



TOWN OF MEDWAY, MASSACHUSETTS

Financial Statements
For the Year Ended June 30, 2021

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Medway, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Medway, Massachusetts (the Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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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 Medway, Massachusetts, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, in fiscal year 2021 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our



testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Melanson".

Andover, Massachusetts
January 18, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include sewer, water, and solid waste collection 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. The Town's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for sewer, water, and solid waste operations.

Fiduciary Funds

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

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$85,031,940, a change of \$11,022,547, and net position in business-type activities was \$29,359,813, a change of \$602,516.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$31,381,439, a change of \$437,875 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,263,249, a change of \$1,260,131 in comparison to the prior year.

Government-Wide Financial Analysis

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

	NET POSITION (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 37,969	\$ 36,746	\$ 10,172	\$ 5,836	\$ 48,141	\$ 42,582
Capital assets	<u>137,876</u>	<u>132,927</u>	<u>36,718</u>	<u>33,732</u>	<u>174,594</u>	<u>166,659</u>
Total assets	175,845	169,673	46,890	39,568	222,735	209,241
Deferred outflows of resources	1,021	2,363	11	56	1,032	2,419
Liabilities						
Other liabilities	4,934	3,820	507	463	5,441	4,283
Long-term liabilities	<u>76,193</u>	<u>81,003</u>	<u>16,918</u>	<u>10,242</u>	<u>93,111</u>	<u>91,245</u>
Total liabilities	81,127	84,823	17,425	10,705	98,552	95,528
Deferred inflows of resources	10,707	13,148	116	161	10,823	13,309
Net Position						
Net investment in capital assets	103,431	102,178	24,793	24,772	128,224	126,950
Restricted	11,214	7,199	-	-	11,214	7,199
Unrestricted	<u>(29,613)</u>	<u>(35,312)</u>	<u>4,567</u>	<u>3,986</u>	<u>(25,046)</u>	<u>(31,326)</u>
Total net position	\$ <u>85,032</u>	\$ <u>74,065</u>	\$ <u>29,360</u>	\$ <u>28,758</u>	\$ <u>114,392</u>	\$ <u>102,823</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$114,391,753, a change of \$11,625,063 in comparison to the prior year.

The largest portion of net position \$128,224,069 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire

those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$10,413,739 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(24,246,055) primarily resulting from bonds payable, and unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION						
(in thousands)						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues:						
Charges for services	\$ 5,515	\$ 3,999	\$ 7,066	\$ 6,399	\$ 12,581	\$ 10,398
Operating grants and contributions	24,769	23,355	-	-	24,769	23,355
General revenues:						
Property taxes	44,915	41,784	-	-	44,915	41,784
Excises	1,838	2,185	-	-	1,838	2,185
Penalties and interest on taxes	409	412	-	-	409	412
Grants and contributions not restricted to specific programs	3,226	1,334	-	-	3,226	1,334
Investment income	152	480	28	20	180	500
Other	677	984	25	37	702	1,021
Total revenues	81,501	74,533	7,119	6,456	88,620	80,989

(continued)

(continued)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Expenses						
General government	5,458	6,281	-	-	5,458	6,281
Public safety	10,624	9,940	-	-	10,624	9,940
Education	44,684	42,629	-	-	44,684	42,629
Public works	5,932	4,029	-	-	5,932	4,029
Health and human services	769	932	-	-	769	932
Culture and recreation	1,607	1,939	-	-	1,607	1,939
Interest	851	1,176	-	-	851	1,176
Intergovernmental	897	790	-	-	897	790
Sewer	-	-	2,006	1,930	2,006	1,930
Water services	-	-	2,849	2,853	2,849	2,853
Solid waste services	-	-	1,318	1,267	1,318	1,267
Total expenses	<u>70,822</u>	<u>67,716</u>	<u>6,173</u>	<u>6,050</u>	<u>76,995</u>	<u>73,766</u>
Change in net position before transfers	10,679	6,817	946	406	11,625	7,223
Transfers in (out)	<u>344</u>	<u>220</u>	<u>(344)</u>	<u>(230)</u>	<u>-</u>	<u>(10)</u>
Change in net position	11,023	7,037	602	176	11,625	7,213
Net position - beginning of year, as restated	<u>74,009</u>	<u>67,028</u>	<u>28,758</u>	<u>28,582</u>	<u>102,767</u>	<u>95,610</u>
Net position - end of year	<u>\$ 85,032</u>	<u>\$ 74,065</u>	<u>\$ 29,360</u>	<u>\$ 28,758</u>	<u>\$ 114,392</u>	<u>\$ 102,823</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$11,022,547. Key elements of this change are as follows:

General fund operations	\$ 3,359,608
Acquisition of capital assets, net of current year depreciation	4,948,579
Change in OPEB liability and related deferred outflows/inflows	3,284,203
Change in net pension liability and related deferred outflows/inflows	128,183
Other	<u>(698,026)</u>
Total	<u>\$ 11,022,547</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$602,516. Key elements of this change are as follows:

Sewer operations	\$ (92,308)
Water operations, primarily from unspent appropriations	507,919
Solid waste operations	<u>186,905</u>
Total	<u>\$ 602,516</u>

Financial Analysis of the Town's Funds

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

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,263,249, while total fund balance was \$20,354,066. The unassigned fund balance increased by \$1,260,131 primarily from the positive budgetary results of \$6,398,597 less the additional use of certified "free cash" of \$5,020,921. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned fund balance	\$ 12,263,249	\$ 11,003,118	\$ 1,260,131	20.8%
Total fund balance	\$ 20,354,066	\$ 16,994,458	\$ 3,359,608	34.5%

*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System of \$3,681,964.

The total fund balance of the General Fund changed by \$3,359,608 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 4,307,230
Budgetary appropriation surplus	1,873,790
Expenditure timing difference	1,062,844
Change in stabilization	2,782,209
Use of free cash as a funding source	(6,884,042)
Other	217,577
Total	<u>\$ 3,359,608</u>

Included in the total General Fund balance are the Town's stabilization and fiscal stability accounts with the following balances:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
General trust stabilization	\$ 3,839,053	\$ 3,595,830	\$ 243,223
Stabilization capital improvements	3,228,912	351,577	2,877,335
Stabilization athletic field	305,600	305,098	502
Stabilization debt	<u>533,280</u>	<u>872,131</u>	<u>(338,851)</u>
Total	\$ <u><u>7,906,845</u></u>	\$ <u><u>5,124,636</u></u>	\$ <u><u>2,782,209</u></u>

Nonmajor Governmental Funds

The nonmajor fund balance changed by \$(2,921,733) primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,566,627, a change of \$581,018 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$174,593,344 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, and furnishings, infrastructure, and construction in progress.

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

- \$6,246,454 – DPW facility project
- \$3,422,489 – Brentwood project

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

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$50,819,758, all of which was backed by the full faith and credit of the government.

The Town maintained their AAA rating from S&P Global Ratings for general obligation debt.

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

Requests for Information

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

Office of Finance Director
Town of Medway, Massachusetts
155 Village Street
Medway, Massachusetts 02053

TOWN OF MEDWAY, MASSACHUSETTS

Statement of Net Position
June 30, 2021

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 27,037,599	\$ 8,645,457	\$ 35,683,056
Investments	8,962,695	-	8,962,695
Receivables, net of allowance for uncollectibles:			
Property taxes	371,044	-	371,044
Excises	54,255	-	54,255
User fees	142,719	1,526,282	1,669,001
Departmental and other	167,380	-	167,380
Intergovernmental	<u>212,617</u>	<u>-</u>	<u>212,617</u>
Total Current Assets	36,948,309	10,171,739	47,120,048
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	1,021,572	-	1,021,572
Capital Assets:			
Nondepreciable capital assets	47,639,370	8,940,099	56,579,469
Other capital assets, net of accumulated depreciation	<u>90,236,145</u>	<u>27,777,730</u>	<u>118,013,875</u>
Total Noncurrent Assets	<u>138,897,087</u>	<u>36,717,829</u>	<u>175,614,916</u>
Total Assets	175,845,396	46,889,568	222,734,964
Deferred Outflows of Resources			
Related to pensions	<u>1,020,574</u>	<u>11,142</u>	<u>1,031,716</u>
Total Deferred Outflows of Resources	1,020,574	11,142	1,031,716

(continued)

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

(continued)

