivables

At June 30, 2018, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 2,343,323	\$ (343,521)	\$ 1,999,802
Tax liens	2,539,408	-	2,539,408
Excise taxes	1,758,346	(915,423)	842,923
Departmental	2,773,454	(1,434,609)	1,338,845
User charges	574,055	(4,020)	570,035
Due from other governments	5,721,126	-	5,721,126
Tax foreclosures	662,602	-	662,602
Fiduciary funds:			
Westfield Employees Retirement System			
(at December 31, 2017):			
Accounts Receivable	139,803	-	139,803
	<u>\$ 16,512,117</u>	<u>\$ (2,697,573)</u>	<u>\$ 13,814,544</u>

The remaining \$596,470 amount shown on the Statement of Activities in receivables represents adjustments due from members for health insurance claims in the fourth quarter of fiscal year 2018 of the Internal Service funds.

At June 30, 2018 and December 31, 2017 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	\$ 1,489,169	\$ (128,057)	\$ 1,361,112
Due from other governments	2,827,241	-	2,827,241
Water Fund:			
User charges	1,919,700	(82,134)	1,837,566
Gas and Electric Light			
(As of December 31, 2017)			
User charges	4,052,808	(652,000)	3,400,808
	<u>\$ 10,288,918</u>	<u>\$ (862,191)</u>	<u>\$ 9,426,727</u>

CITY OF WESTFIELD, MASSACHUSETTS
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The composition of amounts due from other governments as of June 30, 2018 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	\$	2,533,510	
Department of Revenue:			
Veterans, blind and surviving spouse		137,275	
Department of Veterans Services:			
Veterans benefits		<u>426,153</u>	\$ 3,096,938

Nonmajor Governmental Funds:

U.S. Department of Agriculture:

School lunch	267,403
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U.S. Department of Education:

School title grants	540,361
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U.S. Department of Health and Human Services:

West Mass Elder Care, Inc.:	
Nutrition Programs for the Aging	722

U.S. Department of Housing and Urban Development:

Pass through Holyoke: Home Program	195,000
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U.S. Department of Transportation:

Federal Aviation Administration	221,290
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Commonwealth of Massachusetts:

Department of Elementary and Secondary Education:			
School lunch		5,157	
State Special Education Reimbursement fund		321,913	
Department of Energy Resources		66,641	
Massachusetts Aeronautics Commission:			
Airport Grants		266,455	
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funds		729,587	

Other:		<u>9,659</u>	<u>2,624,188</u>
		<u>\$ 5,721,126</u>	

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.	\$	1,151,011
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Massachusetts Clean Water Trust:

Principal loan subsidy		<u>1,676,230</u>
	\$	<u><u>2,827,241</u></u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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 two items which qualify in this category, the reserve for rate stabilization and the reserve for energy conservation.

- **Reserve for Rate Stabilization:** Management utilizes rate stabilization funds on an event driven basis. During 2017, the Department used \$708,230 to offset the cost of power. The Department increased the reserve by \$2,612,368 during 2017. The balance remaining to offset future costs is \$39,530,187 as of December 31, 2017.
- **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, 2017, the balance is \$546,275.

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	\$	1,614,767
Tax liens		2,539,408
Excise taxes		842,923
Departmental		311,876
User charges		377,552
Tax foreclosures		662,602
Due from other governments		2,959,663
	\$	9,308,791
Nonmajor governmental funds:		
Property taxes		16,035
Departmental		740,820
User charges		192,483
Due from other governments		803,446
		1,752,784
	\$	11,061,575

D. Inventories

Inventory in the Gas and Electric Light Department, as of December 31, 2017 consists consist primarily of pipe, valves, utility poles, wire, meters, transformers and cable for a total of \$6,959,628.

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”).

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These funds are segregated for specific outlays and contingencies. The balance at December 31, 2017 consists of the following:

	Cash and Cash equivalents	Investments	Total
Restricted Cash:			
Cash in Escrow	\$ 614,673	\$ -	\$ 614,673
Cash for Rate Stabilization	5,258,112	-	5,258,112
Cash for BAN/Bonds	3,900,000	-	3,900,000
MMWEC Reserve Trust	149,906	25,755,115	25,905,021
Total Restricted Cash and Designated	9,922,691	25,755,115	35,677,806
Deferred Charges	1,594,910	740,146	2,335,056
	<u>\$ 11,517,601</u>	<u>\$ 26,495,261</u>	<u>\$ 38,012,862</u>

F. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 (including the Gas and Electric Light Department at December 31, 2017), follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 21,449,324	\$ 1,640,650	\$ -	\$ 23,089,974
Construction in progress	18,715,081	942,546	(12,376,147)	7,281,480
Total capital assets not being depreciated	40,164,405	2,583,196	(12,376,147)	30,371,454
Capital assets being depreciated:				
Buildings and improvements	155,761,237	1,503,329	-	157,264,566
Machinery, equipment and other	20,332,336	1,769,496	(222,965)	21,878,867
Infrastructure	131,162,082	12,720,925	-	143,883,007
Total capital assets being depreciated	307,255,655	15,993,750	(222,965)	323,026,440
Less accumulated depreciation for:				
Buildings	57,966,454	6,000,632	-	63,967,086
Machinery, equipment and other	15,849,898	1,518,108	(222,965)	17,145,041
Infrastructure	73,434,490	4,893,594	-	78,328,084
Total accumulated depreciation	147,250,842	12,412,334	(222,965)	159,440,211
Total capital assets being depreciated, net	160,004,813	3,581,416	-	163,586,229
Total governmental activities capital assets, net	<u>\$ 200,169,218</u>	<u>\$ 6,164,612</u>	<u>\$ (12,376,147)</u>	<u>\$ 193,957,683</u>

CITY OF WESTFIELD, MASSACHUSETTS
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Year Ended June 30, 2018

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

Governmental Activities:

General government	\$ 1,310,340
Airport	2,812,028
Public safety	780,415
Public works	3,064,871
Education	3,405,897
Health and human services	419,239
Culture and recreation	619,544
Total depreciation expense - governmental activities	<u>\$ 12,412,334</u>

Business-Type Activities:

Business-Type Activities

Sewer Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 42,705	\$ -	\$ -	\$ 42,705
Construction in progress	5,701,790	3,101,780	-	8,803,570
Total capital assets not being depreciated	<u>5,744,495</u>	<u>3,101,780</u>	<u>-</u>	<u>8,846,275</u>
Capital assets being depreciated:				
Buildings and Renovations	3,419,690	74,241	-	3,493,931
Machinery, equipment and other	391,639	95,727	-	487,366
Infrastructure	51,963,521	72,750	-	52,036,271
Total capital assets being depreciated	<u>55,774,850</u>	<u>242,718</u>	<u>-</u>	<u>56,017,568</u>
Less accumulated depreciation for:				
Buildings and Renovations	1,761,470	97,602	-	1,859,072
Machinery, equipment and other	337,574	27,934	-	365,508
Infrastructure	16,196,491	775,689	-	16,972,180
Total accumulated depreciation	<u>18,295,535</u>	<u>901,225</u>	<u>-</u>	<u>19,196,760</u>
Total capital assets being depreciated, net	<u>37,479,315</u>	<u>(658,507)</u>	<u>-</u>	<u>36,820,808</u>
Total business-type activities capital assets, net	<u>\$ 43,223,810</u>	<u>\$ 2,443,273</u>	<u>\$ -</u>	<u>\$ 45,667,083</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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	244,988	750,107	-	995,095
Total capital assets not being depreciated	3,266,522	750,107	-	4,016,629
Capital assets being depreciated:				
Buildings and Renovations	1,476,474	-	-	1,476,474
Machinery, equipment and other	2,533,647	55,945	-	2,589,592
Infrastructure	70,262,613	1,414,887	-	71,677,500
Total capital assets being depreciated	74,272,734	1,470,832	-	75,743,566
Less accumulated depreciation for:				
Buildings and Renovations	807,706	46,975	-	854,681
Machinery, equipment and other	1,692,275	171,910	-	1,864,185
Infrastructure	20,381,234	1,078,305	-	21,459,539
Total accumulated depreciation	22,881,215	1,297,190	-	24,178,405
Total capital assets being depreciated, net	51,391,519	173,642	-	51,565,161
Total business-type activities capital assets, net	\$ 54,658,041	\$ 923,749	\$ -	\$ 55,581,790

Business-Type Activities	Beginning			Ending
Gas and Electric Light Activities (as of December 31, 2017)	Balance	Increases/ Adjustments	Decreases/ Adjustments	Balance
Capital assets not being depreciated:				
Land	\$ 1,008,891	\$ 182,200	\$ -	\$ 1,191,091
Construction in progress	464,633	-	(408,133)	56,500
Total capital assets not being depreciated	1,473,524	182,200	(408,133)	1,247,591
Capital assets being depreciated:				
Plant investment	116,490,299	14,629,636	(70,510)	131,049,425
Office and computer equipment	5,493,245	904,943	(292,347)	6,105,841
Transportation equipment	4,451,525	148,161	(344,061)	4,255,625
Equipment	11,800,532	1,413,753	(200,490)	13,013,795
Total capital assets being depreciated	138,235,601	17,096,493	(907,408)	154,424,686
Less accumulated depreciation	57,208,865	4,147,067	(904,171)	60,451,761
Total capital assets being depreciated, net	81,026,736	12,949,426	(3,237)	93,972,925
Total electric light activities capital assets, net	\$ 82,500,260	\$ 13,131,626	\$ (411,370)	\$ 95,220,516

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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

Business-Type Activities:	
Sewer fund	\$ 901,225
Water fund	1,297,190
Gas and Electric Light Department	<u>4,147,067</u>
Total depreciation expense - business-type activities	<u><u>\$ 6,345,482</u></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, 2017:	
Regulatory assets - cost	\$ 1,548,787
Less: accumulated amortization	<u>(289,556)</u>
	<u><u>\$ 1,259,231</u></u>

Amortization expense of the Gas and Electric Light Department on the regulatory asset was \$66,086 for the year ended December 31, 2017 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, 2018, are summarized below:

Transfers Out:	Transfers In:			Total
	General fund	Business-type fund	Internal Service fund	
General fund	\$ -	\$ 1,000,000	\$ 250,000	\$ 1,250,000
Nonmajor governmental funds	159,104	-	-	159,104
Business-type fund	1,004,164	-	-	1,004,164
Total transfers out	<u><u>\$ 1,163,268</u></u>	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 250,000</u></u>	<u><u>\$ 2,413,268</u></u>

The remaining (\$3,106) amount shown on the Statement of Activities in transfers represents transfers that occurred between the calendar year December 31, 2017 end for the Gas and Electric Light business-type activities and the fiscal year year-end conversion on June 30, 2018.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

I. Leases

The City has entered into lease agreements as lessee for financing of various airport vehicles, fire department vehicles, highway vehicles and equipment, and school department vehicles 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:

Asset:	Governmental Activities	Business-type Activities
Machinery, Equipment and Other	\$ 4,712,036	\$ 182,764
Less: Accumulated Depreciation	(1,412,129)	(164,488)
Total	<u>\$ 3,299,907</u>	<u>\$ 18,276</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, are as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2019	\$ 965,974	\$ 20,392
2020	466,380	20,392
2021	363,446	-
2022	222,578	-
Total minimum lease payments	<u>2,018,378</u>	<u>40,784</u>
Less: amount representing interest	(70,632)	-
Present value of minimum lease payments	<u>\$ 1,947,746</u>	<u>\$ 40,784</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, 2018

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, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
Nonmajor Governmental Funds:						
Bond anticipation notes:						
Road improvements	2.00%	10/31/2017	\$ 4,130,000	\$ -	\$ 4,130,000	\$ -
Departmental equipment	2.00%	10/31/2017	2,070,000	-	2,070,000	-
Athletic/Park renovations	2.00%	10/31/2017	1,750,000	-	1,750,000	-
Airport Hangar Two repairs	1.25%	5/25/2018	136,000	-	136,000	-
Fire Sub-station Renovations	1.35%	6/15/2018	400,000	-	400,000	-
City-wide Radio System	2.25%	10/31/2018	-	40,000	-	40,000
Municipal Outdoor Recreation	2.25%	10/31/2018	-	30,000	-	30,000
Road improvements	3.00%	6/14/2019	-	195,000	-	195,000
Fire Sub-station Renovations	3.00%	6/14/2019	-	400,000	-	400,000
State grant anticipation notes:						
Airport equipment and other	2.25%	9/29/2018	-	478,256	-	478,256
Total Governmental Activities			\$ 8,486,000	\$ 1,143,256	\$ 8,486,000	\$ 1,143,256

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, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
Sewer activities:						
Bond anticipation notes:						
Wastewater Treatment equipment	2.00%	10/31/2017	\$ 1,477,646	\$ -	\$ 1,477,646	\$ -
Sewer mains (Joseph Avenue Area)	1.35%	6/15/2018	750,000	-	750,000	-
Sewer mains (Bigwood & Joseph)	2.25%	10/31/2018	-	3,250,000	-	3,250,000
Sewer mains (Joseph Avenue Area)	3.00%	6/14/2019	-	1,250,000	-	1,250,000
Water activities:						
Bond anticipation notes:						
Water mains	2.00%	10/31/2017	2,000,000	-	2,000,000	-
Water Treatment and Distribution	1.35%	6/15/2018	250,000	-	250,000	-
Water Treatment and Distribution	2.25%	10/31/2018	-	700,000	-	700,000
Water Treatment and Distribution	3.00%	6/14/2019	-	750,000	-	750,000
Water meters	3.00%	6/14/2019	-	2,000,000	-	2,000,000
			4,477,646	7,950,000	4,477,646	7,950,000
Gas and electric light activities:						
(As of December 31, 2017)						
Bond anticipation notes:						
Whip City Fiber expansion	1.30%	6/15/2018	-	2,000,000	-	2,000,000
Whip City Fiber expansion	1.35%	6/15/2018	-	2,000,000	-	2,000,000
Whip City Fiber expansion	2.25%	10/31/2018	-	3,000,000	-	3,000,000
Total Business-type activities			\$ 4,477,646	\$ 14,950,000	\$ 4,477,646	\$ 14,950,000

