

TOWN OF WAREHAM, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2020

TOWN OF WAREHAM, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Wareham, 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 Wareham, Massachusetts, as of and for the year ended June 30, 2020, 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

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wareham, Massachusetts, as of June 30, 2020, and the respective

changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of the Town of Wareham'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wareham's internal control over financial reporting and compliance.

Powers + Sullivan, LLC

February 11, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wareham, we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2020. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of 2020 by \$33.8 million (net position).
- At the end of 2020, unassigned fund balance for the general fund was \$9.2 million or 12.4% of total general fund expenditures.
- The general fund operations resulted in a \$2.0 million increase in fund balance.
- The Town's net pension liability decreased by \$3.8 million during 2020, to a balance of \$36.4 million.
- The Town's net other postemployment benefit (OPEB) liability increased by \$6.3 million during 2020, to a balance of \$105.4 million.

Overview of the Financial Statements

Our discussion and analysis of the Town is intended to serve as an introduction to the Town of Wareham's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This analysis also contains other 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 the Town's finances, in a manner similar to private-sector business.

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent 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 result in cash flows in future periods (e.g., uncollected taxes and earned but unused sick and vacation time).

Both of the government-wide financial statements distinguish functions of the Town 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 of the Town include general government, public safety, education, public works, health and human services, culture and recreation, community preservation, COVID-19, and interest. The business-type activities of the Town include the water pollution control facility.

The government-wide financial statements have no component units.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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*.

The Town of Wareham maintains approximately 320 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, school capital projects fund, and town capital projects fund, which are the Town's major governmental funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation, the nonmajor fund.

The Town of Wareham adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as Required Supplementary Information for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water pollution control facility activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses an internal service fund to account for health and dental insurance activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The Town is no longer self-insured for health or dental insurance activities. See Note 10 for more information.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water pollution control facility which is considered to be a major fund of the Town. The internal service fund is presented as a single column in the proprietary fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs.

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

Government-wide Financial Analysis

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As noted below, liabilities and deferred inflows exceeded assets and deferred outflows by approximately \$30.7 million at the close of 2020, resulting in a deficit net position.

	2020	2019
Assets:		
Current assets.....	\$ 56,503,898	\$ 36,925,355
Noncurrent assets (excluding capital).....	1,502,057	1,338,839
Capital assets, nondepreciable.....	22,890,114	10,937,819
Capital assets, net of accumulated depreciation....	64,708,404	65,018,849
Total assets.....	145,604,473	114,220,862
Deferred outflows of resources.....	7,516,803	8,516,231
Liabilities:		
Current liabilities (excluding debt).....	6,940,755	4,882,110
Noncurrent liabilities (excluding debt).....	139,689,239	137,047,470
Current debt.....	4,485,321	3,227,199
Noncurrent debt.....	24,336,499	10,850,367
Total liabilities.....	175,451,814	156,007,146
Deferred inflows of resources.....	8,319,751	9,431,138
Net position:		
Net investment in capital assets.....	82,610,135	70,154,009
Restricted.....	10,218,386	10,318,674
Unrestricted.....	(123,478,810)	(123,173,874)
Total net position.....	\$ (30,650,289)	\$ (42,701,191)

A significant portion of the Town's governmental net position, \$82.6 million, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$10.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$123.5 million. The deficit is the result of the recognition of the net pension liability of \$33.9 million along with the other postemployment benefits liability of \$104.7 million. These are long term unfunded liabilities that will not require significant short-term resources.

The governmental activities net position increased by \$12.1 million during the current year. This was primarily due to capital grants received from the Massachusetts School Building Authority (MSBA) for the construction of the new elementary school. Related construction costs have been capitalized as capital assets.

In total, the Town's charges for services increased \$1.1 million in 2020. This increase is primarily attributable to an increase in general government charges for services, which was primarily due to a \$656,000 increase in cannabis host fees received in 2020.