TOWN OF MEDWAY, MASSACHUSETTS

Statement of Net Position
June 30, 2021

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Liabilities			
Current:			
Warrants and accounts payable	1,622,742	464,197	2,086,939
Accrued liabilities	1,094,422	42,236	1,136,658
Unearned revenues	705,414	-	705,414
Notes payable	335,000	-	335,000
Other current liabilities	1,175,737	-	1,175,737
Current portion of long-term liabilities:			
Bonds payable	3,531,017	1,230,586	4,761,603
Compensated absences	<u>21,770</u>	<u>1,176</u>	<u>22,946</u>
Total Current Liabilities	8,486,102	1,738,195	10,224,297
Noncurrent:			
Bonds payable, net of current portion	32,550,260	15,232,584	47,782,844
Net pension liability	17,757,615	193,876	17,951,491
Net OPEB liability	21,919,227	237,677	22,156,904
Compensated absences, net of current portion	<u>413,630</u>	<u>22,345</u>	<u>435,975</u>
Total Noncurrent Liabilities	<u>72,640,732</u>	<u>15,686,482</u>	<u>88,327,214</u>
Total Liabilities	81,126,834	17,424,677	98,551,511
Deferred Inflows of Resources			
Related to pensions	1,571,910	17,162	1,589,072
Related to OPEB	<u>9,135,286</u>	<u>99,058</u>	<u>9,234,344</u>
Total Deferred Inflows of Resources	10,707,196	116,220	10,823,416
Net Position			
Net investment in capital assets	103,430,883	24,793,186	128,224,069
Restricted for:			
Debt Service	513,639	-	513,639
Grants and other statutory restrictions	595,344	-	595,344
Donations and receipts reserved	3,426,339	-	3,426,339
Law enforcement	119,598	-	119,598
Community preservation	3,617,070	-	3,617,070
Education	2,501,923	-	2,501,923
Endowment funds:			
Nonexpendable	110,869	-	110,869
Expendable	329,585	-	329,585
Unrestricted	<u>(29,613,310)</u>	<u>4,566,627</u>	<u>(25,046,683)</u>
Total Net Position	<u>\$ 85,031,940</u>	<u>\$ 29,359,813</u>	<u>\$ 114,391,753</u>

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

TOWN OF MEDWAY, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2021

		<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
	<u>Expenses</u>					
Governmental Activities						
General government	\$ 5,457,685	\$ 810,414	\$ 525,936	\$ (4,121,335)	\$ -	\$ (4,121,335)
Public safety	10,624,661	2,738,737	325,604	(7,560,320)	-	(7,560,320)
Education	44,684,153	1,421,784	22,289,808	(20,972,561)	-	(20,972,561)
Public works	5,932,292	24,831	983,924	(4,923,537)	-	(4,923,537)
Health and human services	768,665	32,116	179,122	(557,427)	-	(557,427)
Culture and recreation	1,606,643	486,722	464,598	(655,323)	-	(655,323)
Interest	851,095	-	-	(851,095)	-	(851,095)
Intergovernmental	897,284	-	-	(897,284)	-	(897,284)
Total Governmental Activities	70,822,478	5,514,604	24,768,992	(40,538,882)	-	(40,538,882)
Business-Type Activities						
Sewer services	2,006,416	1,983,085	-	-	(23,331)	(23,331)
Water services	2,848,742	3,523,556	-	-	674,814	674,814
Solid waste services	1,318,005	1,559,803	-	-	241,798	241,798
Total Business-Type Activities	6,173,163	7,066,444	-	-	893,281	893,281
Total	\$ 76,995,641	\$ 12,581,048	\$ 24,768,992	(40,538,882)	893,281	(39,645,601)
General Revenues, Contributions and Transfers:						
Property taxes				44,915,042	-	44,915,042
Excises				1,838,306	-	1,838,306
Penalties, interest, and other taxes				408,655	-	408,655
Grants and contributions not restricted to specific programs				3,225,468	-	3,225,468
Investment income				152,186	28,314	180,500
Miscellaneous				677,407	25,286	702,693
Transfers, net				344,365	(344,365)	-
Total General Revenues, Contributions, and Transfers				51,561,429	(290,765)	51,270,664
Change in Net Position				11,022,547	602,516	11,625,063
Net Position						
Beginning of year, as restated				74,009,393	28,757,297	102,766,690
End of year				\$ 85,031,940	\$ 29,359,813	\$ 114,391,753

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

TOWN OF MEDWAY, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and short-term investments	\$ 14,853,960	\$ 12,183,639	\$ 27,037,599
Investments	8,859,826	102,869	8,962,695
Receivables:			
Property taxes	1,693,616	-	1,693,616
Excises	174,255	-	174,255
User fees	-	197,719	197,719
Departmental and other	6,432	160,948	167,380
Intergovernmental	<u>35,000</u>	<u>177,617</u>	<u>212,617</u>
Total Assets	\$ <u>25,623,089</u>	\$ <u>12,822,792</u>	\$ <u>38,445,881</u>
Liabilities			
Warrants and accounts payable	\$ 1,310,170	\$ 312,572	\$ 1,622,742
Accrued liabilities	1,010,656	83,766	1,094,422
Notes payable	-	335,000	335,000
Other liabilities	<u>1,073,890</u>	<u>807,261</u>	<u>1,881,151</u>
Total Liabilities	3,394,716	1,538,599	4,933,315
Deferred Inflows of Resources			
Unavailable revenues	1,874,307	256,820	2,131,127
Fund Balances			
Nonspendable	-	110,869	110,869
Restricted	513,639	11,219,998	11,733,637
Committed	6,928,787	-	6,928,787
Assigned	648,391	-	648,391
Unassigned	<u>12,263,249</u>	<u>(303,494)</u>	<u>11,959,755</u>
Total Fund Balances	<u>20,354,066</u>	<u>11,027,373</u>	<u>31,381,439</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>25,623,089</u>	\$ <u>12,822,792</u>	\$ <u>38,445,881</u>

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

TOWN OF MEDWAY, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2021

Total governmental fund balances	\$ 31,381,439
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	137,875,515
Net pension liability and related deferred outflows and inflows.	(18,308,951)
Net OPEB liability and related deferred outflows and inflows.	(31,054,513)
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,655,127
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable	(36,081,277)
Compensated absences	(435,400)
Net position of governmental activities	\$ <u><u>85,031,940</u></u>

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

TOWN OF MEDWAY, MASSACHUSETTS

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 44,452,450	\$ 988,887	\$ 45,441,337
Excises	1,905,408	-	1,905,408
User fees	-	767,773	767,773
Penalties, interest, and other taxes	406,193	2,462	408,655
Charges for services	17,500	3,227,391	3,244,891
Intergovernmental	15,737,155	5,652,663	21,389,818
Licenses and permits	1,448,244	-	1,448,244
Fines and forfeitures	19,103	-	19,103
Investment income	144,152	8,034	152,186
Miscellaneous	538,189	2,069,178	2,607,367
Total Revenues	<u>64,668,394</u>	<u>12,716,388</u>	<u>77,384,782</u>
Expenditures			
Current:			
General government	3,698,996	803,602	4,502,598
Public safety	6,113,957	1,107,839	7,221,796
Education	32,997,741	4,600,501	37,598,242
Public works	4,268,118	7,927,392	12,195,510
Health and human services	428,521	154,675	583,196
Culture and recreation	465,642	631,456	1,097,098
Employee benefits	9,565,159	-	9,565,159
Debt service:			
Principal	3,135,665	358,502	3,494,167
Interest	1,093,564	92,658	1,186,222
Intergovernmental	897,284	-	897,284
Total Expenditures	<u>62,664,647</u>	<u>15,676,625</u>	<u>78,341,272</u>
Excess (deficiency) of revenues over expenditures	2,003,747	(2,960,237)	(956,490)
Other Financing Sources (Uses)			
Issuance of bonds	-	1,000,000	1,000,000
Bond premiums	-	50,000	50,000
Transfers in	1,395,750	-	1,395,750
Transfers out	(39,889)	(1,011,496)	(1,051,385)
Total Other Financing Sources	<u>1,355,861</u>	<u>38,504</u>	<u>1,394,365</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,359,608	(2,921,733)	437,875
Fund Balance, at Beginning of Year, as restated	<u>16,994,458</u>	<u>13,949,106</u>	<u>30,943,564</u>
Fund Balance, at End of Year	\$ <u><u>20,354,066</u></u>	\$ <u><u>11,027,373</u></u>	\$ <u><u>31,381,439</u></u>

