

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**MANAGEMENT LETTER**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**TOWN OF NORTHFIELD, MASSACHUSETTS**

**Management Letter**

**Year Ended June 30, 2021**

	<u>Page</u>
<b>TABLE OF CONTENTS</b> .....	2
<b>INTRODUCTORY LETTER</b> .....	3-4
<b>CURRENT YEAR COMMENTS AND RECOMMENDATIONS – Significant Deficiency</b>	
Finding 2021-1 Cash and Investment Reconciliation Procedures. ....	5-6
Finding 2021-2 Tax Accounts Receivable Reconciliation. ....	7
<b>CURRENT YEAR COMMENTS AND RECOMMENDATIONS – Other Matters</b>	
1. Monitor and Reconcile Covid Grants.....	8
2. Police Off-Duty Account.....	8
3. Agency Funds.....	9
4. Departmental Receipt Procedures .....	9-10
5. Other Areas .....	11

To the Honorable Select Board  
Town of Northfield  
Northfield, Massachusetts

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Town of Northfield as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Northfield's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies to be significant deficiencies in internal control:

A significant deficiency was identified as Items 2021-1 and 2021-2.

Also, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We have already discussed these comments and suggestions with Town personnel. We will be pleased to discuss them in further detail and to assist you in implementing the recommendations.

The Town's written response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Select Board, others within the entity and the Commonwealth of Massachusetts Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

*Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

August 20, 2022

## CURRENT YEAR COMMENTS AND RECOMMENDATIONS – Significant Deficiency

### Finding 2021–1: Cash and Investment Reconciliation Procedures (Significant Deficiency)

#### Comment:

The Treasurer's and Accountant's offices are responsible to complete timely reconciliations of activity and balances of the cash and investments. Internal control procedures should be designed in a manner that ensures all activity is recorded in the cashbook prepared by the Treasurer as the transactions occur. At the same time as the activity is being posted to the cashbook a corresponding posting would be made to the general ledger maintained by the Accountant's office. The cashbook balance and the general ledger cash balance must match at all times. At the end of each month the Treasurer would complete a reconciliation between the cashbook and the individual bank statements. The Treasurer and Accountant would then reconcile the cashbook and the general ledger shortly thereafter.

During our audit we noted the following with regard to cash and investment reconciliation procedures within the Treasurer's office:

- As of June 30, 2021, we noted a variance exists between the Treasurer's records and the Accountant's general ledger. Furthermore, we could not locate any supporting documentation to indicate the variance remained the same every month or the variances were being reviewed and researched.
- We noted that a complete and accurate cashbook was not being utilized by the Treasurer. Furthermore, we noted individual bank statement reconciliations were not being properly completed with all reconciling items properly documented (i.e. outstanding checks).

The absence of having timely and proper cash reconciliations significantly increases the risk that misstatement due to error or fraud may occur and not be detected, prohibits the safeguarding of assets and does not provide for accurate and timely financial reporting.

We cannot emphasize enough the importance of the timely cash reconciliations in order to have an effective system of internal controls. We strongly recommend management closely monitor this situation to ensure that cash is reconciled in a timely manner. We further recommend the Treasurer maintain a current cashbook and perform individual bank statement reconciliations with all reconciling items properly documented in a timely and accurate manner.

#### Perspective Information:

The Town had a change in personnel with the Treasurer's position in July 2021. In fiscal year 2022 the new Treasurer has implemented new procedures to reconcile cash. Among the new procedures is a new cashbook. As of the date of our report a variance still exists between the general ledger and the Treasurer's banks. We recommend continuing their reconciliation procedures with carrying a consistent variance month to month. Once the variance remains the same we would recommend an adjustment be made to the general ledger.

Town's Response:

In January of 2019 the Town hired a new Treasurer Collector and a new Accountant. In FY 2020 the Town changed to a new accounting software. By July 2021 the Town had hired a new Treasurer/Collector and the Town had changed Accountants. In the year since the new Treasurer has started, she has worked with the Auditor and new Accountant to establish a clear cashbook and going forward that has contributed to better process and tracking. The Treasurer is working with the Accountant to resolve any outstanding variance from FY 2022 which should be completed by October. It will be the recommendation of the Town Administrator for Fiscal Year 2024 budget to increase the Treasurer/Collector position from 28 hours per week to a full time 40 hour per week position to allow the Treasurer/Collector more time to perform these tasks.

## **CURRENT YEAR COMMENTS AND RECOMMENDATIONS – Significant Deficiency**

### **2021-2 Tax Accounts Receivable Reconciliations (Significant Deficiency)**

#### Comment:

The Tax Collector's and Accountant's offices are responsible to complete timely reconciliations of activity and balances of the accounts receivable. During our audit we found that effective procedures were not in place to reconcile the Tax Collector's accounts receivable subsidiary records to the general ledger. One of the most important control procedures in a government is to have timely and proper reconciliation of the tax accounts receivable subsidiary records and the Town's general ledger. Effective internal controls require timely and proper reconciliation of the accounts receivable subsidiary records to the general ledger. Failure to perform these tasks timely and properly increases the risk of misstatement due to error or fraud, prohibits the safeguarding of assets and does not provide for accurate and timely financial reporting.

We recommend that procedures be implemented to reconcile the Tax Collector's accounts receivable subsidiary records to the general ledger on a monthly basis. All variances should be investigated and resolved in a timely manner. To further strengthen this control the Town should document this process by having a sign off by the two department heads.

#### Town's Response:

Software conversion issues in FY 2020 were not sufficiently resolved until FY 2021 where it was identified that some balances had not been carried forward correctly from FY 20 to FY 21. The Treasurer/Collector has been working with the Accountant and the Assessor's Office to identify and abate discrepancies so as to close them out and from the system going forward. With the hiring of the new Treasurer/Collector, the Accountant and the Treasurer/Collector have been able to substantially catch up in terms of reconciling FY 2021 and FY 2022 and beginning with a better process for FY 2023. It will be the recommendation of the Town Administrator for Fiscal Year 2024 budget to increase the Treasurer/Collector position from 28 hours per week to a full time 40 hour per week position to allow the Treasurer/Collector more time to perform these tasks.

## **CURRENT YEAR COMMENTS AND RECOMMENDATIONS – Other Matters**

### **1. Monitor and Reconcile Covid Grants**

Comment:

There are various federal and state grants that have become available in response to the Covid-19 pandemic (ARPA, CvRF, FEMA and Shared Receipts). These grants come with various compliance and reporting requirements. Furthermore, to make things more complicated the guidance on spending these grants funds have changed from initial receipt of the funds. We recommend the Town constantly monitor and reconcile the grant records to the Town's general ledger accounts to ensure the grant reporting is proper and all grant funds are received and spent in accordance with the grant compliance requirements.

Town's Response:

The Town's CARES Act and FEMA grants are closed out. For use of ARPA funds the town has adopted a clear policy and procedure, including a standard form. The process requires all departments use this form for review by the ARPA advisory committee, which sends its recommendation to fund or not to the Select Board for approval. The Accountant assigns individual account numbers for each approved project. All bills are submitted to the Town Administrator who keeps a file for each approved project with copies of all invoices and checks. The Town Administrator keeps a separate tracking sheet for all grants and expenditures that can be compared to the accounting expense reports.

### **2. Police Off-Duty Account**

Comment:

The Town maintains an agency fund to account for the police off-duty details. These funds are allowed by law and are designed to act as an agent between businesses and Town public safety personnel where the businesses pay 100% of cost of detail worked plus a 10% administration fee. The Town activity for this account was approximately \$96,000 during fiscal year 2021. At June 30, 2021 the police detail account has a cash deficit of approximately \$60,000. The deficit should represent the business's outstanding bills and the police department should have a detail equaling to this deficit.

We noted that the police department does not reconcile their departmental records to the town accountant's general ledger during the fiscal year.

We recommend that the Town review the accounts receivable for the police outside detail and that the police department reconcile with the general ledger on a periodic basis. If a deficit exists, then the Town should provide for the deficit.

Town's Response:

The Treasurer, the Accountant and the Town Administrator worked to identify old negative grant accounts. The Town reconciled and closed all of these accounts at the end of FY 2022. The Town has now moved to identifying and closing out all negative agency accounts by the end of FY 2023. The Policy now for off-duty detail pay requires that when a detail is filed for pay, the submission must include a copy of the invoice submitted to the agency responsible for paying. This will allow the Treasurer and Accountant to better track what has been paid and not paid tied directly to the invoice.



### **3. Agency Funds**

Comment:

During our audit we found that there is a lack of reconciliation of agency accounts. Agency accounts are used to report resources held by a Town in a purely custodial capacity (i.e. firearm fees, deputy tax collector fees, etc.). They usually involve only a receipt and the remittance of the receipt to individuals, private organizations or other governments.

We recommend all agency accounts be reconciled on a periodic basis and operate in accordance with the agency definition.

Town's Response:

The Treasurer, the Accountant and the Town Administrator worked to identify old negative grant accounts. The Town reconciled and closed all of these accounts at the end of FY 2022. The Town is now moved to identifying and closing out all negative agency accounts by the end of FY 2023. Moving forward the Accountant and the Treasurer will look to include Agency Account reconciliation in their monthly reconciliation.

### **4. Departmental Receipt Procedures**

Comment:

Various departments of the Town receive cash and check payments from customers in the normal course of operations. Cash transactions, by nature, have a higher degree of inherent control risk and require the establishment of additional preventive controls to safeguard against loss. The Town should establish and disseminate uniform policies and procedures for the handling of receipts by all departments. Issues to be considered include:

- Maintaining receipt logs with reference to source documentation.
- Maintaining pre-numbered receipt books.
- Maintaining an audit trail over remittances to the Treasurer's Office.
- Establishing policies for frequency of remittance.
- Establishing policies for breakdown of cash and checks on a standardized turnover sheet.
- Account reconciliations between the Treasurer's and Accountant's office with Town Departments.
- Security of receipts on hand during Town business hours and overnight.