Key elements of change in net position are as follows:

	2020	2019
Program Revenues:		
Charges for services.....	\$ 7,611,359	\$ 6,473,764
Operating grants and contributions.....	27,428,894	25,670,663
Capital grants and contributions.....	11,446,091	5,543,922
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	42,565,048	39,697,176
Tax and other liens.....	85,452	677,159
Motor vehicle and other excise taxes.....	4,279,820	3,442,771
Community preservation tax.....	851,701	783,157
Penalties and interest on taxes.....	205,554	253,210
Grants and contributions not restricted to specific programs.....	3,598,374	3,222,085
Unrestricted investment income.....	1,051,286	454,302
Miscellaneous.....	217,891	178,050
Total revenues.....	99,341,470	86,396,259
Expenses:		
General government.....	7,908,239	8,073,033
Public safety.....	11,878,018	12,309,156
Education.....	59,866,856	58,740,929
Public works.....	5,015,993	4,948,546
Health and human services.....	1,195,908	1,114,524
Culture and recreation.....	759,812	702,288
Community preservation.....	113,670	149,160
COVID-19.....	201,635	-
Interest.....	350,437	145,440
Total expenses.....	87,290,568	86,183,076
Change in net position.....	12,050,902	213,183
Net position, beginning of year.....	(42,701,191)	(42,914,374)
Net position, end of year.....	\$ (30,650,289)	\$ (42,701,191)

The governmental expenses totaled \$87.3 million of which \$46.5 million was directly supported by program revenues consisting of charges for services and operating and capital grants and contributions. General revenues totaled \$52.8 million, primarily consisting of property taxes, motor vehicle and other excise and non-restricted state aid.

In 2020, the Federal Government approved the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provides federal funding to assist communities in paying costs incurred between March 1, 2020 and December 31, 2021, that are directly related to the COVID-19 pandemic. The Commonwealth of Massachusetts was awarded \$2.7 billion which is to be allocated amongst local governments based on population. The State

has made a portion of these funds available as of June 30, 2020. In 2020, the Town incurred \$202,000 of COVID-19 related expenditures. The Town plans to utilize state and federal grant funding to cover these costs.

Business-type activities – Water Pollution Control Facility

Business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$64.5 million at the close of 2020. The following tables identify key elements of the enterprise operations:

	2020	2019
Assets:		
Current assets.....	\$ 17,249,444	\$ 19,487,616
Noncurrent assets (excluding capital).....	8,761,862	10,249,897
Capital assets, nondepreciable.....	4,842,708	8,939,913
Capital assets, net of accumulated depreciation....	52,908,211	50,952,153
Total assets.....	83,762,225	89,629,579
Deferred outflows of resources.....	349,764	623,751
Liabilities:		
Current liabilities (excluding debt).....	457,226	3,727,554
Noncurrent liabilities (excluding debt).....	3,274,289	3,502,382
Current debt.....	2,548,053	2,502,271
Noncurrent debt.....	13,190,253	15,738,306
Total liabilities.....	19,469,821	25,470,513
Deferred inflows of resources.....	155,517	108,123
Net position:		
Net investment in capital assets.....	49,683,723	48,930,783
Unrestricted.....	14,802,928	15,743,911
Total net position.....	\$ 64,486,651	\$ 64,674,694

	2020	2019
Program Revenues:		
Charges for services.....	\$ 6,539,019	\$ 7,061,411
Capital grants and contributions.....	447,769	614,771
General Revenues:		
Unrestricted investment income.....	238,783	285,496
Miscellaneous.....	107,696	100,867
Total revenues.....	7,333,267	8,062,545
Expenses:		
Water Pollution Control Facility.....	7,521,310	7,689,297
Change in net position.....	(188,043)	373,248
Net position, beginning of year.....	64,674,694	64,301,446
Net position, end of year.....	\$ 64,486,651	\$ 64,674,694

Business-type net position of \$49.7 million represents the investment in capital assets, while \$14.8 million is unrestricted. The Town's business-type activity net position decreased by \$188,000 during the current year. This decrease is due to an operating loss of \$381,000 and interest expense totaling \$494,000. These decreases were offset by investment income totaling \$239,000 and capital contributions totaling \$448,000.