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

TOWN OF MEDWAY, 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 changes in fund balances - total governmental funds	\$ 437,875
<ul style="list-style-type: none">Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	9,693,460
Depreciation	(4,744,881)
<ul style="list-style-type: none">The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:	
Issuance of general obligations bonds	(1,000,000)
Premiums received on issuance of general obligations bonds	(50,000)
Repayments of debt	3,543,502
Repayment of capital lease	6,836
<ul style="list-style-type: none">Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue, net of change in allowance for doubtful accounts.	
	(558,802)
<ul style="list-style-type: none">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 the governmental funds:	
Change in net pension liability and related deferred outflows and inflows	128,183
Change in net OPEB liability and related deferred outflows and inflows	3,284,203
Change in accrued compensated absences	(3,621)
Change in accrued interest on bonds payable	<u>285,792</u>
Change in net position of governmental activities	\$ <u>11,022,547</u>

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

TOWN OF MEDWAY, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Nonmajor Fund	Total
			Solid Waste Fund	
Assets				
Current:				
Cash and short-term investments	\$ 1,434,896	\$ 5,728,159	\$ 1,482,402	\$ 8,645,457
User fees, net of allowance for uncollectibles	<u>627,311</u>	<u>679,660</u>	<u>219,311</u>	<u>1,526,282</u>
Total Current Assets	2,062,207	6,407,819	1,701,713	10,171,739
Noncurrent:				
Capital assets				
Nondepreciable capital assets	370,856	8,569,243	-	8,940,099
Other capital assets, net of accumulated depreciation	<u>10,283,736</u>	<u>17,493,994</u>	<u>-</u>	<u>27,777,730</u>
Total Noncurrent Assets	<u>10,654,592</u>	<u>26,063,237</u>	<u>-</u>	<u>36,717,829</u>
Total Assets	12,716,799	32,471,056	1,701,713	46,889,568
Deferred Outflows of Resources				
Related to pensions	<u>206</u>	<u>8,047</u>	<u>2,889</u>	<u>11,142</u>
Total Deferred Outflows of Resources	206	8,047	2,889	11,142
Liabilities				
Current:				
Warrants and accounts payable	49,338	348,111	66,748	464,197
Accrued liabilities	9,092	28,344	4,800	42,236
Current portion of long-term liabilities:				
Bonds payable	190,000	1,040,586	-	1,230,586
Compensated absences	<u>-</u>	<u>1,176</u>	<u>-</u>	<u>1,176</u>
Total Current Liabilities	248,430	1,418,217	71,548	1,738,195
Noncurrent:				
Bonds payable, net of current portion	1,135,000	14,097,584	-	15,232,584
Net pension liability	3,590	140,022	50,264	193,876
Net OPEB liability	4,059	171,976	61,642	237,677
Compensated absences, net of current portion	<u>-</u>	<u>22,345</u>	<u>-</u>	<u>22,345</u>
Total Noncurrent Liabilities	<u>1,142,649</u>	<u>14,431,927</u>	<u>111,906</u>	<u>15,686,482</u>
Total Liabilities	1,391,079	15,850,144	183,454	17,424,677
Deferred Inflows of Resources				
Related to pensions	318	12,395	4,449	17,162
Related to OPEB	<u>1,692</u>	<u>71,675</u>	<u>25,691</u>	<u>99,058</u>
Total Deferred Inflows of Resources	2,010	84,070	30,140	116,220
Net Position				
Net investment in capital assets	9,442,402	15,350,784	-	24,793,186
Unrestricted	<u>1,881,514</u>	<u>1,194,105</u>	<u>1,491,008</u>	<u>4,566,627</u>
Total Net Position	<u>\$ 11,323,916</u>	<u>\$ 16,544,889</u>	<u>\$ 1,491,008</u>	<u>\$ 29,359,813</u>

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

TOWN OF MEDWAY, MASSACHUSETTS

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

	Business-Type Activities Enterprise Funds			
			<u>Nonmajor Fund</u>	
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 1,983,085	\$ 3,523,556	\$ 1,559,803	\$ 7,066,444
Other	<u>-</u>	<u>25,286</u>	<u>-</u>	<u>25,286</u>
Total Operating Revenues	1,983,085	3,548,842	1,559,803	7,091,730
Operating Expenses				
Salaries and benefits	226,468	722,821	18,609	967,898
Other operating expenses	1,342,889	1,135,240	1,299,396	3,777,525
Depreciation	<u>399,059</u>	<u>789,199</u>	<u>-</u>	<u>1,188,258</u>
Total Operating Expenses	<u>1,968,416</u>	<u>2,647,260</u>	<u>1,318,005</u>	<u>5,933,681</u>
Operating Income	14,669	901,582	241,798	1,158,049
Nonoperating Revenues (Expenses)				
Investment income	921	27,393	-	28,314
Interest expense	<u>(38,000)</u>	<u>(201,482)</u>	<u>-</u>	<u>(239,482)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(37,079)</u>	<u>(174,089)</u>	<u>-</u>	<u>(211,168)</u>
Income Before Transfers	(22,410)	727,493	241,798	946,881
Transfers in	39,889	-	-	39,889
Transfers out	<u>(109,787)</u>	<u>(219,574)</u>	<u>(54,893)</u>	<u>(384,254)</u>
Change in Net Position	(92,308)	507,919	186,905	602,516
Net Position at Beginning of Year	<u>11,416,224</u>	<u>16,036,970</u>	<u>1,304,103</u>	<u>28,757,297</u>
Net Position at End of Year	\$ <u><u>11,323,916</u></u>	\$ <u><u>16,544,889</u></u>	\$ <u><u>1,491,008</u></u>	\$ <u><u>29,359,813</u></u>

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

TOWN OF MEDWAY, MASSACHUSETTS

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

	Business-Type Activities Enterprise Funds			
			Nonmajor Fund	
	Sewer Fund	Water Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 2,087,282	\$ 3,523,207	\$ 1,553,731	\$ 7,164,220
Payments to employees	(226,784)	(736,233)	(20,977)	(983,994)
Payments to vendors	<u>(1,493,550)</u>	<u>(1,004,559)</u>	<u>(1,523,192)</u>	<u>(4,021,301)</u>
Net Cash Provided By Operating Activities	366,948	1,782,415	9,562	2,158,925
Cash Flows From Noncapital Financing Activities				
Transfers out	<u>(69,898)</u>	<u>(219,574)</u>	<u>(54,893)</u>	<u>(344,365)</u>
Net Cash (Used For) Noncapital Financing Activities	(69,898)	(219,574)	(54,893)	(344,365)
Cash Flows From Capital and Related Financing Activities				
Proceeds of bonds	-	7,510,000	-	7,510,000
Proceeds of bond premiums	-	320,900	-	320,900
Acquisition and construction of capital assets	(61,972)	(4,112,345)	-	(4,174,317)
Principal payments on bonds	(205,000)	(641,260)	-	(846,260)
Interest expense	<u>(38,000)</u>	<u>(206,693)</u>	<u>-</u>	<u>(244,693)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(304,972)	2,870,602	-	2,565,630
Cash Flows From Investing Activities				
Investment income	<u>921</u>	<u>27,393</u>	<u>-</u>	<u>28,314</u>
Net Cash Provided By Investing Activities	<u>921</u>	<u>27,393</u>	<u>-</u>	<u>28,314</u>
Net Change in Cash and Short-Term Investments	(7,001)	4,460,836	(45,331)	4,408,504
Cash and Short-Term Investments, Beginning of Year	<u>1,441,897</u>	<u>1,267,323</u>	<u>1,527,733</u>	<u>4,236,953</u>
Cash and Short-Term Investments, End of Year	<u>\$ 1,434,896</u>	<u>\$ 5,728,159</u>	<u>\$ 1,482,402</u>	<u>\$ 8,645,457</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 14,669	\$ 901,582	\$ 241,798	\$ 1,158,049
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	399,059	789,199	-	1,188,258
Changes in assets, liabilities, and outflows/inflows:				
Receivables	104,197	(25,635)	(6,072)	72,490
Deferred outflows - related to pensions	11,889	17,112	16,222	45,223
Warrants and accounts payable	(46,337)	272,653	(119,940)	106,376
Other liabilities	-	(994)	-	(994)
Accrued liabilities	(12,839)	(55,001)	4,253	(63,587)
Net pension liability	(99,413)	(74,225)	(112,481)	(286,119)
Net OPEB liability	(316)	(13,412)	(2,368)	(16,096)
Deferred inflows - related to pensions	(3,159)	5,163	(1,045)	959
Deferred inflows - related to OPEB	<u>(802)</u>	<u>(34,027)</u>	<u>(10,805)</u>	<u>(45,634)</u>
Net Cash Provided By Operating Activities	<u>\$ 366,948</u>	<u>\$ 1,782,415</u>	<u>\$ 9,562</u>	<u>\$ 2,158,925</u>