We recommend that the Town review and modify, if necessary, the uniform policies and procedures over the receipt function pertaining to various departmental receipts. The Town should monitor departmental compliance with established procedures on a periodic and continual basis. All department heads should review established procedures and document their understanding of the relevant cash receipt control activities.

Town's Response:

- The Town Treasurer will issue pre-numbered receipt books that would work for town department turnovers in accordance with our new Financial Management Policy adopted January 2022 that says:
  - Town Department receiving payments must issue a receipt for each payment using pre-numbered receipt books, regardless of whether the payer requests a receipt. A copy of each receipt shall be maintained by the department. (Town of Northfield Financial Management and Operations Policy, B-4 Revenue Processing)
- In terms of frequency of remittance, Town Departments follow the Town's new Financial Management Policies which establishes the following:
  - Each department must turn over payments at a minimum on a weekly basis and must do so immediately whenever chase receipts exceed \$250. Notwithstanding the above, at month-end, departmental staff will turn over all revenues no later than 11:00 am on the last business day of the month.(Town of Northfield Financial Management and Operations Policy, B-4 Revenue Processing)
- The form currently in use for turnovers does establish a breakdown for check vs. cash per town policy in accordance with our new Financial Management Polices that states the following:
  - All departments must identify the form of payment (check, cash or credit card) on the departmental copy of each receipt issued. (Town of Northfield Financial Management and Operations Policy, B-4 Revenue Processing)
- The Treasurer's Office/Town Accountant's Office begin the process of establishing reconciliation with Town Departments on department accounts.
- For Security of receipts the Town's new Financial Management Policies establishes the following:
  - The head of each department that receives payments is responsible for adhering to procedures established by this policy to ensure that all receipts are recorded accurately, kept secure from loss or theft, and turned over timely to the Treasurer/Collector. .(Town of Northfield Financial Management and Operations Policy, B-4 Revenue Processing)

In order to review and establish that all departments that receive cash and check payments are aware and properly instituting the new procedures. The town Administrator will hold a Department Head meeting with the Town Treasurer to review all the policies in the Town of Northfield Financial Management Operations Policy. Further the meeting will review all the appropriate forms and receipt books to be used, instituted or adapted to further secure the Town's collection and handling of all Town receipts.

## **5. Other Areas**

- Future GASB's (Leases).
- Review Chapter 90 Fund Balance (Surplus approximately \$30,000).
- Reconciliation of Payroll Withholdings.
- Establish Procedures to Reconcile Town Meeting Votes to Tax Recapitulation Sheet.
- Capital Assets.
- Support Documentation for Sewer Indirect Costs.

**TOWN OF NORTHFIELD, MASSACHUSETTS**

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

**For the Year Ended June 30, 2021**

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>TABLE OF CONTENTS</b> .....	2
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	3-4
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b> .....	5-12
<b>BASIC FINANCIAL STATEMENTS</b> .....	13
<b>Government-Wide Financial Statements</b>	
Statement of Net Position .....	14
Statement of Activities .....	15
<b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	17
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues and Expenditures – Budgetary Basis – (Non-GAAP) – Budget and Actual – General Fund .....	20
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis .....	21
Statement of Net Position – Proprietary Funds .....	22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	23
Statement of Cash Flows – Proprietary Funds.....	24
Statement of Fiduciary Net Position – Fiduciary Funds.....	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	26
<b>Notes to the Financial Statements</b> .....	27-55
<b>REQUIRED SUPPLEMENTARY INFORMATION</b> .....	56
Pension Plan Schedules .....	57-58
Other Post Employment Benefit Plan Schedules .....	59-61
<b>SUPPLEMENTARY SCHEDULES</b> .....	62
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds .....	63-65
Schedule of Real Estate and Personal Property Taxes.....	66
Schedule of Community Preservation Surcharges .....	67
Schedule of Motor Vehicle Excise and Farm Animal Excise Taxes .....	68
Schedule of Tax Liens.....	69

## **Independent Auditor's Report**

To the Honorable Select Board  
Town of Northfield, Massachusetts

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 Town of Northfield, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Northfield, Massachusetts' basic financial statements as listed in the table of contents.

### **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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 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 Town of Northfield, Massachusetts, as of June 30, 2021, 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 Town of Northfield, 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 basic 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.

## *Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

August 20, 2022

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



## Management's Discussion and Analysis

As management of the Town of Northfield, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Town'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 Town's financial performance.

### Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14,444,614 (net position) for the fiscal year reported increasing \$1,055,142 (8%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$4,814,033, an increase of \$355,622 (8%).
- The General Fund's total fund balance increased \$412,523 (13%) to \$3,674,916. The ending General fund balance is 40% of revenues and transfers in, and 42% of expenditures and transfers out.
- The total liabilities of the Town are \$2,063,509.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$791,179. The key factors that attributed to the free cash amount for fiscal year 2021 were unexpended/unencumbered appropriations of \$415,100, excess over budget state and local receipts of \$265,000 and prior year free cash not appropriated of \$106,000.
- The Town's enterprise fund certified free cash is as follows:
  - Ambulance fund      \$ 336,010.
  - Sewer fund              \$ 377,251.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Northfield'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 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, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activities include the ambulance and sewer activities.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund 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 Town of Northfield 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 Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its ambulance (EMS) and sewer activities.

**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 statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to 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

	<b>Governmental Activities 2021</b>
<b>Assets:</b>	
Current assets	\$ 6,206,188
Capital assets	8,651,986
<b>Total assets</b>	<b>14,858,174</b>
<b>Deferred Outflows of Resources</b>	<b>124,890</b>
<b>Liabilities:</b>	
Current liabilities	325,013
Noncurrent liabilities	1,559,514
<b>Total liabilities</b>	<b>1,884,527</b>
<b>Deferred Inflows of Resources</b>	<b>365,907</b>
<b>Net Position:</b>	
Net investment in capital assets	8,651,986
Restricted	2,191,994
Unrestricted	1,888,650
<b>Total net position</b>	<b>\$ 12,732,630</b>
	<b>Business-Type Activities 2021</b>
<b>Assets:</b>	
Current assets	\$ 1,007,394
Capital assets	904,221
<b>Total assets</b>	<b>1,911,615</b>
<b>Deferred Outflows of Resources</b>	<b>2,535</b>
<b>Liabilities:</b>	
Current liabilities (excluding debt)	9,401
Current debt	72,881
Noncurrent liabilities (excluding debt)	73,700
Noncurrent debt	23,000
<b>Total liabilities</b>	<b>178,982</b>
<b>Deferred Inflows of Resources</b>	<b>23,184</b>
<b>Net Position:</b>	
Net investment in capital assets	808,340
Restricted	107,460
Unrestricted	796,184
<b>Total net position</b>	<b>\$ 1,711,984</b>

**Financial Highlights**  
**Statement of Activities Highlights**

	<b>Governmental Activities 2021</b>
<b>Program Revenues:</b>	
Charges for services	\$ 321,486
Operating grants and contributions	186,649
Capital grants and contributions	363,734
<b>General Revenues:</b>	
Property taxes	7,844,610
Motor vehicle excise and other taxes	518,882
Penalties and interest on taxes	48,561
Nonrestricted grants	488,788
Unrestricted investment income	9,376
Miscellaneous	25,926
<b>Total revenues</b>	<b>9,808,012</b>
<b>Expenses:</b>	
General government	1,078,193
Public safety	840,693
Public works	1,139,968
Education	5,068,334
Health and human services	119,307
Culture and recreation	221,537
Employee benefits and insurance	447,973
State assessments	8,130
<b>Total expenses</b>	<b>8,924,135</b>
<b>Net (expenses) revenues</b>	<b>883,877</b>
<b>Transfers</b>	<b>(68,505)</b>
<b>Change in net position</b>	<b>815,372</b>
<b>Net position - beginning of year</b>	<b>11,917,258</b>
<b>Net position - end of year</b>	<b>\$ 12,732,630</b>

	<b>Business-Type Activities 2021</b>
<b>Program Revenues:</b>	
Charges for services	\$ 653,829
Operating grants and contributions	6,802
<b>Total revenues</b>	<b>660,631</b>
<b>Expenses:</b>	
Ambulance	244,076
Sewer	245,290
<b>Total expenses</b>	<b>489,366</b>
<b>Net (expenses) revenues</b>	<b>171,265</b>
<b>Transfers</b>	<b>68,505</b>
<b>Change in net position</b>	<b>239,770</b>
<b>Net position - beginning of year</b>	<b>1,472,214</b>
<b>Net position - end of year</b>	<b>\$ 1,711,984</b>

### 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 \$14,444,614 at the close of fiscal year 2021.

Net position of \$9,460,326 (65%) reflects 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 Town 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, \$2,299,454 (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$2,684,834 (19%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position for its separate governmental activities, for its business-type activities and for the government as a whole.

The governmental activities net position increased by \$815,372 (7%) during the current fiscal year. The significant reasons of the increase in net position are attributed to net increases in the governmental funds of \$355,622, the acquisition of \$837,192 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$565,599 and in recognizing this year's changes in the in the OPEB liability of \$132,576 and in the pension liability of \$211,830; and a net decrease in recognizing this year's change in the deferred outflow/(inflow) of resources related to pensions of \$136,378.

There was an increase of \$239,770 (16%) in net position reported in connection with the business-type activities. Of this, there were increases of \$191,324 attributed to the ambulance department and of \$48,446 attributed to the sewer department.

## Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, 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 \$4,814,033, an increase of \$355,622 (8%).