Financial Analysis of the Town's Governmental Funds

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

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's 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 year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$41.5 million, of which \$11.3 million relates to the general fund, \$20.4 million relates to the school capital projects fund, a deficit of \$29,000 relates to the town capital projects fund, and \$9.8 million relates to the nonmajor funds. Cumulatively, there was an increase of \$16.5 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$9.2 million, while total fund balance was \$11.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.4% of total general fund expenditures, while total fund balance represents 15.3% of that same amount. During 2020, the fund balance of the general fund increased by \$2.0 million. This increase was primarily due to positive budgetary results totaling \$1.4 million, a \$121,000 increase from the recognition of real estate and personal property tax revenue received within 60 days of year-end, and a \$495,000 increase in the Town's stabilization funds, which are recorded in the general fund for GAAP.

The school capital projects major fund experienced an increase of \$12.1 million in 2020. This is primarily due to the receipt of \$12.6 million in bond proceeds, \$1.4 of bond premiums, and \$11.0 million received from the Massachusetts School Building Authority, offset by the expenditure of \$12.9 million of these funds during 2020.

The Town capital projects major fund experienced an increase of \$491,000 in 2020. This is primarily due to \$905,000 in bond proceeds, offset by the expenditure of \$598,000 of these funds during 2020.

The internal service fund ending net position was \$82,000. The only activity related to the receipt of investment income. See Note 10 for more information on the Town's risk financing activities.

General Fund Budgetary Highlights

During the year, there was an increase of \$1.6 million in appropriations between the original and final amended budget. This was the net result of various appropriation increases at the Fall 2019 Special Town Meeting.

Capital Asset and Debt Administration

Capital Asset Administration

The Town of Wareham's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$145.3 million (net of depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements to land and buildings, machinery and equipment, vehicles, and infrastructure. The total increase in the Town of Wareham's investment in capital assets for the current year was \$16.0 million, which consisted of an increase of \$15.5 million for governmental activities, mainly attributable to the new elementary school project, and an increase of \$522,000 in the business-type activities.

Debt Administration

At the end of the current year, the Town of Wareham had total debt outstanding of \$44.4 million. Of this amount, \$41.6 million related to long-term debt obligations while \$2.8 million related to short term notes. Of the \$41.6 million in long term debt, \$26.7 million, including unamortized bond premiums, is classified as general obligation long term debt and is backed by the full faith and credit of the government, and \$14.9 million is classified as direct borrowings through the Massachusetts Clean Water Trust. In total, debt outstanding for the governmental activities totaled \$28.7 million, and \$15.7 million related to business-type activities.

The Town has authorized but unissued debt of \$69.8 million, which mainly consists of authorizations to borrow for construction related to the new elementary school project.

The Town has an "AA+" rating from Standards & Poor's for issuing general obligation debt.

Please refer to notes 4, 7, and 8 for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Wareham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant at Wareham Town Hall, 54 Marion Road, Wareham, Massachusetts 02571.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2020