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2018
Inside Debt:					
Municipal Purpose Loan of 2003:					
Building improvements	3.65%	4/15/2003	9/1/2018	\$ 144,950	\$ 15,000
Municipal Purpose Loan of 2008:					
Technology Center	4.26%	4/1/2008	4/1/2027	3,165,000	1,415,000
Surface Drain	3.08%	1/15/2008	8/1/2018	1,300,388	120,639
Municipal Purpose Loan of 2011:					
School departmental equipment	3.48%	3/1/2011	12/1/2030	535,000	35,000
Building improvements	3.48%	3/1/2011	12/1/2030	195,000	90,000
Land Acquisition	3.48%	3/1/2011	12/1/2030	1,000,000	605,000
Engineering Services	3.48%	3/1/2011	12/1/2030	1,350,000	15,000
Dike construction	3.48%	3/1/2011	12/1/2030	2,200,000	1,380,000
Road improvements	3.48%	3/1/2011	12/1/2030	850,000	185,000
Municipal Purpose Loan of 2014:					
Road improvements	3.41%	4/4/2014	3/1/2034	2,420,000	690,000
Park Square improvements	3.41%	4/4/2014	3/1/2034	1,751,000	1,250,000
Building improvements	3.41%	4/4/2014	3/1/2034	10,000,000	8,470,000
Energy Conservation	3.41%	4/4/2014	3/1/2034	17,000,000	14,900,000
City Hall remodeling	3.41%	4/4/2014	3/1/2034	3,496,000	2,985,000
Elementary School Roof Remodeling	3.41%	4/4/2014	3/1/2034	404,161	325,000
Municipal Refunding Loan of 2016:					
Computer Center	2.00%	11/6/2015	8/1/2020	90,000	40,000
Land Acquisition	2.00%	11/6/2015	8/1/2020	670,000	395,000
Municipal Purpose Loan of 2016	2.52%	3/31/2016	4/1/2036	9,753,000	9,025,000
Municipal Purpose Loan of 2017	3.0%-5.0%	10/15/2017	10/15/2036	7,785,700	7,785,700
Total Inside Debt					\$ 49,726,339

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2018
Total Inside Debt					<u>\$ 49,726,339</u>
Outside Debt:					
Municipal Purpose Loan of 2008:					
Landfill Area	3.08%	1/15/2008	8/1/2018	\$ 1,872,558	\$ 173,721
Municipal Purpose Loan of 2014:					
Barnes Airport	3.41%	4/4/2014	3/1/2034	470,000	250,000
New Elementary School Construction	3.41%	4/4/2014	3/1/2034	3,500,000	2,995,000
School Project - Green Repair # 1	3.41%	4/4/2014	3/1/2034	813,812	685,000
School Project - Green Repair # 2	3.41%	4/4/2014	3/1/2034	4,320,027	3,810,000
Municipal Refunding Loan of 2016:					
South Middle School project	2.00%	11/6/2015	8/1/2020	3,290,000	<u>1,925,000</u>
Total Outside Debt					<u>9,838,721</u>
Total Governmental Type Debt					<u><u>\$ 59,565,060</u></u>

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

Year	Principal	Interest	Total
2019	\$ 4,565,060	\$ 2,627,260	\$ 7,192,320
2020	4,555,000	2,420,500	6,975,500
2021	4,405,000	2,199,388	6,604,388
2022	3,825,000	1,999,612	5,824,612
2023	3,900,000	1,809,463	5,709,463
2024-2028	19,755,000	6,099,637	25,854,637
2029-2033	16,070,000	2,088,603	18,158,603
2034-2037	2,490,000	127,125	2,617,125
	<u>\$ 59,565,060</u>	<u>\$ 19,371,588</u>	<u>\$ 78,936,648</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2018
Inside Debt:					
Sewer activities:					
Sewer	3.08%	1/15/2008	8/1/2018	\$ 780,233	\$ 72,384
Municipal Purpose Loan of 2011:					
Sewer Facility	3.80%	3/1/2011	12/1/2030	1,000,000	650,000
Municipal Refunding Loan of 2016:					
Sewer Treatment Plant	2.00%	11/6/2015	8/1/2020	300,000	170,000
Municipal Purpose Loan of 2017					
	3.0%-5.0%	10/15/2017	10/15/2037	1,323,300	1,323,300
Massachusetts Clean Water Trust:					
Sewer projects	5.30%	10/1/1999	8/1/2019	699,399	90,000
Sewer projects	5.00%	11/15/2002	8/1/2022	18,630,170	5,657,229
Sewer projects	Varies	10/26/2004	8/1/2023	892,407	353,045
Water activities:					
Municipal Purpose Loan of 2014:					
Water mains	3.41%	4/4/2014	3/1/2022	215,000	103,000
Total Inside Debt					<u>8,418,958</u>
Outside Debt:					
Water activities:					
Municipal Purpose Loan of 2008:					
Water mains	4.32%	4/1/2008	4/1/2028	2,600,000	1,300,000
Water mains	4.24%	4/1/2008	4/1/2028	1,150,000	400,000
Municipal Purpose Loan of 2011:					
Water mains	3.80%	3/1/2011	12/1/2030	3,170,000	2,050,000
Municipal Purpose Loan of 2014:					
Water mains	3.41%	4/4/2014	3/1/2034	1,060,000	832,000
Granville Dam improvements	2.00%	6/26/2014	6/26/2034	1,000,000	830,512
Municipal Refunding Loan of 2016:					
Water mains	2.00%	11/6/2015	8/1/2020	170,000	100,000
Municipal Purpose Loan of 2016:					
Granville water pipeline replacement	2.52%	3/31/2016	4/1/2036	324,000	295,000
Granville Reservoir improvements	2.52%	3/31/2016	4/1/2036	1,670,000	1,535,000
Municipal Purpose Loan of 2017					
	3.0%-5.0%	10/15/2017	10/15/2037	886,700	886,700
Massachusetts Clean Water Trust:					
Water main projects	4-5.25%	11/1/2003	8/1/2023	3,985,590	1,466,580
Water main projects	2.00%	11/3/2005	7/15/2023	86,210	19,869
Granville water pipeline replacement	2.00%	1/7/2015	1/15/2035	2,352,248	2,059,360
Total Outside Debt					<u>11,775,021</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
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	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2018
Total Sewer and Water Debt					\$ 20,193,979
Gas and Electric Light activities: (As of December 31, 2017)					
Gas and Electric	4.21%	2/1/2006	2/1/2025	2,100,000	758,333
Gas and Electric	3.08%	2/1/2008	2/1/2018	520,155	48,256
Gas and Electric	4.34%	4/1/2008	4/1/2018	6,000,000	3,175,000
Gas and Electric	4.30%	4/4/2014	3/1/2032	5,750,000	5,178,292
Gas and Electric	3.0%-5.0%	10/15/2017	10/15/2037	5,000,000	5,000,000
					14,159,881
Total Business-Type Debt					\$ 34,353,860