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$194,506 (4%)
- Restricted fund balance – \$1,202,588 (25%).
- Assigned fund balance – \$1,154,823 (24%).
- Unassigned fund balance – \$2,262,116 (47%).

### Major Governmental Funds

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a total fund balance of \$3,674,916 increasing \$412,523 (13%). Of the \$3,674,916, the unassigned amount is \$2,520,093 (69%) and the assigned amount is \$1,154,823 (31%). General fund revenues are \$9,178,346 and expenditures are \$8,697,318 for the year. Other activities in the General Fund were net transfers to other funds of \$68,505.

**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 *Ambulance Fund* has accumulated a fund balance of \$535,728 used in the financing and operations of the Town's emergency medical services. The fund shows an increase of \$191,324 (56%) in total operations for the year. This change was mainly attributed to operating expenses exceeding operating revenues by \$92,643, investment income of \$724, interest expense of \$2,548 and transfers in from the general fund of \$100,505.

The *Sewer Fund* has accumulated a fund balance of \$1,176,256 used in the financing and operations of the Town's sewer system. The sewer fund shows an increase of \$48,446 (4%) in total operations. This change was mainly attributed to operating revenues exceeding operating expenses by \$76,006, interest income of \$6,078, interest expense of \$1,638 and transfers out to the general fund of \$32,000.

### General Fund Budgetary Highlights

The final general fund budget for fiscal year 2021 was \$9,659,228.

General fund expenditures were less than budgeted by \$961,910. Of the \$961,910 in under budgeted expenditures, \$546,823 has been carried over to fiscal year 2022.

Overall, the variance with the final budget was a positive \$768,505 consisting of a revenue surplus of \$353,418 and an appropriation surplus of \$415,087.

## Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$8,651,986 and \$1,911,615, 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:

- Police vehicle purchase for \$53,454.
- Highway vehicle and equipment purchases for \$42,429.
- Road infrastructure improvements for \$387,039.
- Northfield Elementary School electrical improvements for \$354,270.

There were no major capital events during the current fiscal year in the business-type funds

**Debt Administration.** The Town has no outstanding governmental long-term debt as of June 30, 2021.

The business-type funds have outstanding long-term debt as of June 30, 2021 totaling \$95,881, of which \$46,000 is for an ambulance and \$49,881 relates to sewer system improvements.

Please refer to notes 3D and 3F for further discussion of the major capital and debt activity.

## Next Year's Annual Town Meeting

The Town of Northfield operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2021 do not reflect the fiscal year 2022 Town Meeting action except for the unassigned fund balance (free cash) and stabilization amounts used to fund the 2022 budget. The Annual Town Meeting on May 3, 2021 authorized a fiscal year 2022 operating and capital budget as follows:

From raise and appropriate		\$	9,239,240
From ambulance receipts			385,423
From sewer user fees	\$	291,219	
From sewer retained earnings		<u>25,000</u>	316,219
From Other Available Funds:			
<b>General Fund:</b>			
Unassigned fund balance:			
Free cash			603,000
Stabilization fund			1,000,000
<b>Non-major Governmental Funds:</b>			
Community preservation funds			<u>32,530</u>
		\$	<u><u>11,576,412</u></u>

## Requests for Information

This financial report is designed to provide a general overview of the Town of Northfield'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 Town Administrator, Town Hall, 69 Main Street, Northfield, Massachusetts 01360.

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 3,316,669	\$ 835,642	\$ 4,152,311
Investments	1,592,274	-	1,592,274
Receivables, net of allowance for uncollectibles:			
Property Taxes	99,908	-	99,908
Tax Liens	136,637	-	136,637
Excise Taxes	47,034	-	47,034
User Charges	-	171,752	171,752
Departmental	292	-	292
Due from Other Governments	1,013,374	-	1,013,374
Total current assets	<u>6,206,188</u>	<u>1,007,394</u>	<u>7,213,582</u>
<b>NONCURRENT:</b>			
Capital Assets, net of accumulated Depreciation:			
Non-depreciable	1,382,592	57,800	1,440,392
Depreciable	7,269,394	846,421	8,115,815
Total noncurrent assets	<u>8,651,986</u>	<u>904,221</u>	<u>9,556,207</u>
<b>Total Assets</b>	<u>14,858,174</u>	<u>1,911,615</u>	<u>16,769,789</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	32,141	2,388	34,529
Deferred Outflows Related to OPEB	92,749	147	92,896
<b>Total Deferred Outflows of Resources</b>	<u>124,890</u>	<u>2,535</u>	<u>127,425</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants and Accounts Payable	117,251	7,345	124,596
Accrued Payroll	11,114	1,094	12,208
Payroll Withholdings	41,136	-	41,136
Other	707	-	707
Unearned Revenue	154,805	-	154,805
Accrued Interest	-	962	962
Bonds Payable	-	72,881	72,881
Total current liabilities	<u>325,013</u>	<u>82,282</u>	<u>407,295</u>
<b>NONCURRENT:</b>			
Compensated Absences	53,598	-	53,598
Net OPEB Liability	525,161	832	525,993
Net Pension Liability	980,755	72,868	1,053,623
Bonds Payable	-	23,000	23,000
Total noncurrent liabilities	<u>1,559,514</u>	<u>96,700</u>	<u>1,656,214</u>
<b>Total Liabilities</b>	<u>1,884,527</u>	<u>178,982</u>	<u>2,063,509</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	310,873	23,097	333,970
Deferred Inflows Related to OPEB	55,034	87	55,121
<b>Total Deferred Inflows of Resources</b>	<u>365,907</u>	<u>23,184</u>	<u>389,091</u>
<b>NET POSITION</b>			
Net Investments in Capital Assets	8,651,986	808,340	9,460,326
Restricted for:			
Capital Projects	958	107,460	108,418
Federal & State Grants	949,422	-	949,422
Community Preservation	162,728	-	162,728
Permanent Funds:			
Expendable	118,864	-	118,864
Nonexpendable	194,506	-	194,506
Other Purposes	765,516	-	765,516
Unrestricted	1,888,650	796,184	2,684,834
<b>Total Net Position</b>	<u>\$ 12,732,630</u>	<u>\$ 1,711,984</u>	<u>\$ 14,444,614</u>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Program Revenues</b>				<b>Net (Expenses) Revenues and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Governmental Activities:</b>							
General Government	\$ 1,078,193	\$ 38,965	\$ 106,889	\$ -	\$ (932,339)	\$ -	\$ (932,339)
Public Safety	840,693	189,588	25,711	-	(625,394)	-	(625,394)
Public Works	1,139,968	86,431	5,600	363,734	(684,203)	-	(684,203)
Education	5,068,334	-	1,090	-	(5,067,244)	-	(5,067,244)
Health and Human Services	119,307	5,980	30,933	-	(82,394)	-	(82,394)
Culture and Recreation	221,537	522	16,426	-	(204,589)	-	(204,589)
Employee Benefits and Insurance	447,973	-	-	-	(447,973)	-	(447,973)
State Assessments	8,130	-	-	-	(8,130)	-	(8,130)
<b>Total Governmental Activities</b>	<b>8,924,135</b>	<b>321,486</b>	<b>186,649</b>	<b>363,734</b>	<b>(8,052,266)</b>	<b>-</b>	<b>(8,052,266)</b>
<b>Business-Type Activities:</b>							
Ambulance	244,076	334,171	724	-	-	90,819	90,819
Sewer	245,290	319,658	6,078	-	-	80,446	80,446
<b>Total Primary Government</b>	<b>\$ 9,413,501</b>	<b>\$ 975,315</b>	<b>\$ 193,451</b>	<b>\$ 363,734</b>	<b>(8,052,266)</b>	<b>171,265</b>	<b>(7,881,001)</b>
<b>General Revenues:</b>							
Property taxes					7,844,610	-	7,844,610
Motor vehicle excise and other taxes					518,882	-	518,882
Penalties & Interest on taxes					48,561	-	48,561
Grants & Contributions not restricted to specific programs					488,788	-	488,788
Unrestricted investment income					9,376	-	9,376
Miscellaneous					25,926	-	25,926
<b>Transfers, net</b>					<b>(68,505)</b>	<b>68,505</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>8,867,638</b>	<b>68,505</b>	<b>8,936,143</b>
					<b>815,372</b>	<b>239,770</b>	<b>1,055,142</b>
<b>Net Position:</b>							
Beginning of year					11,917,258	1,472,214	13,389,472
End of year					<b>\$ 12,732,630</b>	<b>\$ 1,711,984</b>	<b>\$ 14,444,614</b>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,169,837	\$ 1,146,832	\$ 3,316,669
Investments	1,592,274	-	1,592,274
Receivables, net of allowance for uncollectibles:			
Property Taxes	99,714	194	99,908
Tax Liens	136,615	22	136,637
Excise Taxes	47,034	-	47,034
Departmental	292	-	292
Due from Other Governments	33,521	979,853	1,013,374
<b>Total Assets</b>	<b>\$ 4,079,287</b>	<b>\$ 2,126,901</b>	<b>\$ 6,206,188</b>
<b>Liabilities:</b>			
Warrants and Accounts Payable	\$ 79,442	\$ 37,809	\$ 117,251
Accrued Payroll	11,114	-	11,114
Payroll Withholdings	41,136	-	41,136
Other	437	270	707
Unearned Revenue	-	154,805	154,805
<b>Total Liabilities</b>	<b>132,129</b>	<b>192,884</b>	<b>325,013</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	272,242	794,900	1,067,142
<b>Fund Balance:</b>			
Nonspendable	-	194,506	194,506
Restricted	-	1,202,588	1,202,588
Assigned	1,154,823	-	1,154,823
Unassigned	2,520,093	(257,977)	2,262,116
<b>Total Fund Balance</b>	<b>3,674,916</b>	<b>1,139,117</b>	<b>4,814,033</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,079,287</b>	<b>\$ 2,126,901</b>	<b>\$ 6,206,188</b>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Property Taxes	\$ 7,939,452	\$ 21,437	\$ 7,960,889
Intergovernmental	494,206	377,609	871,815
Excise and Other Taxes	499,809	-	499,809
Licenses, Permits, and Fees	118,173	-	118,173
Charges for Services	68,769	169,557	238,326
Interest on Taxes	48,561	-	48,561
Investment Income	9,376	3,073	12,449
Gifts and Donations	-	20,977	20,977
<b>Total Revenues</b>	<b>9,178,346</b>	<b>592,653</b>	<b>9,770,999</b>
<b>Expenditures:</b>			
Current:			
General Government	693,574	347,208	1,040,782
Public Safety	654,162	125,547	779,709
Public Works	1,129,673	151,949	1,281,622
Education	5,323,210	-	5,323,210
Health and Human Services	106,146	12,183	118,329
Culture and Recreation	178,143	12,667	190,810
Employee Benefits and Insurance	604,280	-	604,280
State Assessments	8,130	-	8,130
<b>Total Expenditures</b>	<b>8,697,318</b>	<b>649,554</b>	<b>9,346,872</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>481,028</b>	<b>(56,901)</b>	<b>424,127</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	32,000	-	32,000
Operating Transfers Out	(100,505)	-	(100,505)
<b>Total Other Financing Sources (Uses)</b>	<b>(68,505)</b>	<b>-</b>	<b>(68,505)</b>
<b>Net Change in Fund Balances</b>	<b>412,523</b>	<b>(56,901)</b>	<b>355,622</b>
<b>Fund Balances, Beginning of Year</b>	<b>3,262,393</b>	<b>1,196,018</b>	<b>4,458,411</b>
<b>Fund Balances, End of Year</b>	<b>\$ 3,674,916</b>	<b>\$ 1,139,117</b>	<b>\$ 4,814,033</b>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2021**