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 43,168,240	\$ 15,206,405	\$ 58,374,645
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,942,856	-	1,942,856
Tax liens.....	1,951,820	356,580	2,308,400
Community preservation fund surtax.....	33,333	-	33,333
Motor vehicle and other excise taxes.....	761,106	-	761,106
User charges.....	-	753,716	753,716
Departmental and other.....	1,147,229	-	1,147,229
Intergovernmental.....	6,682,537	551,176	7,233,713
Community preservation state share.....	192,992	-	192,992
Special assessments.....	32,202	381,567	413,769
Loans.....	31,560	-	31,560
Tax foreclosures.....	560,023	-	560,023
Total current assets.....	56,503,898	17,249,444	73,753,342
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	1,762,331	1,762,331
Special assessments.....	271,171	6,999,531	7,270,702
Loans.....	1,230,886	-	1,230,886
Capital assets, nondepreciable.....	22,890,114	4,842,708	27,732,822
Capital assets, net of accumulated depreciation.....	64,708,404	52,908,211	117,616,615
Total noncurrent assets.....	89,100,575	66,512,781	155,613,356
TOTAL ASSETS.....	145,604,473	83,762,225	229,366,698
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	4,490,412	328,889	4,819,301
Deferred outflows related to other postemployment benefits.....	3,026,391	20,875	3,047,266
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	7,516,803	349,764	7,866,567
LIABILITIES			
CURRENT:			
Warrants payable.....	5,028,286	253,289	5,281,575
Tax refunds payable.....	55,000	-	55,000
Accrued interest.....	88,744	157,937	246,681
Other liabilities.....	520,125	-	520,125
Unearned Revenue.....	10,600	-	10,600
Capital lease obligations.....	106,955	-	106,955
Compensated absences.....	1,238,000	46,000	1,284,000
Notes payable.....	2,770,000	-	2,770,000
Bonds payable.....	1,608,366	2,548,053	4,156,419
Total current liabilities.....	11,426,076	3,005,279	14,431,355
NONCURRENT:			
Capital lease obligations.....	20,694	-	20,694
Compensated absences.....	1,071,000	68,000	1,139,000
Net pension liability.....	33,915,759	2,484,078	36,399,837
Other postemployment benefits.....	104,702,480	722,211	105,424,691
Bonds payable.....	24,315,805	13,190,253	37,506,058
Total noncurrent liabilities.....	164,025,738	16,464,542	180,490,280
TOTAL LIABILITIES.....	175,451,814	19,469,821	194,921,635
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	1,479,091	108,332	1,587,423
Deferred inflows related to other postemployment benefits.....	6,840,660	47,185	6,887,845
TOTAL DEFERRED INFLOWS OF RESOURCES.....	8,319,751	155,517	8,475,268
NET POSITION			
Net investment in capital assets.....	82,610,135	49,683,723	132,293,858
Restricted for:			
Streets.....	89,582	-	89,582
Loans.....	1,262,446	-	1,262,446
Permanent funds:			
Expendable.....	384,547	-	384,547
Nonexpendable.....	393,895	-	393,895
Gifts and grants.....	2,365,662	-	2,365,662
Community preservation.....	5,722,254	-	5,722,254
Unrestricted.....	(123,478,810)	14,802,928	(108,675,882)
TOTAL NET POSITION.....	\$ (30,650,289)	\$ 64,486,651	\$ 33,836,362

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
<i>Governmental Activities:</i>						
General government.....	\$ 7,908,239	\$ 4,171,646	\$ 310,701	\$ -	\$ (3,425,892)	
Public safety.....	11,878,018	1,631,795	578,780	-	(9,667,443)	
Education.....	59,866,856	973,290	25,855,946	10,985,442	(22,052,178)	
Public works.....	5,015,993	372,414	14,564	99,316	(4,529,699)	
Health and human services.....	1,195,908	290,892	390,699	-	(514,317)	
Culture and recreation.....	759,812	171,322	76,569	-	(511,921)	
Community preservation.....	113,670	-	-	361,333	247,663	
COVID-19.....	201,635	-	201,635	-	-	
Interest.....	350,437	-	-	-	(350,437)	
Total Governmental Activities.....	87,290,568	7,611,359	27,428,894	11,446,091	(40,804,224)	
<i>Business-Type Activities:</i>						
Water Pollution Control Facility.....	7,521,310	6,539,019	-	447,769	(534,522)	
Total Primary Government.....	\$ 94,811,878	\$ 14,150,378	\$ 27,428,894	\$ 11,893,860	\$ (41,338,746)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(40,804,224)	(534,522)	(41,338,746)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	42,565,048	-	42,565,048
Tax and other liens.....	85,452	-	85,452
Motor vehicle and other excise taxes.....	4,279,820	-	4,279,820
Community preservation tax.....	851,701	-	851,701
Penalties and interest on taxes.....	205,554	-	205,554
Grants and contributions not restricted to specific programs.....	3,598,374	-	3,598,374
Unrestricted investment income.....	1,051,286	238,783	1,290,069
Miscellaneous.....	217,891	107,696	325,587
Total general revenues.....	52,855,126	346,479	53,201,605
Change in net position.....	12,050,902	(188,043)	11,862,859
<i>Net position:</i>			
Beginning of year.....	(42,701,191)	64,674,694	21,973,503
End of year..... \$	(30,650,289)	64,486,651	33,836,362