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

TOWN OF MEDWAY, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Other Post-Employment Benefits Trust <u>Fund</u>	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
Assets			
Cash and short-term investments	\$ -	\$ 965,331	\$ 287,476
Investments:			
Corporate bonds	69,593	-	-
Corporate equities	1,321,279	-	-
Equity mutual funds	316,111	-	-
Federal agency securities	67,204	-	-
Fixed income mutual funds	136,793	-	-
U.S. Treasury notes	<u>94,817</u>	<u>-</u>	<u>-</u>
Total Investments	2,005,797	-	-
Other assets	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Assets	2,005,797	965,331	337,476
 Liabilities			
Warrants and accounts payable	<u>-</u>	<u>3,400</u>	<u>33,901</u>
Total Liabilities	-	3,400	33,901
 Net Position			
Restricted for OPEB purposes	2,005,797	-	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>961,931</u>	<u>303,575</u>
Total Net Position	\$ <u><u>2,005,797</u></u>	\$ <u><u>961,931</u></u>	\$ <u><u>303,575</u></u>

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

TOWN OF MEDWAY, MASSACHUSETTS

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

	Other Post-Employment Benefits Trust <u>Fund</u>	Private Purpose Trust Funds	Custodial Funds
Additions			
Employer contributions	\$ 1,540,317	\$ -	\$ -
Investment income	406,610	12,868	266
Miscellaneous	-	51,579	-
Fees collected for students	-	-	142,120
Taxes collected for other governments	-	-	70,824
Total additions	<u>1,946,927</u>	<u>64,447</u>	<u>213,210</u>
Deductions:			
Benefit payments to plan members, beneficiaries, and other systems	1,240,317	-	-
Education	-	50,134	-
Payments on behalf of students	-	-	117,963
Payment of taxes to other governments	-	-	76,867
Total deductions	<u>1,240,317</u>	<u>50,134</u>	<u>194,830</u>
Net increase	706,610	14,313	18,380
Net position restricted for OPEB and Other Purposes			
Beginning of year	<u>1,299,187</u>	<u>947,618</u>	<u>285,195</u>
End of year	<u>\$ 2,005,797</u>	<u>\$ 961,931</u>	<u>\$ 303,575</u>

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

TOWN OF MEDWAY, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Medway, Massachusetts (the Town) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of the significant policies:

Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by GAAP, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2021, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

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. Stabilization funds are also represented here, which account for reserves established for the Town and other specific purposes.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- Sewer operations
- Water operations

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

The Town reports the following fiduciary funds:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Private-Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the OPEB trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include taxes and fees collected on behalf of other governments.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments".

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

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

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

Property Tax Limitations

Legislation known as “Proposition 2½” has limited the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override is voted. The actual fiscal year 2021 tax levy reflected an excess capacity of \$1,637,778. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Roads and improvements	20
Infrastructure	30-75
Vehicles	5
Office equipment	5
Computer equipment	5

Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Fund Equity

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

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. The General Fund is the only fund that reports a positive unassigned fund balance.

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

Net Position

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

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the reserve fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line-item budget as approved if it is for an emergency and for the safety of the general public.

Formal budgetary integration is employed as a management control device during the year for the General Fund and proprietary funds.

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

Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2021.

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

3. Deposits and Investments Town (Excluding the OPEB Trust Fund)

State statutes Massachusetts General Law (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations have maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consists of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks and Massachusetts Municipal Depository Trust (MMDT).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town's policies related to the custodial credit risk of deposits are that the Treasurer will engage only in those institutions with proven financial strength, capital adequacy, and overall affirmative reputation in the municipal industry.

As of June 30, 2021, none of the Town's bank balance of \$37,418,300 was exposed to custodial credit risk as uninsured and uncollateralized.

Investment Summary

The following is a summary of the Town's investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ <u>8,962,695</u>
Total investments	\$ <u><u>8,962,695</u></u>

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Town's policies related to the custodial credit risk of investments are that the Treasurer will engage only in those institutions with proven financial strength, capital adequacy, and overall affirmative reputation in the municipal industry.

As of June 30, 2021, the Town did not have investments subject to custodial credit risk exposure as all assets were held in the Town's name.

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

Individual investments exceeding 5% of the Town's total investments are as follows:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of total Investments</u>
Charles River	\$ 7,437,381	83%
Hometown Bank	<u>1,525,314</u>	17%
Total	<u>\$ 8,962,695</u>	

Interest Rate Risk – Investments of Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's policies related to the interest rate risk of investments are that the Investment Manager will manage interest rate risk by managing duration, as a measure of interest rate sensitivity. Also, the Town limits all securities to have a maturity of less than 10 years, with at least 50% with an average maturity of less than 5 years.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less</u>	
		<u>Than 1</u>	<u>1-5</u>
Certificates of deposits	\$ <u>8,962,695</u>	\$ <u>6,546,086</u>	\$ <u>2,416,609</u>
Total	\$ <u>8,962,695</u>	\$ <u>6,546,086</u>	\$ <u>2,416,609</u>

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

4. Investments – OPEB Trust Fund

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

The following is a summary of the OPEB Trust Fund's investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 69,593
Corporate equities	1,321,279
Equity mutual funds	316,111
Federal agency securities	67,204
Fixed income mutual funds	136,793
U.S. Treasury notes	<u>94,817</u>
Total investments	<u>\$ 2,005,797</u>

Custodial Credit Risk

As of June 30, 2021, all of the OPEB Trust Fund's total investments were subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the OPEB Trust Fund's brokerage firm, which is also the counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	Held by <u>Counterparty</u>
Corporate bonds	\$ 69,593	\$ 69,593
Corporate equities	1,321,279	1,321,279
Federal agency securities	67,204	67,204
U.S. Treasury notes	<u>94,817</u>	<u>94,817</u>
Total	<u>\$ 1,552,893</u>	<u>\$ 1,552,893</u>

Credit Risk – Investments of Debt Securities

As of June 30, 2021, the credit quality ratings as rated by S&P Global Ratings of the Town's debt securities are as follows. (All U.S. Treasury securities have an implied credit rating of AAA):

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>B</u>
Corporate bonds	\$ 69,593	\$ -	\$ 27,377	\$ 42,216	\$ -
Federal agency securities	67,204	-	67,204	-	-
Fixed income mutual funds	<u>136,793</u>	<u>46,434</u>	<u>49,499</u>	<u>-</u>	<u>40,860</u>
Total	<u>\$ 273,590</u>	<u>\$ 46,434</u>	<u>\$ 144,080</u>	<u>\$ 42,216</u>	<u>\$ 40,860</u>

Concentration of Credit Risk

As of June 30, 2021, the OPEB Trust Fund does not have an investment in one issuer greater than 5% of total investments.

Interest Rate Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>1-5</u>	<u>6-10</u>
Corporate bonds	\$ 69,593	\$ 69,593	\$ -
Federal agency securities	67,204	67,204	-
Fixed income mutual funds	136,793	136,793	-
U.S. Treasury notes	<u>94,817</u>	<u>-</u>	<u>94,817</u>
Total	\$ <u>368,407</u>	\$ <u>273,590</u>	\$ <u>94,817</u>

Fair Value

The OPEB Trust Fund has the following fair value measurements as of June 30, 2021:

		Fair Value Measurements Using:	
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
<u>Investment Type</u>	<u>Amount</u>		
Investments by fair value level:			
Corporate bonds	\$ 69,593	\$ -	\$ 69,593
Corporate equities	1,321,279	1,321,279	-
Equity mutual funds	316,111	316,111	-
Federal agency securities	67,204	-	67,204
Fixed income mutual funds	136,793	-	136,793
U.S. Treasury notes	<u>94,817</u>	<u>94,817</u>	<u>-</u>
Total	<u>\$ 2,005,797</u>	<u>\$ 1,732,207</u>	<u>\$ 273,590</u>

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

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

5. Property Taxes and Excises Receivable

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

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Lining of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 1/2 % of the prior year's levy plus the taxes on property newly added to the tax rolls.