<b>Total Governmental Fund Balances</b>	\$	4,814,033
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		8,651,986
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,067,142
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.		(241,017)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Net Other Post Employment Benefits Liability	\$	(525,161)
Net Pension Liability		(980,755)
Compensated Absences		(53,598)
		(1,559,514)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>12,732,630</b>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2021**

**Net Change in Fund Balances - Total Governmental Funds** \$ 355,622

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:

Capital Outlay Purchases	\$ 837,192	
Depreciation	(565,599)	271,593

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. 37,013

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:

Net Change in Compensated Absences	(5,163)	
Net Change in Other Post Employment Benefits	132,576	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(51,721)	
Net Change in Net Pension Liability	211,830	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(136,378)	151,144

**Change in Net Position of Governmental Activities** \$ 815,372

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

**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -  
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	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				
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 7,753,900	\$ 7,753,900	\$ 7,842,352	\$ -	\$ 88,452
Intergovernmental	-	476,623	476,623	494,206	-	17,583
Excise and Other Taxes	-	350,000	350,000	499,809	-	149,809
Licenses, Permits, and Fees	-	81,000	81,000	118,173	-	37,173
Charges for Services - Transfer Station	-	40,000	40,000	68,769	-	28,769
Interest on Taxes	-	17,500	17,500	48,561	-	31,061
Interest on Investments	-	6,000	6,000	6,571	-	571
<b>Total Revenues</b>	-	8,725,023	8,725,023	9,078,441	-	353,418
<b>Expenditures:</b>						
Current:						
General Government	292,921	805,185	1,098,106	693,574	281,349	123,183
Public Safety	160,311	678,040	838,351	654,162	103,294	80,895
Public Works	134,266	1,147,797	1,282,063	1,129,673	62,455	89,935
Education	303,801	5,121,032	5,424,833	5,323,210	97,225	4,398
Health and Human Services	-	147,485	147,485	106,146	-	41,339
Culture and Recreation	1,977	201,410	203,387	178,143	2,500	22,744
Employee Benefits and Insurance	-	656,873	656,873	604,280	-	52,593
State Assessments	-	8,130	8,130	8,130	-	-
<b>Total Expenditures</b>	893,276	8,765,952	9,659,228	8,697,318	546,823	415,087
<b>Excess of Revenues Over (Under) Expenditures</b>	(893,276)	(40,929)	(934,205)	381,123	(546,823)	768,505
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	6,429	6,429	32,000	-	25,571
Operating Transfers Out	-	(200,505)	(200,505)	(200,505)	-	-
<b>Total Other Financing Sources (Uses)</b>	-	(194,076)	(194,076)	(168,505)	-	25,571
<b>Net Change in Budgetary Fund Balance</b>	(893,276)	(235,005)	(1,128,281)	\$ 212,618	\$ (546,823)	\$ 794,076
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	235,005	235,005			
Prior Year Encumbrances	893,276	-	893,276			
<b>Total Other Budgetary Items</b>	893,276	235,005	1,128,281			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

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

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2021**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 9,078,441	\$ 8,697,318
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	2,805	-
Net Increase in Revenue from recording Refund Taxes Payable	154,400	-
Net Decrease in Revenue from Recording 60-Day Receipts	(57,300)	-
<b>Reported on a GAAP Basis</b>	\$ 9,178,346	\$ 8,697,318

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



**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021**

		<b>Business-Type Activities Enterprise Funds</b>		
		<b>Ambulance Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and Cash Equivalents	\$	345,245	\$ 490,397	\$ 835,642
User Charges, net of allowance for uncollectibles		105,502	66,250	171,752
Total current assets		450,747	556,647	1,007,394
<b>NONCURRENT:</b>				
Capital Assets, net of accumulated Depreciation				
Non-depreciable		-	57,800	57,800
Depreciable		138,050	708,371	846,421
Total noncurrent assets		138,050	766,171	904,221
<b>Total Assets</b>		588,797	1,322,818	1,911,615
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions		-	2,388	2,388
Deferred Outflows Related to OPEB		-	147	147
<b>Total Deferred Outflows of Resources</b>		-	2,535	2,535
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Accounts Payable		1,659	5,686	7,345
Accrued Payroll		1,094	-	1,094
Accrued Interest		435	527	962
Bonds Payable		49,881	23,000	72,881
Total current liabilities		53,069	29,213	82,282
<b>NONCURRENT:</b>				
Net OPEB Liability		-	832	832
Net Pension Liability		-	72,868	72,868
Bonds Payable		-	23,000	23,000
Total noncurrent liabilities		-	96,700	96,700
<b>Total Liabilities</b>		53,069	125,913	178,982
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions		-	23,097	23,097
Deferred Inflows Related to OPEB		-	87	87
<b>Total Deferred Inflows of Resources</b>		-	23,184	23,184
<b>NET POSITION</b>				
Net Investment in Capital Assets		88,169	720,171	808,340
Restricted for Capital		-	107,460	107,460
Unrestricted		447,559	348,625	796,184
<b>Total Net Position</b>	\$	535,728	\$ 1,176,256	\$ 1,711,984

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

**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds		
	Ambulance Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 331,147	\$ 316,853	\$ 648,000
Other	3,024	2,805	5,829
<b>Total Operating Revenues</b>	<b>334,171</b>	<b>319,658</b>	<b>653,829</b>
<b>Operating Expenses:</b>			
Salaries & Wages	142,850	105,895	248,745
Operating Expenses	72,851	78,606	151,457
Depreciation	25,827	59,151	84,978
<b>Total Operating Expenses</b>	<b>241,528</b>	<b>243,652</b>	<b>485,180</b>
<b>Operating Income (Loss)</b>	<b>92,643</b>	<b>76,006</b>	<b>168,649</b>
<b>Non-Operating Revenues (Expenses):</b>			
Investment Income	724	6,078	6,802
Interest Expense	(2,548)	(1,638)	(4,186)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,824)</b>	<b>4,440</b>	<b>2,616</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>90,819</b>	<b>80,446</b>	<b>171,265</b>
<b>Operating Transfers:</b>			
Transfer In	100,505	-	100,505
Transfer (Out)	-	(32,000)	(32,000)
<b>Total Operating Transfers</b>	<b>100,505</b>	<b>(32,000)</b>	<b>68,505</b>
<b>Change in Net Position</b>	<b>191,324</b>	<b>48,446</b>	<b>239,770</b>
<b>Net Position at Beginning of Year</b>	<b>344,404</b>	<b>1,127,810</b>	<b>1,472,214</b>
<b>Net Position at End of Year</b>	<b>\$ 535,728</b>	<b>\$ 1,176,256</b>	<b>\$ 1,711,984</b>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Ambulance Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 325,485	\$ 420,121	\$ 745,606
Receipts from Other Revenues	3,024	2,805	5,829
Payments to Vendors	(71,192)	(77,754)	(148,946)
Payments to Employees	(147,463)	(111,207)	(258,670)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>109,854</b>	<b>233,965</b>	<b>343,819</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) Other Funds	100,505	(32,000)	68,505
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>100,505</b>	<b>(32,000)</b>	<b>68,505</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal Payments on Bonds and Notes	(49,884)	(23,000)	(72,884)
Interest Expense	(2,983)	(1,902)	(4,885)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(52,867)</b>	<b>(24,902)</b>	<b>(77,769)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment Income	724	6,078	6,802
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>724</b>	<b>6,078</b>	<b>6,802</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>158,216</b>	<b>183,141</b>	<b>341,357</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>187,029</b>	<b>307,256</b>	<b>494,285</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 345,245</b>	<b>\$ 490,397</b>	<b>\$ 835,642</b>

**Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:**

<b>Operating Income (Loss)</b>	\$ 92,643	\$ 76,006	\$ 168,649
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	25,827	59,151	84,978
Deferred (Outflows)/Inflows of Resources Related to Pensions	-	10,132	10,132
Deferred (Outflows)/Inflows of Resources Related to OPEB	-	(60)	(60)
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	1,659	5,686	7,345
Increase (Decrease) in Accrued Payroll	(4,613)	(5,312)	(9,925)
Increase (Decrease) in Net OPEB Liability	-	832	832
Increase (Decrease) in Net Pension Liability	-	(15,738)	(15,738)
Decrease (Increase) in User Charges	(5,662)	103,268	97,606
<b>Total Adjustments</b>	<b>17,211</b>	<b>157,959</b>	<b>175,170</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 109,854</b>	<b>\$ 233,965</b>	<b>\$ 343,819</b>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 163,235
Investments	384,737	-
<b>Total Assets</b>	<b>384,737</b>	<b>163,235</b>
<b>LIABILITIES</b>		
Warrants Payable	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>		
Restricted for Other Postemployment Benefits	384,737	-
Restricted for Other Purposes	-	163,235
<b>Total Net Position</b>	<b>\$ 384,737</b>	<b>\$ 163,235</b>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Employer Contributions	\$ 131,070	\$ -
Investment Income	79,042	1,144
<b>Total Additions</b>	<b>210,112</b>	<b>1,144</b>
<b>Deductions:</b>		
Other Postemployment Benefits	56,070	-
General Expenses	-	2,059
<b>Total Deductions</b>	<b>56,070</b>	<b>2,059</b>
<b>Change in Net Position</b>	<b>154,042</b>	<b>(915)</b>
<b>Net Position at Beginning of Year</b>	<b>230,695</b>	<b>164,150</b>
<b>Net Position at End of Year</b>	<b>\$ 384,737</b>	<b>\$ 163,235</b>

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

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Northfield, Massachusetts (the Town) 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 accounting policies are described herein.

**A. Reporting Entity**

The Town of Northfield, Massachusetts (the Town) was incorporated in 1723 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three-member Selectboard.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town 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 Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2021, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the committee members of the Pioneer Valley Regional School District and the Franklin County Technical School District. The Town is indirectly liable for debt and other expenditures of the School Districts and is assessed annually for its share of operating and capital costs. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing members of the board. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

**Pioneer Valley Regional School District** - A regional school district made up of four communities to serve and provide a learning environment. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects three district committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**Franklin County Technical School District** - A regional school district made up of nineteen communities to serve and provide a high-quality vocational education environment. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town appoints one district committee member for its representation. The district is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**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 activities) 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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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 government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and 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 fund are at least 5 percent of the corresponding element for all governmental funds combined.

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 Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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 Town 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 Town reports the following major governmental funds:

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

The Town reports the following major proprietary funds:

The *ambulance fund* is used to account for the ambulance operations.

The *sewer fund* is a special revenue fund used to account for sewer operations.

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

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

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

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



**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Additionally, the Town 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 *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

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

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 Town 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. Investments**

The Town 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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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.

**F. 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 and Tax Liens**

Property taxes are based on assessments as of January 1, 2020 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town 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 first tax payment is due November 1st, or thirty days after the date tax bills were mailed, whichever is later and must be at least one-half of the tax and any betterments. The balance of the tax is owed by May 1st of the following year. If payments are not made by the due dates, interest at the rate of 14% will be charged on the amount of the payment that is unpaid and overdue. The Town 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 Town mailed tax bills for the fiscal year 2021 on July 1, 2020 and December 22, 2020 that were due on October 1, 2020 and April 1, 2021, 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 Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2021 is \$9,312,053.

The total amount raised by taxation was \$7,830,302.

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

**Excise Taxes**

Excise taxes consist of motor vehicle excise. Excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

The tax calculation is the fair value of the vehicle multiplied by the \$25 per \$1,000 of value.

The allowance for uncollectibles is based on historical trends and specific account analysis.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**User Charges**

User charges in the business type activities consist of ambulance fees and sewer services. Sewer services are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed each year and are included as a lien on the property owner's tax bill. Sewer charges are recorded as receivables in the fiscal year of the levy.

The allowance for ambulance uncollectibles is based upon an aging detail report that are over 90 days old. The allowance for sewer uncollectibles is estimated and based on historical trends and specific account analysis.

**Departmental**

Departmental receivables consist primarily of overpaid refunds and police outside details.

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

**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.

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

**G. Capital Assets**

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, 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 \$10,000 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:

<b>Capital Asset Type</b>	<b>Years</b>
Buildings and renovations	10-40
Machinery, equipment and other	3-15
Infrastructure	20-50

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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**H. 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 activities. 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.

**I. Deferred Outflows/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*.

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

**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 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 Town 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 Town's property, excise and other 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.

**J. Net Position and Fund Balances**

In the Government-Wide financial statements, the difference between the Town'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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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 fund” represents amounts that are restricted for the preservation of open space, historical resources and community housing.

“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 Town’s highest level of decision-making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town 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 Town’s “intent” to be used for specific purposes, but are neither restricted nor committed. Department heads and Town 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 Town’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**K. Long-term Debt**

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position.

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

**L. Compensated Absences**

The Town 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 sick and vacation leave which is (subject to certain limitations) at their current rates of pay.

**M. Pension Benefits**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Franklin Regional Retirement System (the System) is provided. Additions to and deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the system. 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.

**N. 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 50% share of insurance premiums for retirees, spouses and dependents in the general fund in the fiscal year paid. Paid coverage does not continue upon the death of the retired employee, but, the surviving spouse may elect to stay in the Town's plan by paying 100% of the cost of the premium.

**O. 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.

**P. 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 Town'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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The Town 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.

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

- Estimates are submitted by departments in accordance with Massachusetts General Laws.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

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 2021, the Town incurred a final budget deficit of \$1,128,281 for the General Fund.

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

Unassigned fund balance:	
Free cash votes	\$ 235,005
Prior year's encumbrances	893,276
	\$ 1,128,281
	\$ 1,128,281

**B. Deficit Fund Balance**

The following fund has a deficit at June 30, 2021 as measured by the balance of unreserved fund balance.

- The Police vests grant special revenue fund has a deficit of \$4,874. This deficit will be eliminated upon additional receipts or appropriation.
- The Emergency management performance grant special revenue fund has a deficit of \$588. This deficit will be eliminated upon additional receipts or appropriation.
- The Emergency management (Covid-19) grant special revenue funds have deficits totaling of \$186,300. These deficits will be eliminated upon additional receipts or appropriation.
- The Police off-duty details special revenue fund has a deficit of \$60,174. This deficit will be eliminated upon additional receipts or appropriation.
- The Deputy tax collector special revenue fund has a deficit of \$6,041. This deficit will be eliminated upon additional receipts or appropriation.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**3. DETAILED NOTES**

**A. Deposits and Investments**

**Custodial Credit Risks – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government has a deposit policy for custodial credit risk. Deposits at June 30, 2021 were \$4,627,083. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. 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. Additionally, the Pension Reserve Investment Trust (PRIT) Fund is a pooled investment fund created under the supervision of the Pension Reserves Investment Management (PRIM) Board. The MMDT and the PRIT are external investment pools that meet the criteria established under GASB Statement No. 79 to report its investments at amortized cost.

As such, the Town reports its investments in MMDT in the amount of \$1,567,274 and in PRIT of \$409,737. MMDT's fair value and PRIT's fair value are measured 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 Town 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 Town's \$1,977,011 in investments, none are uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

**Interest Rate Risk - Investments**

The Town 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 - Investments**

The Town does not have any exposure to credit risk.



**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Concentration of Credit Risk - Investments**

The Town places no limit on the amount the Town may invest in one issuer. The Town's entire investment is in MMDT and PRIT.

**Fair Value of Investments**

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

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)	\$ 1,567,274			
External Investment Pools (PRIM)	409,737			
Total Investments	<u>\$ 1,977,011</u>			

**B. Receivables**

At June 30, 2021, 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
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 101,908	\$ (2,000)	\$ 99,908
Tax liens	136,637	-	136,637
Excise taxes	72,034	(25,000)	47,034
Departmental	292	-	292
Due from other governments	1,013,374	-	1,013,374
	<u>\$ 1,324,245</u>	<u>\$ (27,000)</u>	<u>\$ 1,297,245</u>

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

At June 30, 2021, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Ambulance Fund:</b>			
User charges	\$ 247,855	\$ (142,353)	\$ 105,502
<b>Sewer Fund:</b>			
User charges	64,237	(500)	63,737
Tax liens	2,513	-	2,513
	\$ 314,605	\$ (142,853)	\$ 171,752

The composition of amounts due from other governments as of June 30, 2021 for governmental funds is as follows:

<b>General Fund:</b>			
<b>Commonwealth of Massachusetts:</b>			
Department of Veterans Services:			
Veterans benefits	\$	4,679	
Department of Revenue:			
Veterans, Blind & Surviving Spouse		28,842	\$ 33,521
<b>Nonmajor Governmental Funds:</b>			
<b>Commonwealth of Massachusetts:</b>			
Department of Fire Services:			
Firefighter safety grant		9,810	
Executive Office of Economic Development			
Massachusetts Works grant		48,828	
Massachusetts Office on Disability			
Municipal grant		7,000	
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funds		914,215	979,853
		\$	1,013,374

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**C. Deferred Inflows of Resources – Unavailable Revenue**

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 were as follows:

<b>General Fund:</b>			
Property taxes	\$	83,914	
Tax liens		136,615	
Excise taxes		47,034	
Due from other governments		4,679	\$ 272,242
<b>Nonmajor governmental funds:</b>			
Property taxes		194	
Tax liens		22	
Due from other governments		794,684	794,900
			\$ 1,067,142