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	General	School Capital Projects	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 12,010,682	\$ 18,968,857	\$ 2,092,631	\$ 10,014,273	\$ 43,086,443
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,942,856	-	-	-	1,942,856
Tax liens.....	1,941,144	-	-	10,676	1,951,820
Community preservation fund surtax.....	-	-	-	33,333	33,333
Motor vehicle and other excise taxes.....	761,106	-	-	-	761,106
Departmental and other.....	341,353	-	-	805,876	1,147,229
Intergovernmental.....	-	6,318,537	-	364,000	6,682,537
Community preservation state share.....	-	-	-	192,992	192,992
Special assessments.....	-	-	-	303,373	303,373
Loans.....	-	-	-	1,262,446	1,262,446
Tax foreclosures.....	559,751	-	-	272	560,023
TOTAL ASSETS.....	\$ 17,556,892	\$ 25,287,394	\$ 2,092,631	\$ 12,987,241	\$ 57,924,158
LIABILITIES					
Warrants payable.....	\$ 369,969	\$ 4,261,977	\$ 1,263	\$ 395,077	\$ 5,028,286
Tax refunds payable.....	55,000	-	-	-	55,000
Other liabilities.....	520,125	-	-	-	520,125
Unearned revenue.....	-	-	-	10,600	10,600
Notes payable.....	-	650,000	2,120,000	-	2,770,000
TOTAL LIABILITIES.....	945,094	4,911,977	2,121,263	405,677	8,384,011
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	5,291,781	-	-	2,761,923	8,053,704
FUND BALANCES					
Nonspendable.....	-	-	-	393,895	393,895
Restricted.....	-	20,375,417	16,636	9,455,972	29,848,025
Committed.....	2,065,911	-	-	-	2,065,911
Assigned.....	77,032	-	-	-	77,032
Unassigned.....	9,177,074	-	(45,268)	(30,226)	9,101,580
TOTAL FUND BALANCES.....	11,320,017	20,375,417	(28,632)	9,819,641	41,486,443
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 17,556,892	\$ 25,287,394	\$ 2,092,631	\$ 12,987,241	\$ 57,924,158

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2020

Total governmental fund balances.....	\$ 41,486,443
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	87,598,518
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	8,053,704
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	(802,948)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	81,797
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(88,744)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(25,924,171)
Net pension liability.....	(33,915,759)
Other postemployment benefits.....	(104,702,480)
Capital lease obligations.....	(127,649)
Compensated absences.....	<u>(2,309,000)</u>
Net effect of reporting long-term liabilities.....	<u>(166,979,059)</u>
Net position of governmental activities.....	\$ <u><u>(30,650,289)</u></u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2020