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

Property taxes and excise receivables at June 30, 2021 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long- Term Portion
Real estate taxes	\$ 510,168	\$ (159,000)	\$ 351,168	\$ -
Personal property taxes	30,653	(26,000)	4,653	-
Tax liens	1,135,572	(114,000)	-	1,021,572
Deferred taxes	<u>17,223</u>	<u>(2,000)</u>	<u>15,223</u>	<u>-</u>
Total property taxes	<u>\$ 1,693,616</u>	<u>\$ (301,000)</u>	<u>\$ 371,044</u>	<u>\$ 1,021,572</u>
Motor vehicle excise	<u>\$ 174,255</u>	<u>\$ (120,000)</u>	<u>\$ 54,255</u>	
Total excises	<u>\$ 174,255</u>	<u>\$ (120,000)</u>	<u>\$ 54,255</u>	

6. User Fee Receivables

Receivables for user charges and betterments at June 30, 2021 consist of the following:

<u>Governmental Funds</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Ambulance	\$ 197,719	\$ (55,000)	\$ 142,719
Total	<u>\$ 197,719</u>	<u>\$ (55,000)</u>	<u>\$ 142,719</u>
<u>Business-Type Funds</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Sewer	\$ 786,311	\$ (159,000)	\$ 627,311
Water	750,660	(71,000)	679,660
Solid Waste	<u>241,311</u>	<u>(22,000)</u>	<u>219,311</u>
Total	<u>\$ 1,778,282</u>	<u>\$ (252,000)</u>	<u>\$ 1,526,282</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal year 2021.

8. Interfund Transfers

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

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,395,750	\$ 39,889
Nonmajor Government Funds:		
Special Revenue Funds	-	953,526
Capital Project Funds	-	<u>57,970</u>
Subtotal nonmajor governmental funds	-	1,011,496
<u>Business-Type Funds</u>		
Sewer Fund	39,889	109,787
Water Fund	-	219,574
Nonmajor Funds:		
Solid Waste Fund	-	<u>54,893</u>
Subtotal business-type funds	<u>39,889</u>	<u>384,254</u>
Total	<u>\$ 1,435,639</u>	<u>\$ 1,435,639</u>

Of the transfer into the General Fund, \$793,919 was transferred from the Ambulance Receipts Reserved Fund. Additionally, \$384,254 was transferred from various business-type funds for payments related to the DPS facility. The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the General Fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

9. Capital Assets

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 116,141	\$ -	\$ -	\$ 116,141
Machinery, equipment, and furnishings	19,544	1,090	(50)	20,584
Infrastructure	<u>38,475</u>	<u>1,581</u>	<u>-</u>	<u>40,056</u>
Total capital assets, being depreciated	174,160	2,671	(50)	176,781
Less accumulated depreciation for:				
Buildings and improvements	(43,382)	(2,709)	-	(46,091)
Machinery, equipment, and furnishings	(12,464)	(1,246)	50	(13,660)
Infrastructure	<u>(26,005)</u>	<u>(788)</u>	<u>-</u>	<u>(26,793)</u>
Total accumulated depreciation	<u>(81,851)</u>	<u>(4,743)</u>	<u>50</u>	<u>(86,544)</u>
Capital assets, being depreciated, net	92,309	(2,072)	-	90,237
Capital assets, not being depreciated:				
Land	24,924	740	-	25,664
Construction in progress	<u>15,694</u>	<u>6,281</u>	<u>-</u>	<u>21,975</u>
Total capital assets, not being depreciated	<u>40,618</u>	<u>7,021</u>	<u>-</u>	<u>47,639</u>
Governmental activities capital assets, net	<u>\$ 132,927</u>	<u>\$ 4,949</u>	<u>\$ -</u>	<u>\$ 137,876</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 14	\$ -	\$ -	\$ 14
Machinery, equipment, and furnishings	2,307	62	-	2,369
Infrastructure	<u>55,511</u>	<u>324</u>	<u>-</u>	<u>55,835</u>
Capital assets, being depreciated	57,832	386	-	58,218
Less accumulated depreciation for:				
Buildings and improvements	(14)	-	-	(14)
Machinery, equipment, and furnishings	(1,393)	(182)	-	(1,575)
Infrastructure	<u>(27,845)</u>	<u>(1,006)</u>	<u>-</u>	<u>(28,851)</u>
Total accumulated depreciation	<u>(29,252)</u>	<u>(1,188)</u>	<u>-</u>	<u>(30,440)</u>
Total capital assets, being depreciated, net	28,580	(802)	-	27,778
Capital assets, not being depreciated:				
Land	615	-	-	615
Construction in progress	<u>4,537</u>	<u>3,788</u>	<u>-</u>	<u>8,325</u>
Total capital assets, not being depreciated	<u>5,152</u>	<u>3,788</u>	<u>-</u>	<u>8,940</u>
Business-type activities capital assets, net	<u>\$ 33,732</u>	<u>\$ 2,986</u>	<u>\$ -</u>	<u>\$ 36,718</u>

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

Governmental Activities	
General government	\$ 217
Public safety	561
Education	2,473
Public works	1,167
Health and human services	4
Culture and recreation	<u>321</u>
Total governmental activities	<u>\$ 4,743</u>
Business-Type Activities	
Sewer	\$ 399
Water	<u>789</u>
Total business-type activities	<u>\$ 1,188</u>

10. Deferred Outflows of Resources

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

11. Notes Payable

The Town had the following notes outstanding at June 30, 2021:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/21</u>
MCWT 16-06	2.00%	10/01/16	10/01/21	\$ 200,000
Urban Renewal	0.39%	04/27/21	10/20/21	<u>135,000</u>
Total				<u>\$ 335,000</u>

The following summarizes activity in notes payable during fiscal year 2021:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
MCWT 16-06	\$ 200,000	\$ -	\$ -	\$ 200,000
Urban Renewal	250,000	-	(250,000)	-
Urban Renewal	<u>-</u>	<u>135,000</u>	<u>-</u>	<u>135,000</u>
Total	<u>\$ 450,000</u>	<u>\$ 135,000</u>	<u>\$ (250,000)</u>	<u>\$ 335,000</u>

12. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds (including direct placements) and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings currently outstanding are as follows:

<u>Governmental Activities</u>				Amount Outstanding as of 6/30/21
<u>General Obligation Bonds</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	
Public offerings:				
Multipurpose	\$ 4,294,000	04/15/22	3.73%	\$ 155,000
Surface refunding	130,000	08/01/23	2.54%	30,000
Multipurpose	11,446,000	08/15/23	4.00%	2,975,000
Municipal purpose loan of 2016	2,920,138	11/15/25	1.20%	955,000
Municipal purpose loan of 2016	140,000	09/15/26	1.20%	25,000
General obligation	4,497,550	09/15/26	3.00%	2,385,000
Energy conservation	3,780,050	03/15/29	3.00%	1,780,000
Multipurpose	2,089,810	08/15/29	2.92%	110,000
General obligation	5,238,000	10/15/29	2.02%	2,750,000
General obligation	5,100,000	02/15/32	1.98%	2,580,000
Multipurpose	3,355,000	09/15/32	2.67%	2,835,000
Multipurpose	6,250,000	09/15/32	2.22%	3,730,000
Multipurpose	15,185,000	09/01/39	3.00%	13,290,000
General obligation	1,000,000	09/09/30	4.00%	<u>1,000,000</u>
Total public offerings				<u>34,600,000</u>
Total general obligation bonds				34,600,000
<u>Loans - Direct Borrowings</u>				
MWPAT (Title V Septic Mgmt.)	\$ 71,339	08/01/23	0.00%	10,797
MCWT 97-1086C	200,000	01/15/37	0.00%	<u>160,480</u>
Total loans - direct borrowings				<u>171,277</u>
Total governmental activities				<u>\$ 34,771,277</u>