**D. Capital Assets**

Capital asset activities for the governmental and business-type activities for the year ended June 30, 2021, are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 1,382,592	\$ -	\$ -	\$ 1,382,592
Total capital assets not being depreciated	1,382,592	-	-	1,382,592
Capital assets being depreciated:				
Buildings and Renovations	7,341,105	387,699	-	7,728,804
Machinery, equipment and other	3,099,120	62,454	-	3,161,574
Infrastructure	4,289,308	387,039	-	4,676,347
Total capital assets being depreciated	14,729,533	837,192	-	15,566,725
Less accumulated depreciation for:				
Buildings and Renovations	4,617,436	177,416	-	4,794,852
Machinery, equipment and other	2,008,351	195,678	-	2,204,029
Infrastructure	1,105,944	192,506	-	1,298,450
Total accumulated depreciation	7,731,731	565,600	-	8,297,331
Total capital assets being depreciated, net	6,997,802	271,592	-	7,269,394
Total governmental activities capital assets, net	\$ 8,380,394	\$ 271,592	\$ -	\$ 8,651,986

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 57,800	\$ -	\$ -	\$ 57,800
Total capital assets not being depreciated	57,800	-	-	57,800
Capital assets being depreciated:				
Buildings and renovations	462,541	-	-	462,541
Machinery, equipment and other	389,365	-	-	389,365
Infrastructure	1,702,632	-	-	1,702,632
Total capital assets being depreciated	2,554,538	-	-	2,554,538
Less accumulated depreciation for:				
Buildings and renovations	462,541	-	-	462,541
Machinery, equipment and other	194,939	38,716	-	233,655
Infrastructure	965,658	46,263	-	1,011,921
Total accumulated depreciation	1,623,138	84,979	-	1,708,117
Total capital assets being depreciated, net	931,400	(84,979)	-	846,421
Total business-type activities capital assets, net	\$ 989,200	\$ (84,979)	\$ -	\$ 904,221

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$ 37,472
Public safety	112,777
Public works	284,251
Education	99,395
Health and human services	978
Culture and recreation	30,727
Total depreciation expense - governmental activities	<u>\$ 565,600</u>

**Business-Type Activities:**

Ambulance fund	\$ 25,827
Sewer fund	59,152
Total depreciation expense - business-type activities	<u>\$ 84,979</u>

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2021, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Business-type fund	Total
General fund	\$ -	\$ 100,505	\$ 100,505
Business-type fund	32,000	-	32,000
Total transfers out	<u>\$ 32,000</u>	<u>\$ 100,505</u>	<u>\$ 132,505</u>

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**F. Long Term Debt**

**General Obligation Bonds**

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

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2021</b>
<b>Inside Debt:</b>					
<b>Sewer Fund:</b>					
Municipal Purpose Loan of 2017:					
Sewer engineering	2.75%	8/21/2017	8/20/2022	\$ 115,000	\$ 46,000
<b>Ambulance Fund:</b>					
Municipal Purpose Loan of 2017:					
Ambulance purchase	2.99%	3/15/2017	3/15/2022	249,417	49,881
Total business-type debt					<u>\$ 95,881</u>

**Future Debt Service**

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2021, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 72,881	\$ 2,756	\$ 75,637
2023	23,000	633	23,633
	<u>\$ 95,881</u>	<u>\$ 3,389</u>	<u>\$ 99,270</u>

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Compensated absences</b>	\$ 48,435	\$ 5,224	\$ 61	\$ 53,598	\$ -
<b>Net OPEB liability</b>	657,737	-	132,576	525,161	-
<b>Net pension liability</b>	1,192,585	-	211,830	980,755	-
Governmental activity					
Long-term liabilities	\$ 1,898,757	\$ 5,224	\$ 344,467	\$ 1,559,514	\$ -
<b>Business-type activities:</b>					
<b>Bonds Payable:</b>					
General obligation bonds	\$ 168,765	\$ -	\$ 72,884	\$ 95,881	\$ 72,881
<b>Net OPEB liability</b>	-	832	-	832	-
<b>Net pension liability</b>	88,606	-	15,738	72,868	-
Business-type activity					
Long-term liabilities	\$ 257,371	\$ 832	\$ 88,622	\$ 169,581	\$ 72,881

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town has no inside debt at June 30, 2021.

In addition, the Town 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, 2021:

Equalized Valuation-Real Estate and Personal Property (2020)	\$ 517,658,400
Debt Limit: 5 % of Equalized value	25,882,920
Total Debt Outstanding	\$ 95,881
Less: Debt Outside Debt Limit	(95,881)
	-
Inside Debt Excess Borrowing Capacity at June 30, 2021	\$ 25,882,920

**Loans Authorized and Unissued - Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. The Town has no loan authorizations that have not been issued as of June 30, 2021.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**G. Fund Balances**

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2021:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>			
Permanent funds	\$ -	\$ 194,506	\$ 194,506
<b>Restricted:</b>			
Federal, state and local grants	-	154,738	154,738
Community preservation fund	-	162,512	162,512
Town revolving funds	-	123,525	123,525
Donations and gifts	-	89,220	89,220
Capital projects	-	958	958
Permanent funds	-	118,864	118,864
Other	-	552,771	552,771
	-	1,202,588	1,202,588
<b>Assigned:</b>			
General government	281,349	-	281,349
Public safety	103,294	-	103,294
Public works	62,455	-	62,455
Education	97,225	-	97,225
Culture and recreation	2,500	-	2,500
Subsequent year's budget	608,000	-	608,000
	1,154,823	-	1,154,823
<b>Unassigned:</b>			
General fund	2,520,093	-	2,520,093
Special revenue deficits	-	(257,977)	(257,977)
	2,520,093	(257,977)	2,262,116
<b>Total Governmental fund balances</b>	<b>\$ 3,674,916</b>	<b>\$ 1,139,117</b>	<b>\$ 4,814,033</b>

**H. Special Trust Funds**

**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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

At June 30, 2021 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 1,533,332
Fire stabilization fund	2,854
Highway stabilization fund	786
	<u>\$ 1,536,972</u>

**4. OTHER INFORMATION**

**A. Risk Management**

The Town 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 Town 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.

**Hampshire County Health Group**

The Town, along with other government entities from the neighboring geographic area, is a member of the Hampshire County Health Group (HCHG), a public entity risk pool, currently operating as a common risk sharing management and health insurance program for eligible active and former employees of its members.

Payments in the form of insurance premiums, are made monthly to the HCHG. These payments are funded in part from the Town, recorded as expenditures in the general fund, and payroll withholdings from active employees, or direct payments from retired and certain eligible former employees. The Town pays between 55% and 74% of the cost of the insurance for active employees. Retired and other past employees who may be eligible to participate in the plan must pay between 26% and 45% of their premium costs.

The Town makes payments to HCHG in the form of monthly premiums based upon actual employee enrollment. HCHG makes payment, through a third-party administrator for actual health claims incurred for the entire group. At the end of HCHG's fiscal year, the Group's insurance consultant will determine if assets are sufficient to meet the anticipated needs of the ensuing year. It is anticipated that if claim liabilities exceed assets, premium rates will be adjusted prospectively to recover the necessary assets to meet claims.

As of the HCHG's most recent audited financial statements (fiscal year ended June 30, 2020), the HCHG had an unrestricted net asset balance of \$29,318,916.

**B. Contingent Liabilities**

**Litigation**

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.



**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The Town 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, Town management believes such disallowances, if any, will not be material.

**C. COVID-19**

The Covid-19 pandemic in the United States and across the globe has resulted in economic uncertainties. The disruption was expected to be temporary, but there remains considerable uncertainty around the duration and scope. The United States Federal Government and State of Massachusetts established funding through various sources; the Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) in addition to several other federal and state grants. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the full extent to which Covid-19 may impact our financial condition or results of operations remains uncertain.

**D. Subsequent Events**

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

**E. Pension Plan**

**Plan Description**

The Town is a member of the Franklin Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Franklin Regional 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 278 Main Street, Suite 311, Greenfield Massachusetts 01301.

**Benefits Provided**

The System provides 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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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 Town. 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 Town 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 Town's proportionate share of the required contribution to the System for the year ended December 31, 2020 was \$188,753, representing 22.26% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**Pension Liability**

As of June 30, 2021, the Town reported a liability of \$1,053,623 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the Town's proportional percentage was 2.60%, which was a slight decrease from the last measurement.

**Pension Expense**

For the year ended June 30, 2021, the Town recognized a pension expense of \$107,695 and reported deferred outflows of resources related to pensions of \$34,529 from the differences between expected and actual experience, changes in assumptions and changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$333,970 from the differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions.

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

<u>For years ended June 30,</u>		
<b>2022</b>	\$	(84,867)
<b>2023</b>		(48,036)
<b>2024</b>		(125,316)
<b>2025</b>		(41,222)
	\$	<u>(299,441)</u>

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement that was rolled forward to December 31, 2020:

Valuation date	January 1, 2020
Actuarial cost method	Individual Entry Age Normal
Amortization method	Increasing dollar amount at 4.0% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2034.
Asset valuation method	The actuarial value of assets is the market value of assets as of the Valuation date reduced by the sums of: (a) 75% of gains and losses for the prior year, (b) 50% of gains and losses of the second prior year, and (c) 25% of gains and losses of the third prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 90% or more than 110% of market value.
Inflation	2.50% per year
Projected salary increases	Group 1 & Group 2: 4.25% -- 6.00%, based on service Group 4: 4.75% -- 7.00%, based on service
Cost of living adjustments	3.00% of the pension amount on first \$17,000 per year.
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2018

**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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
PRIT Core	40.0%	5.60%
Domestic Equity	32.0%	8.20%
International Equity	5.0%	5.90%
Real Estate	10.0%	6.00%
Fixed Income	13.0%	2.70%
Total	100.0%	

**Rate of Return**

For the year ended December 31, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 13.19%. The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate or return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<b>1% Decrease 6.75%</b>	<b>Current Discount Rate 7.75%</b>	<b>1% Increase 8.75%</b>
Town's net pension liability	\$ 1,665,331	\$ 1,053,623	\$ 535,759

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**F. Other Post Employment Benefits Payable**

**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 Town 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 Town's future cash flows.