	General	School Capital Projects	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes,					
net of tax refunds.....	\$ 41,442,651	\$ -	\$ -	\$ -	\$ 41,442,651
Tax liens.....	372,366	-	-	67,570	439,936
Motor vehicle and other excise taxes.....	3,935,341	-	-	-	3,935,341
Charges for services.....	-	-	-	55,315	55,315
Penalties and interest on taxes.....	217,023	-	-	799	217,822
Fees and rentals.....	1,599,286	-	-	2,058,247	3,657,533
Licenses and permits.....	1,626,297	-	-	-	1,626,297
Fines and forfeitures.....	123,554	-	-	-	123,554
Intergovernmental - School Building Authority.....	-	10,985,442	-	-	10,985,442
Intergovernmental - Teachers Retirement.....	7,408,349	-	-	-	7,408,349
Intergovernmental.....	17,199,904	-	-	6,736,833	23,936,737
Intergovernmental - COVID-19 relief.....	-	-	-	201,635	201,635
Departmental and other.....	-	-	-	2,044,875	2,044,875
Community preservation taxes.....	-	-	-	827,456	827,456
Contributions and donations.....	-	-	-	213,452	213,452
Investment income (loss).....	945,692	-	-	104,516	1,050,208
Miscellaneous.....	185,880	-	-	-	185,880
TOTAL REVENUES.....	75,056,343	10,985,442	-	12,310,698	98,352,483
EXPENDITURES:					
Current:					
General government.....	4,364,244	-	587,896	1,219,372	6,171,512
Public safety.....	6,877,130	-	9,003	1,684,589	8,570,722
Education.....	33,615,233	12,901,713	-	5,279,416	51,796,362
Public works.....	2,435,413	-	790	558,025	2,994,228
Health and human services.....	615,276	-	-	234,047	849,323
Culture and recreation.....	328,114	-	-	92,264	420,378
Community preservation.....	-	-	-	66,670	66,670
COVID-19.....	-	-	-	201,635	201,635
Pension benefits.....	3,714,049	-	-	-	3,714,049
Pension benefits - Teachers Retirement.....	7,408,349	-	-	-	7,408,349
Employee benefits.....	9,111,734	-	-	-	9,111,734
State and county charges.....	4,647,752	-	-	-	4,647,752
Debt service:					
Principal.....	630,000	-	-	41,913	671,913
Interest.....	392,806	-	-	20,900	413,706
TOTAL EXPENDITURES.....	74,140,100	12,901,713	597,689	9,398,831	97,038,333
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	916,243	(1,916,271)	(597,689)	2,911,867	1,314,150
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	12,615,000	905,000	200,000	13,720,000
Premium from issuance of bonds.....	-	1,418,100	63,353	-	1,481,453
Transfers in.....	1,278,821	-	120,000	52,711	1,451,532
Transfers out.....	(172,711)	-	-	(1,278,821)	(1,451,532)
TOTAL OTHER FINANCING SOURCES (USES)....	1,106,110	14,033,100	1,088,353	(1,026,110)	15,201,453
NET CHANGE IN FUND BALANCES.....	2,022,353	12,116,829	490,664	1,885,757	16,515,603
FUND BALANCES AT BEGINNING OF YEAR.....	9,297,664	8,258,588	(519,296)	7,933,884	24,970,840
FUND BALANCES AT END OF YEAR.....	\$ 11,320,017	\$ 20,375,417	\$ (28,632)	\$ 9,819,641	\$ 41,486,443

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds.....		\$ 16,515,603
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.....	15,543,603	
Depreciation expense.....	<u>(3,901,753)</u>	
Net effect of reporting capital assets.....		11,641,850
Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....		
		964,058
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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.		
Principal payments on capital leases.....	142,394	
Issuance of bonds.....	(13,720,000)	
Premium from issuance of bonds.....	(1,481,453)	
Net amortization of premium from issuance of bonds.....	61,792	
Debt service principal payments.....	<u>671,913</u>	
Net effect of reporting long-term debt.....		(14,325,354)
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.		
Net change in compensated absences accrual.....	(130,000)	
Net change in accrued interest on long-term debt.....	1,477	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(4,876,592)	
Net change in net pension liability.....	3,564,153	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits..	4,988,551	
Net change in other postemployment benefits liability.....	<u>(6,293,922)</u>	
Net effect of recording long-term liabilities.....		(2,746,333)
The net activity of internal service funds is reported with Governmental Activities.....		<u>1,078</u>
Change in net position of governmental activities.....		<u>\$ 12,050,902</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities- Water Pollution Control Facility	Governmental Activities - Internal Service Fund
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 15,206,405	\$ 81,797
Receivables, net of allowance for uncollectibles:		
Liens - user charges.....	356,580	-
User charges.....	753,716	-
Intergovernmental.....	551,176	-
Special assessments.....	364,349	-
Total current assets.....	17,232,226	81,797
NONCURRENT:		
Receivables, net of allowance for uncollectibles:		
Intergovernmental.....	1,762,331	-
Special assessments.....	7,016,749	-
Capital assets, non depreciable.....	4,842,708	-
Capital assets, net of accumulated depreciation.....	52,908,211	-
Total noncurrent assets.....	66,529,999	-
TOTAL ASSETS.....	83,762,225	81,797
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions.....	328,889	-
Deferred outflows related to other postemployment benefits.....	20,875	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	349,764	-
LIABILITIES		
CURRENT:		
Warrants payable.....	253,289	-
Accrued interest.....	157,937	-
Compensated absences.....	68,000	-
Bonds payable.....	2,548,053	-
Total current liabilities.....	3,027,279	-
NONCURRENT:		
Compensated absences.....	46,000	-
Net pension liability.....	2,484,078	-
Other postemployment benefits.....	722,211	-
Bonds payable.....	13,190,253	-
Total noncurrent liabilities.....	16,442,542	-
TOTAL LIABILITIES.....	19,469,821	-
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions.....	108,332	-
Deferred inflows related to other postemployment benefits.....	47,185	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	155,517	-
NET POSITION		
Net investment in capital assets.....	49,683,723	-
Unrestricted.....	14,802,928	81,797
TOTAL NET POSITION.....	\$ 64,486,651	\$ 81,797