<u>Business-Type Activities</u>		Serial	Interest	Amount
		Maturities	Rate(s) %	Outstanding
		<u>Through</u>		<u>as of</u>
				<u>6/30/21</u>
<u>General Obligation Bonds</u>				
Public offerings:				
Municipal purpose loan of 2016	\$ 2,920,138	09/15/26	1.20%	\$ 480,000
General obligation	301,400	03/15/29	3.00%	110,000
Sewer projects	315,000	03/15/29	3.00%	105,000
Water storage tank	750,000	08/15/29	2.99%	350,000
Well	550,000	08/15/29	2.97%	250,000
Sewer projects	950,000	08/15/29	3.01%	450,000
Water well	1,744,884	10/15/29	3.18%	765,000
Water well	555,116	10/15/29	3.15%	225,000
Sewer projects	1,668,800	10/15/29	3.17%	730,000
Water	2,870,000	02/15/32	2.02%	1,445,000
General obligation	5,100,000	09/15/32	1.98%	40,000
Stormwater infrastructure	15,185,000	09/01/39	3.00%	1,065,000
General obligation	7,510,000	09/09/30	4.00%	<u>7,510,000</u>
Total public offerings				<u>13,525,000</u>
Total general obligation bonds				13,525,000
<u>Loans - Direct Borrowings</u>				
MWPAT DW13-13	\$ 1,501,102	07/15/35	2.00%	1,116,397
MWPAT DW13-13A	1,103,563	07/15/35	2.00%	947,974
MCWT CW-11-20	500,000	01/15/39	0.00%	<u>459,110</u>
Total loans - direct borrowings				<u>2,523,481</u>
Total business-type activities				<u>\$ 16,048,481</u>

Future Debt Service

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

<u>Governmental</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,445,000	\$ 1,066,795	\$ 13,517	\$ -
2023	3,255,000	940,893	13,532	-
2024	3,140,000	826,413	13,546	-
2025	3,100,000	721,358	9,962	-
2026	3,095,000	615,839	9,977	-
2027 - 2031	10,730,000	1,817,663	50,110	-
2032 - 2037	5,095,000	568,064	50,490	-
2037 - 2041	<u>2,740,000</u>	<u>132,054</u>	<u>10,143</u>	<u>-</u>
Total	\$ <u>34,600,000</u>	\$ <u>6,689,079</u>	\$ <u>171,277</u>	\$ <u>-</u>

<u>Business-Type</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,065,000	\$ 356,352	\$ 144,330	\$ 41,287
2023	1,045,000	319,352	147,466	38,823
2024	1,010,000	281,542	150,672	36,303
2025	1,000,000	247,370	153,946	33,732
2026	955,000	216,050	157,292	31,105
2027 - 2031	4,100,000	660,642	839,254	114,050
2032 - 2036	2,280,000	303,278	841,156	39,219
2037 - 2041	<u>2,070,000</u>	<u>89,638</u>	<u>89,365</u>	<u>-</u>
Total	\$ <u>13,525,000</u>	\$ <u>2,474,224</u>	\$ <u>2,523,481</u>	\$ <u>334,519</u>

Changes in General Long-Term Liabilities

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Less Current <u>Portion</u>	Equals Long-Term <u>Portion</u>
Governmental Activities						
Bonds payable:						
Public offerings	\$ 37,060	\$ 1,000	\$ (3,460)	\$ 34,600	\$ (3,444)	\$ 31,156
Loans payable (direct borrowings)	185	-	(14)	171	(14)	157
Unamortized premium	<u>1,330</u>	<u>50</u>	<u>(70)</u>	<u>1,310</u>	<u>(73)</u>	<u>1,237</u>
Subtotal	38,575	1,050	(3,544)	36,081	(3,531)	32,550
Net pension liability	20,121	-	(2,363)	17,758	-	17,758
Net OPEB liability	21,869	50	-	21,919	-	21,919
Compensated absences	432	4	-	436	(22)	414
Capital leases	<u>7</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 81,004</u>	<u>\$ 1,104</u>	<u>\$ (5,914)</u>	<u>\$ 76,194</u>	<u>\$ (3,553)</u>	<u>\$ 72,641</u>
Business-Type Activities						
Bonds payable:						
Public offerings	\$ 6,720	\$ 7,510	\$ (705)	\$ 13,525	\$ (1,065)	\$ 12,460
Loans payable (direct borrowings)	2,664	-	(141)	2,523	(144)	2,379
Unamortized premium	<u>99</u>	<u>321</u>	<u>(5)</u>	<u>415</u>	<u>(21)</u>	<u>394</u>
Subtotal	9,483	7,831	(851)	16,463	(1,230)	15,233
Net pension liability	480	-	(286)	194	-	194
Net OPEB liability	254	-	(16)	238	-	238
Compensated absences	<u>24</u>	<u>-</u>	<u>(1)</u>	<u>23</u>	<u>(1)</u>	<u>22</u>
Total	<u>\$ 10,241</u>	<u>\$ 7,831</u>	<u>\$ (1,154)</u>	<u>\$ 16,918</u>	<u>\$ (1,231)</u>	<u>\$ 15,687</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

Bonds and loans issued by the Town for various municipal projects are approved by town meeting and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds.

13. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

14. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2021:

Nonspendable

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes General Fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes special article appropriations approved at town meeting and various special revenue funds.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.

Unassigned

Represents amounts that are available to be spent in future periods, general stabilization fund, and deficit funds.

Following is a breakdown of the Town's fund balances at June 30, 2021:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Nonexpendable permanent funds	\$ -	\$ 110,869	\$ 110,869
Total Nonspendable	-	110,869	110,869
Restricted			
Debt service	513,639	-	513,639
Bonded capital projects	-	451,155	451,155
Special revenue funds	-	10,439,258	10,439,258
Expendable permanent funds	-	329,585	329,585
Total Restricted	513,639	11,219,998	11,733,637
Committed			
For continuing appropriations:			
General government	618,855	-	618,855
Public safety	192,984	-	192,984
Education	629,299	-	629,299
Public works	1,136,899	-	1,136,899
Health and human services	123,355	-	123,355
Culture and recreation	159,603	-	159,603
Stabilization capital improvements*	3,228,912	-	3,228,912
Stabilization athletic field*	305,600	-	305,600
Stabilization debt*	533,280	-	533,280
Total Committed	6,928,787	-	6,928,787
Assigned			
Encumbrances:			
General government	28,223	-	28,223
Public safety	47,445	-	47,445
Education	116,738	-	116,738
Public works	7,212	-	7,212
Health and human services	500	-	500
Culture and recreation	17	-	17
Reserved for expenditures:			
Capital budget	448,256	-	448,256
Total Assigned	648,391	-	648,391
Unassigned			
General fund	8,424,196	-	8,424,196
General stabilization fund	3,839,053	-	3,839,053
Special revenue	-	(178,984)	(178,984)
Capital projects	-	(124,510)	(124,510)
Total Unassigned	12,263,249	(303,494)	11,959,755
Total Fund Balance	\$ 20,354,066	\$ 11,027,373	\$ 31,381,439

* Massachusetts General Law Ch. 40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of 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.

15. Norfolk County Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

Plan Description

Substantially all employees of the Town (with the exception of school department employees who serve in a teaching capacity) are members of the Norfolk County Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 480 Neponset Street, Building 15, Canton, Massachusetts 02021 or from the System's website at www.norfolkcountyretirement.org.

Participants' Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those

first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are 4 classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

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

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his

or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2021 was \$2,814,947, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

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 System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At June 30, 2021, the Town reported a liability of \$17,951,491 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability

was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Town's proportion was 3.51470%, which was an increase of .00590 from its proportion measured as of December 31, 2019.)

For the year ended June 30, 2021, the Town recognized pension expense of \$2,592,567. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 907,458	\$ -
Changes of assumptions	80,467	-
Net difference between projected and actual earnings on pension plan investments	-	(1,564,579)
Changes in proportion and differences between contributions and proportionate share of contributions	<u>43,791</u>	<u>(24,493)</u>
Total	\$ <u>1,031,716</u>	\$ <u>(1,589,072)</u>

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

Year ended June 30:	
2022	\$ 163,744
2023	376,627
2024	(811,667)
2025	<u>(286,060)</u>
Total	\$ <u>(557,356)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	1/1/2020
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	3.50-5.50%
Inflation rate	3.00%
Post-retirement cost-of-living adjustment	3% of first \$18,000 of retirement income
Remaining amortization period	2040

It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2014, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2014.