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
2019	\$ 1,418,208	\$ 347,377	\$ 1,765,585
2020	1,377,013	246,582	1,623,595
2021	1,366,904	198,274	1,565,178
2022	1,347,742	157,907	1,505,649
2023	1,368,277	90,462	1,458,739
2024-2028	637,814	208,688	846,502
2029-2033	475,000	86,425	561,425
2034-2038	325,000	24,375	349,375
	\$ 8,315,958	\$ 1,360,090	\$ 9,676,048

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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
2019	\$ 950,679	\$ 433,643	\$ 1,384,322
2020	967,030	396,328	1,363,358
2021	975,037	356,205	1,331,242
2022	958,114	314,828	1,272,942
2023	946,259	272,790	1,219,049
2024-2028	3,778,260	887,553	4,665,813
2029-2033	2,544,517	298,329	2,842,846
2034-2038	758,125	31,601	789,726
	<u>\$ 11,878,021</u>	<u>\$ 2,991,277</u>	<u>\$ 14,869,298</u>

Debt service requirements for principal of for the gas and electric light department as of December 31, 2017 are as follows:

Gas & Electric Light Fund (As of December 31, 2017)

Year	Principal	Interest	Total
2018	\$ 1,054,810	\$ 565,514	\$ 1,620,324
2019	1,012,254	529,944	1,542,198
2020	1,012,254	485,006	1,497,260
2021	1,007,254	438,694	1,445,948
2022	1,007,254	391,194	1,398,448
2023-2027	4,686,272	1,284,472	5,970,744
2028-2032	3,144,606	443,775	3,588,381
2033-2038	1,235,177	101,249	1,336,426
	<u>\$ 14,159,881</u>	<u>\$ 4,239,848</u>	<u>\$ 18,399,729</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 56,125,814	\$ 7,785,700	\$ 4,346,454	\$ 59,565,060	\$ 4,565,060
Leases payable	2,029,310	1,075,445	1,157,009	1,947,746	928,432
Compensated absences	7,232,958	56,459	1,186,168	6,103,249	1,657,092
OPEB obligation payable	226,298,851	-	1,247,752	225,051,099	-
Net pension liability	62,263,082	-	6,910,281	55,352,801	-
Governmental activity Long-term liabilities	\$ 353,950,015	\$ 8,917,604	\$ 14,847,664	\$ 348,019,955	\$ 7,150,584
Business-type activities:					
Sewer Fund					
Bonds Payable:					
General obligation bonds Massachusetts Clean Water Trust	\$ 1,081,512	\$ 1,323,300	\$ 189,128	\$ 2,215,684	\$ 290,456
	7,228,026	-	1,127,752	6,100,274	1,127,752
Leases payable	61,176	-	20,392	40,784	20,392
Compensated absences	16,500	247	-	16,747	9,201
OPEB obligation liability	1,528,160	69,143	-	1,597,303	-
Net pension liability	1,388,140	-	30,136	1,358,004	-
	11,303,514	1,392,690	1,367,408	11,328,796	1,447,801
Water Fund					
Bonds Payable:					
General obligation bonds Massachusetts Clean Water Trust	8,027,913	886,700	582,401	8,332,212	633,220
	3,864,512	-	318,703	3,545,809	317,459
Leases payable	37,360	-	37,360	-	-
Compensated absences	118,808	1,782	-	120,590	11,862
OPEB obligation liability	4,226,668	4,813	-	4,231,481	-
Net pension liability	2,672,368	-	356,781	2,315,587	-
	18,947,629	888,482	938,464	18,545,679	962,541
Gas and Electric Light (As of December 31, 2017)					
Bonds Payable:					
General obligation bonds	9,984,520	5,000,000	824,639	14,159,881	1,054,810
Compensated absences	2,963,834	355,341	299,382	3,019,793	283,132
OPEB obligation liability	6,520,353	820,742	871,197	6,469,898	-
Net pension liability	11,761,813	-	879,640	10,882,173	-
	31,230,520	6,176,083	2,874,858	34,531,745	1,337,942
Total Business-type activity Long-term liabilities	\$ 61,481,663	\$ 8,457,255	\$ 5,180,730	\$ 64,406,220	\$ 3,748,284

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2018 for principal and interest combined for the loans is \$10,905,379 (principal of \$9,646,083 and interest of \$1,259,256). The principal subsidies are guaranteed and therefore \$1,979,170 has been reported as an intergovernmental receivable in the government-wide financial statements. The net repayments, including interest, are scheduled to be \$8,532,335. 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 2018 principal and interest subsidies totaled \$548,143.

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, 2018, totaled \$60,655,297.

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, 2018:

Equalized Valuation-Real Estate and Personal Property (2018)		<u>\$ 3,343,027,700</u>	
Debt Limit: 5 % of Equalized value		167,151,385	
Total Debt Outstanding			
Governmental Activity Debt	\$ 59,565,060		
Less: Debt Outside Debt Limit	<u>(9,838,721)</u>	49,726,339	
Business-Type Activity Debt	32,826,534		
Less: Debt Outside Debt Limit	<u>(21,897,576)</u>	10,928,958	
		<u>60,655,297</u>	
Inside Debt Excess Borrowing Capacity at June 30, 2018		<u>\$ 106,496,088</u>	

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, 2018

The City's loan authorizations as of June 30, 2018, 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	\$ 2,315,000
1/3/2012	Construction of a new elementary school	32,431,394
3/27/2013	Improvements at Barnes Airport	25,000
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	2,000,000
1/19/2017	Water Treatment and distribution	3,550,000
2/16/2017	WHIP City fiber expansion	3,000,000
5/4/2017	Sanitary Sewer expansion	2,500,000
11/18/2017	Springfield Road improvements	205,000
6/28/2018	Water well connector and Water tank	13,000,000
		<u>\$ 59,086,394</u>

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

L. Fund Balances

The following is a summary of the City Governmental fund balances at the year ended June 30, 2018:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent funds	\$ -	\$ 22,170	\$ 22,170
Restricted:			
Federal and state grants	-	2,153,980	2,153,980
School revolving funds	-	2,591,033	2,591,033
City revolving funds	-	149,687	149,687
Community preservation fund	-	1,703,002	1,703,002
Donations and gifts	-	572,128	572,128
Sale of land	-	529,894	529,894
Stormwater management fund	-	855,010	855,010
Capital projects	-	1,098,099	1,098,099
Permanent funds	-	15,698	15,698
Other	-	1,136,393	1,136,393
	-	10,804,924	10,804,924
Committed:			
Ambulance	-	1,838,276	1,838,276
Assigned:			
General government	140,841	-	140,841
Airport	823,536	-	823,536
Public safety	169,487	-	169,487
Public works	216,689	-	216,689
Education	1,227,073	-	1,227,073
Health and human services	422	-	422
Culture and recreation	8,601	-	8,601
Employee benefits and insurance	86,935	-	86,935
Subsequent year's budget	600,000	-	600,000
	3,273,584	-	3,273,584
Unassigned:			
General Fund	13,068,469	-	13,068,469
Deficit capital project funds	-	(456,766)	(456,766)
	13,068,469	(456,766)	12,611,703
Total Governmental fund balances	\$ 16,342,053	\$ 12,208,604	\$ 28,550,657