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Business-type Activities- Water Pollution Control Facility	Governmental Activities - Internal Service Fund
OPERATING REVENUES:		
Charges for services.....	\$ 6,539,019	\$ -
Other operating revenues.....	107,696	-
TOTAL OPERATING REVENUES	6,646,715	-
OPERATING EXPENSES:		
Cost of services and administration.....	4,364,419	-
Depreciation.....	2,663,152	-
TOTAL OPERATING EXPENSES.....	7,027,571	-
OPERATING INCOME (LOSS).....	(380,856)	-
NONOPERATING REVENUES (EXPENSES):		
Investment income.....	238,783	1,078
Interest expense.....	(493,739)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(254,956)	1,078
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS.....	(635,812)	1,078
CAPITAL CONTRIBUTIONS.....	447,769	-
CHANGE IN NET POSITION.....	(188,043)	1,078
NET POSITION AT BEGINNING OF YEAR.....	64,674,694	80,719
NET POSITION AT END OF YEAR.....	\$ 64,486,651	\$ 81,797

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Business-type Activities- Water Pollution Control Facility	Governmental Activities - Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 7,861,476	\$ -
Payments to vendors.....	(6,714,653)	-
Payments to employees.....	(798,696)	-
NET CASH FROM OPERATING ACTIVITIES.....	348,127	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Betterments and interest on betterments.....	1,419,271	-
Acquisition and construction of capital assets.....	(522,005)	-
Principal payments on bonds and notes.....	(2,502,271)	-
Interest expense.....	(521,849)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,126,854)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	238,783	1,078
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,539,944)	1,078
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	16,746,349	80,719
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 15,206,405	\$ 81,797
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>		
<u>FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ (380,856)	\$ -
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation.....	2,663,152	-
Deferred (outflows)/inflows related to pensions.....	357,174	-
Deferred (outflows)/inflows related to other postemployment benefits.....	(35,793)	-
Changes in assets and liabilities:		
Liens - user charges.....	10,758	-
User charges.....	666,125	-
Intergovernmental.....	537,878	-
Warrants payable.....	(3,265,218)	-
Compensated absences.....	28,000	-
Net pension liability.....	(261,047)	-
Other postemployment benefits.....	27,954	-
Total adjustments.....	728,983	-
NET CASH FROM OPERATING ACTIVITIES.....	\$ 348,127	\$ -
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Capital lease financing.....	\$ -	\$ -
Issuance of refunding bonds.....	-	-
Long-term bonds refunded.....	-	-
Refunding premium.....	-	-
Premium applied to the issuance of debt.....	-	-
Change in the deferred loss on debt refunding.....	-	-
Acquisition of capital assets on account.....	-	-
Increase in fair value of investments.....	-	-
Gain/loss on sale of capital assets.....	-	-
Deferred (outflows)/inflows related to loss on refunding.....	-	-
Intergovernmental subsidy of debt service.....	\$ 539,676	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ -	\$ 619,214	\$ 1,099,844
Investments:			
Mutual funds.....	<u>1,381,202</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS.....	<u>1,381,202</u>	<u>619,214</u>	<u>1,099,844</u>
LIABILITIES			
Liabilities due depositors.....	-	-	651,764
Other liabilities.....	<u>-</u>	<u>-</u>	<u>448,080</u>
TOTAL LIABILITIES.....	<u>-</u>	<u>-</u>	<u>1,099,844</u>
NET POSITION			
Restricted for other postemployment benefits.....	1,381,202	-	-
Held in trust for other purposes.....	<u>-</u>	<u>619,214</u>	<u>-</u>
TOTAL NET POSITION.....	<u>\$ 1,381,202</u>	<u>\$ 619,214</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 300,000	\$ -
Employer contributions for other postemployment benefit payments....	3,918,134	-
Private donations.....	-	44,976
	<u>4,218,134</u>	<u>44,976</u>
Total contributions.....		
	<u>4,218,134</u>	<u>44,976</u>
Net investment income:		
Investment income.....	26,520	9,340
	<u>26,520</u>	<u>9,340</u>
TOTAL ADDITIONS.....	<u>4,244,654</u>	<u>54,316</u>
DEDUCTIONS:		
Other postemployment benefit payments.....	3,918,134	-
Educational scholarships.....	-	44,050
	<u>3,918,134</u>	<u>44,050</u>
TOTAL DEDUCTIONS.....	<u>3,918,134</u>	<u>44,050</u>
NET INCREASE (DECREASE) IN NET POSITION.....	326,520	10,266
NET POSITION AT BEGINNING OF YEAR.....	<u>1,054,682</u>	<u>608,948</u>
NET POSITION AT END OF YEAR.....	<u>\$ 1,381,202</u>	<u>\$ 619,214</u>