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	30.50%	7.30%
International equities	15.50%	8.10%
Fixed income	20.50%	4.30%
Real estate	9.50%	8.20%
Private equity	10.00%	9.90%
Hedge funds	11.50%	9.90%
Real assets	2.50%	9.00%
Total	<u>100.00%</u>	

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Change 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 one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
\$ 24,167,467	\$ 17,951,491	\$ 12,578,060

Pension Plan Fiduciary Net Position

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

16. Massachusetts Teachers' Retirement System (MTRS)**Plan Description**

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

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or

their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

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

Contributions

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

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2010. This valuation used the following assumptions:

- (a) 7.15% (changed from 7.25%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.
- Mortality rates were as follows:
 - Pre-retirement - reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

Target Allocations

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.70%
Private equity	13.00%	8.20%
Portfolio completion strategies	11.00%	3.20%
Real estate	10.00%	3.60%
Value added fixed income	8.00%	4.70%
Timber/natural resources	4.00%	4.10%
Total	<u>100.00%</u>	

Discount Rate

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

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate (amounts in thousands):

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

Special Funding Situation

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

Town Proportions

In fiscal year 2020 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$67,657,304 based on a proportionate share of 0.23702%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution of \$3,681,964 as both a revenue and expenditure in the General Fund, and its portion of the collective pension expense of approximately \$8,356,646 as both a revenue and expense in governmental activities.

17. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2012, the Town established a single

employer defined benefits OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

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

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

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through Tufts Health Plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

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

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget limitations/authorizations.

Plan Membership

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	314
Active employees	<u>312</u>
Total	<u><u>626</u></u>

Investments

The OPEB trust fund assets consist of equities, mutual funds, corporate bonds, federal agency securities, and U.S. Treasury notes.

Rate of return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 25.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3% annually as of June 30, 2021 and for future periods
Investment rate of return	6.77%, net of OPEB plan investment expense, including inflation
Municipal bond rate	2.18%
Discount rate	6.50%
Healthcare cost trend rates	4.5% for 2021 grading down 0.00% per year for an ultimate trend rate of 4.50%
Participation rate	80% of employees eligible to receive retirement benefits

Mortality rates were based on RP-2014 Employees Mortality Table projected generationally with scale MP-2016 for males and females.

The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	53.75%	4.90%
Domestic Equity - Small/Mid Cap	6.50%	5.40%
International Equity - Developed Market	8.00%	5.32%
International Equity - Emerging Market	3.00%	6.26%
Domestic Fixed Income	16.25%	1.40%
International Fixed Income	0.00%	1.30%
Alternatives	5.25%	6.32%
Real Estate	5.75%	6.25%
Cash and Cash Equivalents	<u>1.50%</u>	0.00%
Total	<u>100.00%</u>	

Contributions

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

Discount Rate

The discount rate used to measure the net OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.77% and municipal bond rate of 2.18% thereafter (based on index provided by S&P on 20-year municipal bond rate as of June 30, 2021).

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2021, were as follows:

Total OPEB liability	\$ 24,162,701
Plan fiduciary net position	<u>2,005,797</u>
Net OPEB liability	<u>\$ 22,156,904</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.30%

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

Changes in the Net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 23,422,424	\$ 1,299,187	\$ 22,123,237
Changes for the year:			
Service cost	467,429	-	467,429
Interest	1,513,165	-	1,513,165
Contributions - employer	-	1,540,317	(1,540,317)
Net investment income	-	406,610	(406,610)
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Benefit payments	<u>(1,240,317)</u>	<u>(1,240,317)</u>	<u>-</u>
Net Changes	<u>740,277</u>	<u>706,610</u>	<u>33,667</u>
Balances, end of year	<u>\$ 24,162,701</u>	<u>\$ 2,005,797</u>	<u>\$ 22,156,904</u>

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
\$25,060,768	\$22,156,904	\$19,741,777

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

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

	Current Healthcare Cost Trend Rates	
1% Decrease <u>(3.5%)</u>		1% Increase <u>(5.5%)</u>
\$19,491,707	\$22,156,904	\$25,369,397

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

For the year ended June 30, 2021, the Town recognized an OPEB expense of \$1,805,617. At June 30, 2021, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ (5,571,487)
Changes in assumptions	-	(3,413,037)
Net difference between projected and actual earnings on OPEB investment	<u>-</u>	<u>(249,820)</u>
Total	\$ <u>-</u>	\$ <u>(9,234,344)</u>

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

Year Ended June 30:

2022	\$ (3,688,268)
2023	(3,200,868)
2024	(1,867,081)
2025	<u>(478,127)</u>
Total	\$ <u>(9,234,344)</u>

18. Change in Accounting Principle

During fiscal year 2021, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

19. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. 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 the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations remains uncertain.

Outstanding Legal Issues

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

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end, the Town's General Fund has \$200,135 in encumbrances that will be honored in the next fiscal year.

20. Beginning Fund Balance/Net Position Reclassification

The beginning (July 1, 2020) fund balance/net position of the Town has been reclassified as follows:

Government-Wide Financial Statements:

	Governmental <u>Activities</u>
As previously reported	\$ 74,064,073
Implementation of GASB 84	<u>(54,680)</u>
As reclassified	<u><u>\$ 74,009,393</u></u>

Fund Basis Financial Statements:

	<u>Governmental Funds</u>	
	<u>DPW Facility Project</u>	<u>Nonmajor Funds</u>
As previously reported	\$ 6,575,616	\$ 7,428,170
Change in major fund	(6,575,616)	6,575,616
Implementation of GASB 84	<u>-</u>	<u>(54,680)</u>
As reclassified	<u><u>\$ -</u></u>	<u><u>\$ 13,949,106</u></u>

21. Subsequent Events

Management has evaluated subsequent events through January 18, 2022, which is the date the financial statements were available to be issued.

22. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has not evaluated the effect this standard will have on the financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

Required Supplementary Information
General Fund

Schedule of Revenues, Expenditures and Other Financing Sources (Uses) –
Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Property taxes	\$ 42,574,741	\$ 42,574,741	\$ 44,452,450	\$ 1,877,709
Excises	2,015,568	2,015,568	1,905,408	(110,160)
Penalties, interest and other taxes	104,000	104,000	406,193	302,193
Charges for services	150,000	150,000	17,500	(132,500)
Intergovernmental	10,942,257	10,942,257	12,055,191	1,112,934
Licenses and permits	270,000	270,000	1,448,244	1,178,244
Fines and forfeitures	20,000	20,000	19,103	(897)
Investment income	50,000	50,000	96,050	46,050
Miscellaneous	504,532	504,532	538,189	33,657
Total Revenues	56,631,098	56,631,098	60,938,328	4,307,230
Expenditures				
General government	4,549,288	4,549,288	4,346,074	203,214
Public safety	6,772,568	6,772,568	6,354,386	418,182
Education	30,067,412	30,067,412	30,061,814	5,598
Public works	6,193,432	6,193,432	6,012,302	181,130
Health and human services	626,397	626,397	552,376	74,021
Culture and recreation	667,110	667,110	625,262	41,848
Employee benefits	9,946,461	9,946,461	9,265,159	681,302
Debt service	4,132,825	4,132,825	3,884,864	247,961
Intergovernmental	917,818	917,818	897,284	20,534
Total Expenditures	63,873,311	63,873,311	61,999,521	1,873,790
Excess (Deficiency) of Revenues over Expenditures	(7,242,213)	(7,242,213)	(1,061,193)	6,181,020
Other Financing Sources/Uses				
Transfers in	1,734,992	1,734,992	1,952,569	217,577
Transfers out	(3,375,107)	(3,375,107)	(3,375,107)	-
Use of free cash:				
Operating budget	2,985,000	2,985,000	2,985,000	-
Capital budget	3,899,042	3,899,042	3,899,042	-
Other source	1,998,286	1,998,286	1,998,286	-
Total Other Financing Sources (Uses)	7,242,213	7,242,213	7,459,790	217,577
Overall Budgetary Excess (Deficiency)	\$ -	\$ -	\$ 6,398,597	\$ 6,398,597

See Independent Auditors' Report and notes to the Required Supplementary Information.