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2018, the stabilization funds are reported in the General Fund as unassigned fund balance as follows:

General purpose stabilization fund	\$ 5,279,946
Stabilization fund reserved for debt decline	<u>2,025,000</u>
	<u><u>\$ 7,304,946</u></u>

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, 2018, the amount of the liability for health insurance claims totaled \$840,887. 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, 2018 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
2018	\$ 796,613	\$ 16,661,646	\$(16,617,372)	\$ 840,887
2017	\$ 1,028,215	\$ 16,350,631	\$(16,582,233)	\$ 796,613
2016	1,231,697	16,549,898	(16,753,380)	1,028,215

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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 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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

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, 2017, 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, 2018

As of December 31, 2017, total capital expenditures by participants and MMWEC toward capital projects amounted to \$1,583,481,000 of which approximately \$110,493,000 represents the amount attributable to the Department's Project capability. MMWEC's debt outstanding for the Projects from Power Supply Project Revenue Bonds totals \$10,680,000 of which \$1,005,000 is attributable to the Department's share of Project capability, although such amount is not allocated to the Department's Statement of Net Position. As of December 31, 2017, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$11,425,000 of which \$1,041,000 is anticipated to be billed to the Department in the future.

The aggregate amount of the Department's required payments to MMWEC under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, estimated for future years is shown below:

	<u>Annual Costs</u>
For years ended December 31, 2018	<u>\$ 1,041,000</u>

In addition, under the PSAs, the Department is required to pay MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Department's total O&M costs including debt service under the PSAs was \$9,252,000 for the year ended December 31, 2017.

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 \$110,949 for the year ended December 31, 2017. 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 328,166 MWH at a fixed price from \$41.35/MWH to \$58.80/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 \$2.83/MMBtu to \$13.385/MMBtu for 5,211 to 7,000 MMBtu purchased per day from November 2017 to October 2020.

The Department has a solar energy supply agreement with Twist Street Solar, LLC. The agreement provides for an estimated total of 27,452,411 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 May 2035.

The Department has a solar energy supply agreement with CED Westfield Solar. The agreement provides for an estimated total of 3,294,172 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 a gas supply agreement with Respol Energy NA Corp. The agreement provides for a fixed gas price of \$0.715/MMBtu for daily maximum quantity of 6,000 MMBtu purchased per day from December 1, 2016 to March 2017.

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.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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 2017. The amount of expense incurred for workers compensation for the year ended December 31, 2017, was \$175,526.

	2017
Unpaid claims, beginning of year	\$ 198,311
Incurred claims and adjustments (including IBNR's)	32,872
Claim payments	(159,232)
Unpaid claims, end of year	\$ 71,951

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, 2017. The Department has no amounts of settlements exceeding insurance coverage for each of the past three years.

Sackett Street facility

The Department's Sackett Street facility has been owned and operated by the Department since 1899, and until 1953, was the site of a coal gasification plant. On November 21, 1991, the Massachusetts Department of Environmental Protection (MDEP) notified the Department of a potential imminent hazard associated with the former coal gasification plant site. The MDEP mandated that further testing be performed to determine if hazardous materials were present. As a result of testing, MDEP concluded that hazardous materials are present and that an imminent hazard does exist. The Department has commenced assessment action and implementation of a contingency plan as required by Chapter 21E of the Massachusetts General Laws. During 2017, the Department incurred costs of approximately \$78,629 relating to this project.

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 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.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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 \$11,978,500 for 2018. As of December 31, 2017, approximately \$14,225 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:

2018	\$	19,547
2019		20,524
2020		21,550
2021		22,628
2022		23,759
2023-2057		<u>1,734,690</u>
	\$	<u><u>1,842,698</u></u>

Lease expense was \$18,616 for the year ended December 31, 2017.

The Department leases various office and transportation equipment under non-cancelable operating leases with monthly payments ranging from \$165 to \$1,219 due through December 2020. Rent expense totaled approximately \$39,237 for the year ended December 31, 2017.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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

2018	\$	52,147
2019		37,771
2020		25,346
	<u>\$</u>	<u>115,264</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 25% of the work force and expires on February 29, 2020. The other contract with I.B.E.W. covers the remaining 75% of the work force and is in place through March 31, 2019.

D. Subsequent Events

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

E. 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, 2018, the City of Westfield abated property taxes amounting to \$1,088,841 under eleven tax abatement agreements. The City has not made any commitments as part of the agreements other than to reduce taxes.

F. 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.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2017. The City's portion of the collective pension expense contributed by the Commonwealth of \$12,936,096 on-behalf payments for the fiscal year ending June 30, 2018 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

Benefits Provided

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

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

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

Contributions

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The City's proportionate share of the required contribution to the System for the year ended December 31, 2017 was \$9,711,444, representing 24.3% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Pension Liability

As of June 30, 2018, the City reported a liability of \$69,908,565 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. 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, 2017, the City's proportional percentage was 98.24%, which was a slight increase from the last measurement.

Pension Expense

For the year ended June 30, 2018, the City recognized a pension cost of \$10,758,262 and reported deferred outflows of resources related to pensions of \$12,736,816 from the difference between expected and actual experience and change in assumptions; and deferred inflows of resources of \$10,071,565 from the net difference between projected and actual investment earnings on 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,	
2019	\$ 2,116,090
2020	2,016,867
2021	(647,402)
2022	(1,575,769)
Thereafter:	755,465
	<u>\$ 2,665,251</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2017;

Valuation date	January 1, 2017
Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Total payments increase 5.8% per year.
Remaining amortization period	16 years from July 1, 2018
Asset valuation method	Market value. For funding purposes, gains and losses each year are Recognized over five (5) years.
Investment rate of return	7.50% 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)

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Mortality rates

Pre-retirement mortality reflects RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct).

Post-retirement mortality reflects RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct).

For disabled members, the mortality rate is assumed to be in accordance with the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (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, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Large Capital Equity	22.0%	7.50%
Internationally Developed Equity	18.0%	7.80%
Core Fixed Income	19.0%	3.75%
Real Estate	10.0%	6.70%
Private Equity	12.0%	9.50%
Emerging Markets Equity	7.0%	9.30%
Domestic Middle Capital Equity	6.0%	7.75%
Domestic Small Capital Equity	6.0%	7.75%
Other Alternatives	0.0%	6.50%
Total	100.0%	

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (0.34%).

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$ 103,176,558	\$ 69,908,565	\$ 41,722,527

G. Other Post Employment Benefits Payable

For 2018, the Post Employment Benefits Other Than Pensions disclosures include amounts related to GASB No. 74 for the OPEB Plan, GASB No. 75 for the City's implementation, and GASB No. 45 for the Gas and Electric Light Business-type activities. Since the Westfield Gas and Electric Department has a December 31, year end, they are not required to implement GASB No. 75 until calendar year 2018. The GASB No. 75 liability and the GASB No. 45 liability for the Department detailed later in this section combined to equal the total net OPEB liability reported of \$237,349,781 on the Statement of Net Position.