**Plan Description**

In addition to providing pension benefits, the Town 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. There are approximately 29 active, retired employees and beneficiaries that meet the eligibility requirements. The plan does not issue a separate financial report.

**Investment Policy**

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Selectboard 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 Town's investment policy. As of June 30, 2021, investments, concentration and rate of return information consisted of pooled funds in the Town's Easthampton Savings Bank account described earlier under Deposits and Investments (refer to note 3A).

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2021, total Town premiums plus implicit costs for the retiree medical program were \$56,070. The Town also made contributions to an OPEB Trust of \$100,000 for a total contribution during the measurement period of \$156,070. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2021, the trust balance is \$384,737.

**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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

**Plan Membership:**

Current active members	16
Current retirees, beneficiaries and dependents	<u>13</u>
Total	<u><u>29</u></u>

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<b>6/30/2021</b>
Total OPEB liability	\$ 910,730
Less: Plan fiduciary net position	(384,737)
Town's Net OPEB liability	\$ 525,993
Plan fiduciary net position as a percentage of the total OPEB liability	42.24%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement that was used to calculate the actuarially determined contribution as of June 30, 2021, unless otherwise specified:

Valuation date	Actuarially determined contribution was calculated as of July 1, 2019
Actuarial cost method	Individual Entry Age Normal
Investment rate of return	6.41%, net of OPEB plan investment expense, including inflation
Single equivalent discount rate	6.50% net of OPEB plan investment expense, including inflation
Inflation rate	2.50% as of June 30, 2021 and for future periods
Participant salary increases	3.00% annually as of June 30, 2021 and for future periods
Healthcare cost trend rates	4.50% annually
Mortality rates	
Pre-Retirement Mortality:	RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females, set forward one year for females.
Post-Retirement Mortality:	RP-2014 Mortality Table Healthy for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward one year for females.
Disabled Mortality:	RP-2014 Mortality Table Healthy for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward one year.

The actuarial assumptions used the July 1, 2019 actuarial valuation and market value of assets as of the measurement date of June 30, 2021 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index-SAPIHG as of June 30, 2021 is 2.18%.

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 19.41%.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB assets was developed based on the Town's Investment Policy and are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return *</b>
Domestic Equity - Large Capital	14.50%	4.42%
Domestic Equity - Small/Mid Capital	3.50%	4.81%
International Equity - Developed Market	16.00%	4.91%
International Equity - Emerging Market	6.00%	5.58%
Domestic Fixed Income	20.00%	1.00%
International Fixed Income	3.00%	1.04%
Alternatives	23.00%	5.98%
Real Estate	14.00%	6.25%
Total	<u>100.00%</u>	
I. Real Rate of Return		4.41%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		<u>6.91%</u>
IV. Less: Investment Expense		-0.50%
V. Net investment Return (III.-IV.)		<u>6.41%</u>

\* = Mean Geometric Returns based on 2020 Horizon Survey of Capital Market Assumptions.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in accordance with the Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on OPEB plan assets is applied to the projected future benefits payments.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2020	\$ 888,432	\$ 230,695	\$ 657,737
Service cost	21,046	-	21,046
Interest on Total OPEB Liability	57,322	-	57,322
Changes in benefit terms *	-	-	-
Changes in assumptions **	-	-	-
Difference between actual and expected experience **	-	-	-
Net investment income	-	54,042	(54,042)
Employer contributions to Trust	-	156,070	(156,070)
Total benefit payments including implicit cost	(56,070)	(56,070)	-
Net change in total OPEB liability	22,298	154,042	(131,744)
 Balances at June 30, 2021	 \$ 910,730	 \$ 384,737	 \$ 525,993

\* = Recognized immediately

\*\* = Amortized over 5.11 years

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

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town's net OPEB liability	\$ 632,063	\$ 525,993	\$ 437,546



**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

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

	<b>1% Decrease (3.50%)</b>		<b>Healthcare Cost Trend Rates (4.50%)</b>		<b>1% Increase (5.50%)</b>
Town's net OPEB liability	\$ 430,791	\$	525,993	\$	640,016

**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, 2021, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$80,083 and reported deferred outflows of resources related to OPEB of \$92,896 from the changes of assumptions; and deferred inflows of resources related to OPEB of \$55,121 from the differences between actual and expected experience and the net difference between projected and actual earnings on OPEB plan investments.

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

<b>For years ended June 30,</b>	
<b>2022</b>	\$ 15,562
<b>2023</b>	14,665
<b>2024</b>	12,836
<b>2025</b>	(5,288)
	\$ 37,775

**G. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 84, *Fiduciary Activities*, for implementation in fiscal year 2021.

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2021.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**H. 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. 87, *Leases*, for implementation in fiscal year 2022.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Franklin Regional Retirement System**  
**For the Year Ended June 30, 2021**

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

**Schedule of the Town's Proportionate Share of the Net pension Liability:**

<b>Measurement Date</b>	<b>Town's proportion of the net pension liability (asset)</b>	<b>Town's proportionate share of the net pension liability (asset)</b>	<b>Town's covered employee payroll</b>	<b>Net pension liability percentage of covered employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
12/31/2020	2.60%	\$ 1,053,623	\$ 847,896	124.26%	81.05%
12/31/2019	2.62%	\$ 1,281,191	\$ 828,575	154.63%	76.27%
12/31/2018	2.87%	\$ 1,759,489	\$ 804,329	218.75%	68.98%
12/31/2017	2.84%	\$ 1,299,394	\$ 771,158	168.50%	75.89%
12/31/2016	2.78%	\$ 1,461,629	\$ 919,977	158.88%	70.75%
12/31/2015	2.78%	\$ 1,295,695	\$ 746,875	173.48%	71.73%
12/31/2014	2.57%	\$ 964,631	\$ 792,965	121.65%	75.98%

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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Franklin Regional Retirement System**  
**For the Year Ended June 30, 2021**

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

**Schedule of the Town's Contributions:**

<b>Measurement Date</b>	<b>Actuarially determined contribution</b>	<b>Less: Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Town's covered employee payroll</b>	<b>Contributions percentage of covered employee payroll</b>
12/31/2020	\$ 188,753	\$ (188,753)	\$ -	\$ 847,896	22.26%
12/31/2019	\$ 180,126	\$ (180,126)	\$ -	\$ 828,575	21.74%
12/31/2018	\$ 186,652	\$ (186,652)	\$ -	\$ 804,329	23.21%
12/31/2017	\$ 175,262	\$ (175,262)	\$ -	\$ 771,158	22.73%
12/31/2016	\$ 163,467	\$ (163,467)	\$ -	\$ 919,977	17.77%
12/31/2015	\$ 157,001	\$ (157,001)	\$ -	\$ 746,875	21.02%
12/31/2014	\$ 146,641	\$ (146,641)	\$ -	\$ 792,965	18.49%

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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Changes in the Net OPEB Liability:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 21,046	\$ 19,341	\$ 18,609	\$ 17,949
Interest on net OPEB liability	57,322	54,073	52,892	52,010
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	-	132,832	-	-
Difference between actual and expected experience	-	(43,116)	-	-
Benefit payments, including refunds of member contributions	(56,070)	(54,723)	(55,999)	(59,958)
Net change in total OPEB liability	22,298	108,407	15,502	10,001
Total OPEB liability-beginning	888,432	780,025	764,523	754,522
<b>Total OPEB liability-ending (a)</b>	<u>\$ 910,730</u>	<u>\$ 888,432</u>	<u>\$ 780,025</u>	<u>\$ 764,523</u>
<b>Plan fiduciary net position</b>				
Net investment income	\$ 54,042	\$ (897)	\$ 102	\$ 63
Employer contributions to Trust	156,070	154,723	55,999	191,385
Benefit payments, including refunds of member contributions	(56,070)	(54,723)	(55,999)	(59,958)
Net change in plan fiduciary net position	154,042	99,103	102	131,490
Total fiduciary net position-beginning	230,695	131,592	131,490	-
<b>Total fiduciary net position-ending (b)</b>	<u>\$ 384,737</u>	<u>\$ 230,695</u>	<u>\$ 131,592</u>	<u>\$ 131,490</u>
<b>Town's net OPEB liability (a-b)</b>	<u>\$ 525,993</u>	<u>\$ 657,737</u>	<u>\$ 648,433</u>	<u>\$ 633,033</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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Net OPEB Liability:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 910,730	\$ 888,432	\$ 780,025	\$ 764,523
Less: Plan fiduciary net position	<u>(384,737)</u>	<u>(230,695)</u>	<u>(131,592)</u>	<u>(131,490)</u>
Town's Net OPEB liability	<u>\$ 525,993</u>	<u>\$ 657,737</u>	<u>\$ 648,433</u>	<u>\$ 633,033</u>
Plan fiduciary net position as a percentage of the total OPEB liability	42.24%	25.97%	16.87%	17.20%
Town's share of covered employee payroll	\$ 1,307,722	\$ 1,269,633	\$ 1,431,947	\$ 1,390,240
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	40.22%	51.81%	45.28%	45.53%

**Schedule of Contributions:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 48,353	\$ 53,487	\$ 67,445	\$ 65,625
Less: Contributions in relation to the actuarially determined contribution	<u>(156,070)</u>	<u>(154,723)</u>	<u>(55,999)</u>	<u>(191,385)</u>
Contribution deficiency (excess)	<u>\$ (107,717)</u>	<u>\$ (101,236)</u>	<u>\$ 11,446</u>	<u>\$ (125,760)</u>
Town's share of covered employee payroll	\$ 1,307,722	\$ 1,269,633	\$ 1,431,947	\$ 1,390,240
Contributions percentage of covered-employee payroll	11.93%	12.19%	3.91%	13.77%
Annual money-weighted rate of return net of investment expense	19.41%	-0.47%	0.08%	0.57%

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.