**Notes to Required Supplementary Information
for General Fund Budget**

Budgetary Basis

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

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from Generally Accepted Accounting Principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

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

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/(Uses)</u>
GAAP basis	\$ 64,668,394	\$ 62,664,647	\$ 1,355,861
Remove effect of combining stabilization and General Fund	(48,102)	-	(2,734,107)
Reverse beginning of year appropriation carryforwards from expenditures	-	-	1,998,286
Add end-of-year appropriation carryforwards from expenditures	-	3,061,130	-
To record use of free cash	-	-	6,884,042
To reverse the effect of non-budgeted State contributions	(3,681,964)	(3,681,964)	-
Transfer reclassification	<u>-</u>	<u>(44,292)</u>	<u>(44,292)</u>
Budgetary basis	<u>\$ 60,938,328</u>	<u>\$ 61,999,521</u>	<u>\$ 7,459,790</u>

TOWN OF MEDWAY, MASSACHUSETTS
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

Norfolk County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	December 31, 2020	3.51470%	\$17,951,491	\$ 12,818,563	140.04%	70.20%
June 30, 2020	December 31, 2019	3.50880%	\$20,600,634	\$ 12,385,085	166.33%	58.30%
June 30, 2019	December 31, 2018	3.50570%	\$22,820,017	\$ 10,910,178	209.16%	58.30%
June 30, 2018	December 31, 2017	3.49840%	\$19,346,303	\$ 10,541,235	183.53%	63.50%
June 30, 2017	December 31, 2016	3.57230%	\$18,648,214	\$ 10,645,915	175.17%	61.60%
June 30, 2016	December 31, 2015	3.57226%	\$17,951,491	\$ 9,768,080	183.78%	58.60%
June 30, 2015	December 31, 2014	3.31514%	\$17,193,151	\$ 9,196,377	187.00%	60.10%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town</u>	<u>Total Net Pension Liability Associated with the Town</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	June 30, 2020	0.23702%	\$ -	\$ 67,657,304	\$ 67,657,304	\$ 17,958,529	-	50.67%
June 30, 2020	June 30, 2019	0.26917%	\$ -	\$ 67,869,604	\$ 67,869,604	\$ 19,588,190	-	53.95%
June 30, 2019	June 30, 2018	0.24439%	\$ -	\$ 57,947,940	\$ 57,947,940	\$ 17,163,182	-	54.84%
June 30, 2018	June 30, 2017	0.24731%	\$ -	\$ 56,598,536	\$ 56,598,536	\$ 16,793,710	-	54.25%
June 30, 2017	June 30, 2016	0.27236%	\$ -	\$ 60,892,954	\$ 60,892,954	\$ 17,914,572	-	52.73%
June 30, 2016	June 30, 2015	0.26177%	\$ -	\$ 53,635,439	\$ 53,635,439	\$ 16,593,307	-	55.38%
June 30, 2015	June 30, 2014	0.26546%	\$ -	\$ 42,198,485	\$ 42,198,485	\$ 16,276,664	-	61.64%

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

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

TOWN OF MEDWAY, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Norfolk County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	December 31, 2020	\$ 2,814,947	\$ 2,814,947	\$ -	\$ 12,818,563	21.96%
June 30, 2020	December 31, 2019	\$ 2,628,086	\$ 2,628,086	\$ -	\$ 12,385,085	21.22%
June 30, 2019	December 31, 2018	\$ 2,452,486	\$ 2,452,486	\$ -	\$ 10,910,178	22.48%
June 30, 2018	December 31, 2017	\$ 2,239,347	\$ 2,239,347	\$ -	\$ 10,541,235	21.24%
June 30, 2017	December 31, 2016	\$ 2,098,530	\$ 2,098,530	\$ -	\$ 10,645,915	19.71%
June 30, 2016	December 31, 2015	\$ 1,902,885	\$ 1,902,885	\$ -	\$ 9,768,080	19.48%
June 30, 2015	December 31, 2014	\$ 1,565,052	\$ 1,565,052	\$ -	\$ 9,196,377	17.00%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	June 30, 2020	\$ 3,681,964	\$ 3,681,964	\$ -	\$ 17,958,529	20.50%
June 30, 2020	June 30, 2019	\$ 3,886,093	\$ 3,886,093	\$ -	\$ 19,588,190	19.84%
June 30, 2019	June 30, 2018	\$ 3,213,194	\$ 3,213,194	\$ -	\$ 17,163,182	18.72%
June 30, 2018	June 30, 2017	\$ 3,055,589	\$ 3,055,589	\$ -	\$ 16,793,710	18.19%
June 30, 2017	June 30, 2016	\$ 3,062,859	\$ 3,062,859	\$ -	\$ 17,914,572	17.10%
June 30, 2016	June 30, 2015	\$ 2,675,091	\$ 2,675,091	\$ -	\$ 16,593,307	16.12%
June 30, 2015	June 30, 2014	\$ 2,488,368	\$ 2,488,368	\$ -	\$ 16,276,664	15.29%

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

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

TOWN OF MEDWAY, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in the Net OPEB Liability

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service cost	\$ 467,429	\$ 451,964	\$ 859,147	\$ 1,131,121	\$ 1,736,589
Interest	1,513,165	1,518,178	1,780,917	1,275,640	1,288,949
Differences between expected and actual experience	-	(8,229,244)	-	(4,578,261)	-
Changes of assumptions	-	(1,239,039)	(6,619,542)	-	-
Benefit payments, including refunds of member contributions	<u>(1,240,317)</u>	<u>(1,164,729)</u>	<u>(1,125,076)</u>	<u>(1,056,137)</u>	<u>(1,054,410)</u>
Net change in total OPEB liability	740,277	(8,662,870)	(5,104,554)	(3,227,637)	1,971,128
Total OPEB liability - beginning	<u>23,422,424</u>	<u>32,085,294</u>	<u>37,189,848</u>	<u>40,417,485</u>	<u>38,446,357</u>
Total OPEB liability - ending (a)	24,162,701	23,422,424	32,085,294	37,189,848	40,417,485
Plan Fiduciary Net Position					
Contributions - employer	1,540,317	1,464,729	1,425,076	1,156,137	1,154,410
Net investment income	406,610	49,866	94,569	2,748	740
Benefit payments, including refunds of member contributions	<u>(1,240,317)</u>	<u>(1,164,729)</u>	<u>(1,125,076)</u>	<u>(1,056,137)</u>	<u>(1,054,410)</u>
Net change in plan fiduciary net position	706,610	349,866	394,569	102,748	100,740
Plan fiduciary net position - beginning	<u>1,299,187</u>	<u>949,321</u>	<u>554,752</u>	<u>452,004</u>	<u>351,264</u>
Plan fiduciary net position - ending (b)	<u>2,005,797</u>	<u>1,299,187</u>	<u>949,321</u>	<u>554,752</u>	<u>452,004</u>
Net OPEB liability (asset) - ending (a-b)	<u>\$ 22,156,904</u>	<u>\$ 22,123,237</u>	<u>\$ 31,135,973</u>	<u>\$ 36,635,096</u>	<u>\$ 39,965,481</u>

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

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

See Independent Auditors' Report.

TOWN OF MEDWAY, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability					
Total OPEB liability	\$ 24,162,701	\$ 23,422,424	\$ 32,085,294	\$ 37,189,848	\$ 40,417,485
Plan fiduciary net position	<u>2,005,797</u>	<u>1,299,187</u>	<u>949,321</u>	<u>554,752</u>	<u>452,004</u>
Net OPEB liability (asset)	<u>\$ 22,156,904</u>	<u>\$ 22,123,237</u>	<u>\$ 31,135,973</u>	<u>\$ 36,635,096</u>	<u>\$ 39,965,481</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.30%	5.55%	2.96%	1.49%	1.12%
Covered employee payroll	\$ 26,896,466	\$ 26,113,074	\$ 21,905,476	\$ 21,267,452	\$ 19,593,907
Net OPEB liability as a percentage of covered employee payroll	82.38%	84.72%	142.14%	172.26%	203.97%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions					
Actuarially determined contribution	\$ 1,617,705	\$ 2,042,707	\$ 2,737,990	\$ 3,230,615	\$ 3,685,435
Contributions in relation to the actuarially determined contribution	<u>1,540,317</u>	<u>1,464,729</u>	<u>1,425,076</u>	<u>1,156,137</u>	<u>1,254,410</u>
Contribution deficiency (excess)	<u>\$ 77,388</u>	<u>\$ 577,978</u>	<u>\$ 1,312,914</u>	<u>\$ 2,074,478</u>	<u>\$ 2,431,025</u>
Covered employee payroll	\$ 26,896,466	\$ 26,113,074	\$ 21,905,476	\$ 21,267,452	\$ 19,593,907
Contributions as a percentage of covered employee payroll	5.73%	5.61%	5.99%	9.75%	12.41%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Investment Returns					
Annual money weighted rate of return, net of investment expense	25.87%	4.07%	11.41%	0.55%	0.00%

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

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

See Independent Auditors' Report.