GASB Statement No. 45 (Westfield Gas and Electric Department, December 31, 2017)

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, requires the City to account for OPEB, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns the post employment benefits, rather than when they use them. To the extent that an entity does not fund their actuarially required contribution, a post employment benefit liability is recognized on the Statement of Net Position.

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 adopted the requirements of GASB Statement No. 45 effective January 1, 2009, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the City's future cash flows.

Plan Description

In addition to providing pension benefits as described on the following footnote, the City provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date, there are approximately 189 active and retired employees in the Gas and Electric Department 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, 2018

Funding Policy

The contribution requirements of plan members and the City are established and may be amended through City policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the calendar year 2017, the Gas and Electric business-type activity premium plus implicit costs for the retiree medical program are \$871,197.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

The following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the plan:

	Gas & Electric Light (As of December 31, 2017)
Annual required contribution	\$ 1,100,451
Interest on net OPEB obligation	407,522
Adjustment to annual required contribution	(687,231)
Annual OPEB cost (expense)	820,742
Contributions made during the fiscal year	(871,197)
Increase in net OPEB obligation	(50,455)
Net OPEB Obligation - beginning of year	6,520,353
Net OPEB Obligation - end of year	\$ 6,469,898

The City's Gas and Electric Light Department annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the December 31, 2017 year end and the two preceding years are as follows:

Gas and Electric Light (As of December 31, 2017):			
12/31/2017	\$ 820,742	106.1%	\$ 6,469,898
12/31/2016	\$ 1,072,451	107.8%	\$ 6,520,353
12/31/2015	\$ 1,166,154	102.7%	\$ 6,603,590

Funded Status and Funding Process

As of January 1, 2017, the Gas and Electric Department's actuarial liability for benefits was \$11,321,260, and the actuarial value of assets was \$1,665,867, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,655,393. The covered payroll (annual payroll of active employees covered by the plan) was \$7,874,158 and the ratio of the UAAL to the covered payroll was 122.6%.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Department's OPEB actuarial valuation used the individual entry age normal actuarial cost method. The actuarial methods and assumptions included a 6.25% investment rate of return and an annual medical cost rate of 5%. The UAAL is being amortized over a closed 30 year amortization with payments increasing at 3.25% per year. Differences between the expected and actual UAAL in future years will be amortized over 25 years.

The Department did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of December 31, 2017, the trust balance is \$2,218,980.

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 2,690 active and retired employees and dependents that meet the eligibility requirements. The plan does not issue a separate financial report.

Investment Policy

The City's policy in regard to the allocation of invested assets is established and may be amended by the City Council by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City's investment policy. As of June 30, 2018, investments, concentration and rate of return information consisted of pooled funds in the City's MMDT investments described earlier under Investments (refer to note 4A).

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Funding Policy

The contribution requirements of plan members and the City are established and may be amended through City policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2018 fiscal year, the City contributed \$7,012,856 to the plan. The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$780,863 as of June 30, 2018.

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, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Plan Membership:

Current active members	1,385
Current retirees, beneficiaries and dependents	1,305
Total	2,690

Net OPEB Liability

The components of the net OPEB liability are as follows:

	June 30, 2018
Total OPEB liability	\$ 231,660,746
Less: Plan fiduciary net position	(780,863)
City's Net OPEB liability	\$ 230,879,883
Plan fiduciary net position as a percentage of the total OPEB liability	0.34%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement that was updated for the reporting date of June 30, 2018, unless otherwise specified:

Valuation date	July 1, 2017
Actuarial cost method	Individual Entry Age Normal
Single Equivalent Discount rate	3.50% annually
Investment rate of return	2.75% annually
Participant salary increases	3.00% annually
Inflation rate	2.75% annually
Healthcare cost trend rates	an ultimate trend rate of 5.00% annually

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Mortality rates

RP-2000 Employees Mortality Table projected generational with Scale BB and a base year of 2009 for males and females.
 For members retired: RP-2000 Healthy Annuitant Mortality Table projected generational with Scale BB and a base year of 2009 for males and females.
 Disabled mortality: RP-2000 Healthy Annuitant Mortality Table projected generational with Scale BB and a base year of 2012 for males and females.

The actuarial assumptions used the July 1, 2017 actuarial valuation and market value of assets as of the measurement date of June 30, 2018 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index was 3.45%.

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. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Capital	0.00%	4.00%
Domestic Equity - Small/Mid Capital	0.00%	6.00%
International Equity - Developed Market	0.00%	4.50%
International Equity - Emerging Market	0.00%	7.00%
Domestic Fixed Income	0.00%	2.00%
International Fixed Income	0.00%	3.00%
Alternatives	0.00%	6.50%
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		<u>2.75%</u>
III. Total Nominal Return (I. + II.)		2.75%
IV. Less: Investment Expense		<u>N/A</u>
V. Net investment Return (III.-IV.)		<u>2.75%</u>

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (.04%)

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2017	\$ 232,105,512	\$ 51,833	\$ 232,053,679
Service cost	6,653,680	-	6,653,680
Interest on Total OPEB Liability	8,247,554	-	8,247,554
Changes in benefit terms *	-	-	-
Changes in assumptions **	(9,008,693)	-	(9,008,693)
Difference between actual and expected experience **	(53,647)	-	(53,647)
Net investment income	-	(166)	166
Employer contributions to Trust	-	7,012,856	(7,012,856)
Total benefit payments including implicit cost	(6,283,660)	(6,283,660)	-
Administrative expense	-	-	-
Net change in total OPEB liability	(444,766)	729,030	(1,173,796)
Balances at June 30, 2018	\$ 231,660,746	\$ 780,863	\$ 230,879,883

* = Recognized immediately

** = Amortized over 5 years

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. 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 City's net OPEB liability using a discount rate of 3.50% 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 (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease	Current	1% Increase
	2.5%	Discount Rate 3.5%	4.5%
City's net OPEB liability	\$ 273,333,843	\$ 230,879,883	\$ 197,584,768

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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

The following presents the City's the net OPEB liability with the healthcare cost trend rate of 5.00% as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower at 4.00% or 1-percentage-point higher at 6.00% than the current healthcare cost trend rates:

	1% Decrease 4.0%	Healthcare Cost Trend Rates 5.0%	1% Increase 6.0%
City's net OPEB liability	\$ 182,660,903	\$ 230,879,883	\$ 293,512,067

Summary of Significant Accounting Policies

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

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

For the year ended June 30, 2018, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense of \$13,079,692 and reported deferred outflows of resources related to OPEB of \$9,240 and deferred inflows of resources related to OPEB of \$7,249,871.

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,	
2019	\$ (1,810,158)
2020	(1,810,158)
2021	(1,810,158)
2022	(1,810,157)
	\$ (7,240,631)

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

H. 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, 2018 is \$155,957.

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, 2018 is \$316,990.

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, 2018 is \$294,917.

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, 2018 is \$11,200,456.