**TOWN OF NORTHFIELD, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Funding Progress:**

Measurement Date	Other Post Employment Benefits						
	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)	
6/30/2021	\$ 384,737	\$ 910,730	\$ 525,993	42.24%	\$ 1,307,722	40.22%	
6/30/2020	\$ 230,695	\$ 888,432	\$ 657,737	25.97%	\$ 1,269,633	51.81%	
6/30/2019	\$ 131,592	\$ 780,025	\$ 648,433	16.87%	\$ 1,431,947	45.28%	
6/30/2018	\$ 131,490	\$ 764,523	\$ 633,033	17.20%	\$ 1,390,240	45.53%	

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**

**TOWN OF NORTHFIELD, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
Arts Lottery Council Grant	\$ 1,380	\$ 4,900	\$ 5,885	\$ -	\$ 395
Community Compact Grants	25,000	30,533	-	-	55,533
Council on Aging Grants	2,432	13,470	8,249	(421)	7,232
Emergency Management Grants (COVID-19)	(58,312)	1,783	129,771	-	(186,300)
Green Communities Grants	80	40,738	12,231	-	28,587
Highway Grants	-	228,776	228,776	-	-
Library Grants	6,803	6,007	2,659	-	10,151
Municipal Recycling	21,760	5,600	1,620	-	25,740
Other Grants and Programs	14,412	20,444	16,377	-	18,479
Public Safety Grants	(11,084)	18,959	12,510	-	(4,635)
Stormwater Management Grants	4,397	-	-	-	4,397
Title V Septic Grant	3,868	210	-	-	4,078
<b>Other:</b>					
Collector Fees	(325)	15,842	14,744	-	773
Community Preservation Fund	175,252	28,377	41,117	-	162,512
Deputy Collector Fees	(957)	1,987	7,070	-	(6,040)
Drug Forfeiture	111	-	-	-	111
Gifts and Donations	80,845	20,977	13,023	421	89,220
Inspector Revolving	-	14,940	11,735	-	3,205
Insurance Proceeds	(74)	-	-	-	(74)
Off-duty Detail Revolving	(81,889)	118,050	96,335	-	(60,174)
Planning Board Revolving	39,000	-	35,315	-	3,685
Recreation Revolving	22,994	-	-	-	22,994
Recycling Revolving	68,868	5,012	-	-	73,880
Restitution Revolving	35	-	-	-	35
Roadside Mower	6,514	-	-	-	6,514
Sale of Cemetery Lots	59,729	-	-	-	59,729
<b>Total Special Revenue Page 63</b>	<b>\$ 380,839</b>	<b>\$ 576,605</b>	<b>\$ 637,417</b>	<b>\$ -</b>	<b>\$ 320,027</b>

**TOWN OF NORTHFIELD, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Continued from Page 63</b>	\$ 380,839	\$ 576,605	\$ 637,417	\$ -	\$ 320,027
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Sale of Low Value Land	98	-	-	-	98
Sale of Real Estate	9,969	-	-	-	9,969
Sale of Real Estate Easements	482,222	-	-	-	482,222
Solar Project	-	10,000	10,000	-	-
Town Clerk Fees	264	1,411	1,623	-	52
Wetlands Filing Fees	10,620	2,315	514	-	12,421
Jackson Town Fund	2,253	1	-	-	2,254
Tercentenary Committee Fund	1,032	1	-	-	1,033
Whitney Town Fund	67,070	8	-	-	67,078
<b>Total Special Revenue Funds</b>	<b>954,367</b>	<b>590,341</b>	<b>649,554</b>	<b>-</b>	<b>895,154</b>
<b>Capital Project Funds:</b>					
Ames Conservation Restriction	28	-	-	-	28
Brush Mountain	930	-	-	-	930
<b>Total Capital Project Funds</b>	<b>958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>958</b>
<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care Funds	78,982	-	-	-	78,982
Library Funds	111,924	-	-	-	111,924
School Funds	3,600	-	-	-	3,600
<b>Total Perpetual Permanent Funds</b>	<b>\$ 194,506</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 194,506</b>

**TOWN OF NORTHFIELD, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Funds	\$ 9,272	\$ 51	\$ -	\$ -	\$ 9,323
Library Funds	32,808	2,257	-	-	35,065
School Funds	4,107	4	-	-	4,111
<b>Total Permanent Funds</b>	<u>46,187</u>	<u>2,312</u>	<u>-</u>	<u>-</u>	<u>48,499</u>
<b>Total - Non-Major Governmental Funds</b>	<u>\$ 1,196,018</u>	<u>\$ 592,653</u>	<u>\$ 649,554</u>	<u>\$ -</u>	<u>\$ 1,139,117</u>

**TOWN OF NORTHFIELD, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES  
DEFERRED REAL ESTATE TAXES  
JULY 1, 2020 TO JUNE 30, 2021**

	<b>Uncollected Taxes July 1, 2020</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Taxes June 30, 2021</b>	<b>Uncollected Taxes Per Detail June 30, 2021</b>
<b>Real Estate Taxes:</b>						
Levy of 2021	\$ -	\$ 6,528,565	\$ 36,510	\$ 6,404,855	\$ 87,200	\$ 87,200
Levy of 2020	259,664	-	61,309	198,380	(25)	(25)
Levy of 2019	64,299	-	115,400	(51,101)	-	-
Levy of 2018	23,583	-	84,862	(61,279)	-	-
Levy of 2017	8,980	-	-	-	8,980	8,980
Prior Years	374	-	374	-	-	-
	<u>356,900</u>	<u>6,528,565</u>	<u>298,455</u>	<u>6,490,855</u>	<u>96,155</u>	<u>96,155</u>
<b>Personal Property Taxes:</b>						
Levy of 2021	-	1,301,737	85	1,299,794	1,858	1,858
Levy of 2020	932	-	-	98	834	834
Levy of 2019	936	-	(186)	-	1,122	1,122
Levy of 2018	584	-	-	-	584	584
Levy of 2017	358	-	-	-	358	358
Prior Years	772	-	(31)	-	803	803
	<u>3,582</u>	<u>1,301,737</u>	<u>(132)</u>	<u>1,299,892</u>	<u>5,559</u>	<u>5,559</u>
<b>Total Real Estate and Personal Property Taxes</b>	<u>\$ 360,482</u>	<u>\$ 7,830,302</u>	<u>\$ 298,323</u>	<u>\$ 7,790,747</u>	<u>\$ 101,714</u>	<u>\$ 101,714</u>

**TOWN OF NORTHFIELD, MASSACHUSETTS  
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGE  
JULY 1, 2020 TO JUNE 30, 2021**

	<b>Uncollected Taxes July 1, 2020</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Taxes June 30, 2021</b>	<b>Uncollected Taxes Per Detail June 30, 2021</b>
<b>Non-Major Governmental Funds:</b>						
<b>Community Preservation Surcharge:</b>						
Levy of 2021	\$ -	\$ 21,678	\$ 174	\$ 21,331	\$ 173	\$ 173
Levy of 2020	(1,315)	-	(1,944)	629	-	-
Levy of 2019	2,052	-	2,360	(308)	-	-
Levy of 2018	(167)	-	129	(296)	-	-
Levy of 2017	(126)	-	(147)	-	21	21
Prior Years	(213)	-	(213)	-	-	-
<b>Total Community Preservation Surcharge</b>	<b>\$ 444</b>	<b>\$ 21,678</b>	<b>\$ 359</b>	<b>\$ 21,356</b>	<b>\$ 194</b>	<b>\$ 194</b>

**TOWN OF NORTHFIELD, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES  
JULY 1, 2020 TO JUNE 30, 2021**

	<b>Uncollected Taxes July 1, 2020</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Taxes June 30, 2021</b>	<b>Uncollected Taxes Per Detail June 30, 2021</b>
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2021	\$ -	\$ 385,417	\$ 3,982	\$ 352,917	\$ 28,518	\$ 28,518
Levy of 2020	39,618	35,267	2,999	65,927	5,959	5,959
Levy of 2019	2,186	-	(4,253)	3,280	3,159	3,159
Levy of 2018	3,020	-	(2,089)	222	4,887	4,887
Levy of 2017	2,224	-	(135)	278	2,081	2,081
Prior Years	5,913	-	(21,654)	137	27,430	27,430
<b>Total Motor Vehicle Excise</b>	<b>\$ 52,961</b>	<b>\$ 420,684</b>	<b>\$ (21,150)</b>	<b>\$ 422,761</b>	<b>\$ 72,034</b>	<b>\$ 72,034</b>

**TOWN OF NORTHFIELD, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2020 TO JUNE 30, 2021**

	<b>Uncollected Accounts July 1, 2020</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2021</b>	<b>Uncollected Accounts Per Detail June 30, 2021</b>
<b>Tax Liens</b>	\$ 51,173	\$ 134,078	\$ (2,494)	\$ 51,130	\$ 136,615	\$ 136,615
<b>Non-Major Governmental Funds: Community Preservation Liens</b>	\$ 9	\$ 252	\$ 155	\$ 84	\$ 22	\$ 22