I. Implementation of New GASB Pronouncements

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2018. The pronouncement replaces previously issued guidance and establishes new accounting and financial reporting requirements for governments whose employees are provided other post employment benefits.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, for implementation in fiscal year 2018. This pronouncement improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

The GASB issued Statement No. 85, *Omnibus 2018*, which is required to be implemented in fiscal year 2018. This pronouncement addresses practice issues that have been identified during implementation and application of certain GASB Statements.

The GASB issued Statement No. 86, *Certain Debt Extinguishing Issues*, which is required to be implemented in fiscal year 2018. This pronouncement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transaction in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt.

CITY OF WESTFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

J. 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. 83, *Certain Asset Retirement Obligations*, which is required to be implemented in fiscal year 2019. The pronouncement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

The GASB issued Statement No. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2020. 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 2021. 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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for implementation in fiscal year 2019. This pronouncement improves the information that is disclosed in notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities government should include when disclosing information related to debt.

6. RESTATEMENT

The net position as of June 30, 2018 has been restated. As required by GASB Statement No. 75, the beginning net position decreased \$67,741,398 (\$66,314,224 for governmental activities and \$1,427,174 for business-type activities) to reflect the change in the other post employment (OPEB) liability. Accordingly, the previously reported net position of \$97,955,842 has been revised to \$30,214,444; (\$104,857,045) for governmental activities and \$135,071,489 for business-type activities.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WESTFIELD, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Westfield Contributory Retirement System
For the Year Ended June 30, 2018**

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:

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
City's share of the net pension liability (asset)	98.24%	98.17%	98.02%	98.15%
City's proportionate share net pension liability (asset)	\$ 69,908,565	\$ 78,085,403	\$ 77,578,834	\$ 62,435,180
City's share of covered employee payroll	\$ 40,039,676	\$ 37,171,091	\$ 37,114,293	\$ 34,931,586
Net pension liability percentage of covered-employee payroll	174.60%	210.07%	209.03%	178.74%
Plan fiduciary net position as a percentage of the total pension liability	76.90%	72.30%	71.40%	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, 2018**

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:

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 9,711,444	\$ 9,242,904	\$ 8,791,724	\$ 8,382,021
Less: Contributions in relation to the actuarially determined contribution	<u>(9,711,444)</u>	<u>(9,242,904)</u>	<u>(8,791,724)</u>	<u>(8,382,021)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's share of covered employee payroll	\$ 40,039,676	\$ 37,171,091	\$ 37,114,293	\$ 34,931,586
Contributions percentage of covered-employee payroll	24.3%	24.9%	23.7%	24.0%

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.

CITY OF WESTFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan (GASB 74) Schedules
For the Year Ended June 30, 2018

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability		
Service cost	\$ 6,653,680	\$ 12,113,539
Interest on net OPEB liability	8,247,554	10,155,366
Changes in Benefit terms	-	-
Changes in Assumptions	(9,008,693)	27,283,821
Difference between actual and expected experience	(53,647)	(86,833,882)
Benefit payments, including refunds of member contributions	(6,283,660)	(7,319,046)
Administrative expense	-	-
Net change in total OPEB liability	<u>(444,766)</u>	<u>(44,600,202)</u>
Total OPEB liability-beginning	<u>232,105,512</u>	<u>276,705,714</u>
Total OPEB liability-ending (a)	<u>\$ 231,660,746</u>	<u>\$ 232,105,512</u>
Plan fiduciary net position		
Difference between actual and expected experience	\$ -	\$ (332)
Net investment income	(166)	423
Employer contributions to Trust	7,012,856	7,319,046
Benefit payments, including refunds of member contributions	(6,283,660)	(7,319,046)
Administrative expense	-	-
Net change in plan fiduciary net position	<u>729,030</u>	<u>91</u>
Total fiduciary net position-beginning	<u>51,833</u>	<u>51,742</u>
Total fiduciary net position-ending (b)	<u>\$ 780,863</u>	<u>\$ 51,833</u>
City's net OPEB liability (a-b)	<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 (GASB 74) Schedules
For the Year Ended June 30, 2018

Schedule of Net OPEB Liability:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 231,660,746	\$ 232,105,512
Less: Plan fiduciary net position	<u>(780,863)</u>	<u>(51,833)</u>
City's Net OPEB liability	<u>\$ 230,879,883</u>	<u>\$ 232,053,679</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.34%	0.02%
City's share of covered employee payroll	\$ 89,053,554	\$ 89,053,554
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	259.26%	260.58%

Schedule of Contributions:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 18,782,421	\$ 18,969,296
Less: Contributions in relation to the actuarially determined contribution	<u>(7,012,856)</u>	<u>(6,983,660)</u>
Contribution deficiency (excess)	<u>\$ 11,769,565</u>	<u>\$ 11,985,636</u>
City's share of covered employee payroll	\$ 89,053,554	\$ 89,053,554
Contributions percentage of covered-employee payroll	7.87%	7.84%
Annual money-weighted rate of return net of investment expense	(.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, 2018**

Schedule of Funding Progress:

Other Post Employment Benefits						
Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2018	\$ 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.

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, 2018**

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 91,535	\$ 4,443,939	\$ 3,920,578	\$ -	\$ 614,896
Airport Grants	176,329	2,900,891	2,739,360	-	337,860
Arts Lottery Council Grant	17,932	20,217	17,909	-	20,240
Community Development Block Grants	1,317	509,085	528,152	-	(17,750)
Council on Aging Grants	5,300	72,222	69,799	-	7,723
Elderly Meal Programs	-	15,692	15,692	-	-
Emergency Management Agency Grants	7,790	-	-	-	7,790
Highway Grants	-	1,063,858	1,063,858	-	-
Library Grants	-	63,107	63,107	-	-
Other Grants and Programs	57,830	288,978	288,678	(5,706)	52,424
Public Safety Grants	13,130	202,182	192,511	(6,041)	16,760
Schools:					
School Lunch Revolving	734,295	1,861,036	1,797,578	-	797,753
School Lunch Commodities	-	151,959	151,959	-	-
School Choice Revolving	793,539	885,540	380,931	-	1,298,148
Private Grants	62,565	75,073	59,604	-	78,034
Revolving Accounts	529,036	660,054	693,958	-	495,132
State Special Education Reimbursement Fund	1,099,738	998,953	1,062,688	-	1,036,003
Other:					
Ambulance	1,337,794	3,146,817	2,646,335	-	1,838,276
Animal Control	101,146	20,532	13,138	-	108,540
Cable Access	629,480	579,647	437,797	-	771,330
Community Preservation Fund	1,851,617	529,375	541,991	(136,000)	1,703,001
Conservation Funds	80,325	2,705	65	-	82,965
Conservation Restriction	494,241	-	-	-	494,241
Economic Development Fund	11,210	-	-	-	11,210
Total Special Revenue Funds Page 93	\$ 8,096,149	\$ 18,491,862	\$ 16,685,688	\$ (147,747)	\$ 9,754,576

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Continued From Page 93	\$ 8,096,149	\$ 18,491,862	\$ 16,685,688	\$ (147,747)	\$ 9,754,576
Special Revenue (continued):					
Other (continued):					
Extra Duty - Fire & Police	-	1,666,756	1,666,756	-	-
Fire Permits and Fees	5,588	4,140	3,680	-	6,048
Gifts and Donations	549,708	271,928	249,508	-	572,128
Handicapped Parking Violation	56,840	14,615	-	-	71,455
Insurance and Non-Contributory Funds	5,150	85,621	76,996	(1,350)	12,425
Law Enforcement	26,490	38,782	20,582	-	44,690
Off-street Lot Maintenance	68,611	22,432	56,537	-	34,506
Other Programs	8,406	73,444	66,898	(5,070)	9,882
Parks and Recreation Revolving	59,545	123,911	105,224	-	78,232
Premium on Bonds	38,289	-	125,922	87,633	-
Sale of Land	653	-	-	35,000	35,653
Southwick Easements	175	-	-	-	175
Stormwater Management	674,151	585,665	404,806	-	855,010
Tax Title Revolving	-	8,383	-	-	8,383
Towing and Storage Motor Vehicles Reserve	46,767	50,950	54,352	-	43,365
Transportation Infrastructure	-	2,850	-	-	2,850
Sarah Gillette Fund	25	-	-	-	25
Total Special Revenue Funds	9,636,547	21,441,339	19,516,949	(31,534)	11,529,403
Capital Projects:					
Airport Projects	(108,162)	-	73,200	209,200	27,838
Construction Renovations	964	-	-	-	964
Departmental Equipment	(1,953,262)	-	1,086,716	3,072,245	32,267
Fire Sub-station Renovations	(400,000)	-	-	-	(400,000)
Highway and Road Projects	(3,725,615)	-	225,286	4,135,000	184,099
Total Capital Projects Page 94	\$ (6,186,075)	\$ -	\$ 1,385,202	\$ 7,416,445	\$ (154,832)

CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Continued From Page 94	\$ (6,186,075)	\$ -	\$ 1,385,202	\$ 7,416,445	\$ (154,832)
Capital Projects (Continued):					
Landfill Transfer Station	30,671	-	-	-	30,671
Massachusetts School Building Administration:					
Ashley Street Elementary School Construction	613,713	-	20,952	-	592,761
Other School Projects	41,940	-	-	-	41,940
Park Square Project	85,458	-	14,551	-	70,907
Rehabilitate Athletic and Recreation Fields	(1,557,800)	-	218,102	1,750,000	(25,902)
River Levee Improvement Projects	86,190	-	690	-	85,500
Technology Projects	288	-	-	-	288
Total Capital Projects	(6,885,615)	-	1,639,497	9,166,445	641,333
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	4,879	21	-	-	4,900
Florence Fuller Whitney Fund	3,849	23	-	-	3,872
Mary Noble Fund	3,407	34	-	-	3,441
Post War Rehabilitation Fund	3,468	17	-	-	3,485
Total Permanent Funds	15,603	95	-	-	15,698
Total - Non-Major Governmental Funds	\$ 2,788,705	\$ 21,441,434	\$ 21,156,446	\$ 9,134,911	\$ 12,208,604

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY, SUPPLEMENTAL,
ROLLBACK AND DEFERRED PROPERTY TAXES
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Accounts July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2018	Uncollected Accounts Per Detail June 30, 2018
Real Estate Taxes:						
Levy of 2018	\$ -	\$ 68,391,533	\$ 542,396	\$ 66,429,239	\$ 1,419,898	\$ 1,419,898
Levy of 2017	1,490,161	-	315,570	755,814	418,777	418,777
Levy of 2016	401,048	-	61,144	296,532	43,372	43,372
Levy of 2015	33,074	-	2,030	20,000	11,044	11,044
Levy of 2014	1,710	-	-	1,481	229	229
Prior Years	15,088	-	-	3,172	11,916	11,916
	<u>1,941,081</u>	<u>68,391,533</u>	<u>921,140</u>	<u>67,506,238</u>	<u>1,905,236</u>	<u>1,905,236</u>
Personal Property Taxes:						
Levy of 2018	-	3,093,518	32,792	3,036,673	24,053	24,053
Levy of 2017	13,038	-	-	4,019	9,019	9,019
Levy of 2016	4,723	-	-	153	4,570	4,570
Levy of 2015	6,027	-	-	-	6,027	6,027
Levy of 2014	4,039	-	-	-	4,039	4,039
Prior Years	333,310	-	-	-	333,310	333,459
	<u>361,137</u>	<u>3,093,518</u>	<u>32,792</u>	<u>3,040,845</u>	<u>381,018</u>	<u>381,167</u>
Supplemental Taxes:						
Levy of 2018	-	9,055	-	2,928	6,127	6,127
Rollback Taxes						
	-	8,365	-	8,365	-	-
Deferred Property Taxes						
	53,719	8,635	-	27,447	34,907	34,907
Total Real Estate, Personal Property Supplemental, Rollback and Deferred Property Taxes						
	<u>\$ 2,355,937</u>	<u>\$ 71,511,106</u>	<u>\$ 953,932</u>	<u>\$ 70,585,823</u>	<u>\$ 2,327,288</u>	<u>\$ 2,327,437</u>

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Accounts July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2018	Uncollected Accounts Per Detail June 30, 2018
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Levy of 2018	\$ -	\$ 451,545	\$ 4,904	\$ 434,962	\$ 11,679	\$ 11,679
Levy of 2017	13,212	-	1,781	7,642	3,789	3,789
Levy of 2016	1,803	-	540	853	410	410
Levy of 2015	249	-	26	141	82	82
Levy of 2014	36	-	-	31	5	5
Prior Years	73	-	-	3	70	70
Total Community Preservation Surcharge:	\$ 15,373	\$ 451,545	\$ 7,251	\$ 443,632	\$ 16,035	\$ 16,035

**CITY OF WESTFIELD, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Accounts July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2018	Uncollected Accounts Per Detail June 30, 2018
Motor Vehicle Excise Taxes:						
Levy of 2018	\$ -	\$ 4,572,712	\$ 82,093	\$ 3,837,514	\$ 653,105	\$ 653,105
Levy of 2017	702,538	491,533	48,867	997,559	147,645	147,645
Levy of 2016	136,633	215	9,390	71,943	55,515	55,515
Levy of 2015	64,083	-	2,039	20,711	41,333	41,333
Levy of 2014	65,544	-	231	21,387	43,926	43,926
Prior Years	833,065	-	560	15,683	816,822	816,007
Total Motor Vehicle Excise Taxes	\$ 1,801,863	\$ 5,064,460	\$ 143,180	\$ 4,964,797	\$ 1,758,346	\$ 1,757,531

**CITY OF WESTFIELD, MASSACHUSETTS
 SCHEDULE OF TAX LIENS AND TAX FORECLOSURES
 JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Accounts July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2018	Uncollected Accounts Per Detail June 30, 2018
Tax Liens	\$ 2,643,741	\$ 545,020	\$ 99,747	\$ 549,606	\$ 2,539,408	\$ 2,539,408
Tax Foreclosures	\$ 761,103	\$ 163,797	\$ 262,298	\$ -	\$ 662,602	\$ 662,602