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Wareham, Massachusetts (Town) is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that meet the requirements for inclusion in the Town's financial statements.

Joint Venture – The Town has entered into a joint venture with other municipalities to pool resources and share costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific recipients. The Town is a participant in the Upper Cape Cod Regional Technical School. The powers and duties of the regional school district are vested in and exercised by a regional school district committee composed of representatives of the member Towns of Bourne, Falmouth, Marion, Sandwich, and Wareham, Massachusetts. The committee has all powers and duties conferred and imposed upon regional school district committee's by law. Annual assessments are levied by the District against member Town's based on the relative enrollment. The Town of Wareham's 2020 assessment totaled \$3,678,385. The District's financial statements are audited by another independent accounting firm on an annual basis and are not reviewed by the Town's independent auditors. Financial statements are available at Upper Cape Cod Regional Technical School, which is located at 220 Sandwich Road, Bourne, MA 02532.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds 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. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal 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.

The statement of activities demonstrates the degree to which the direct expenses of a particular 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 the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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

The following major governmental funds are reported:

The *General Fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *School Capital Projects major fund* is used to account for financial resources to be used for acquisition, renovation or construction of the Town's School facilities.

The *Town Capital Projects major fund* is used to account for financial resources to be used for acquisition, renovation or construction of the Town's facilities.

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

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

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds or reported as a major fund).

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

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the 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 the

proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major proprietary funds are reported:

The *Water Pollution Control Facility Fund (WPCF)* accounts for the operation and maintenance of the Town's sanitary sewer collection and disposal system.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to the self-insured employee health and dental program. As of September of 2016, the Town is no longer self-insured for its health or dental activities. The Town is working to determine the best way to utilize the remaining surplus within this fund.

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

The following fiduciary fund types are reported:

The *other postemployment benefits trust fund* is used to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

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

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical

expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed within two years after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

WPCF User Charges

Commercial and residential user fees are billed semiannually. All billings are based on the Equalized Dwelling Unit (EDU) system and are subject to penalties and interest if they are not paid by their respective due dates. WPCF liens are processed in the subsequent year as a lien on the property owner's tax bill. WPCF charges and related liens are recorded as receivables in the year of the levy.

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

Departmental and Other

Departmental and other receivables are recorded as receivables in the year accrued. The allowance for uncollectible is estimated based on historical trends and specific account analysis.

Outstanding ambulance receivables more than 180 days old are deemed uncollectible.

Intergovernmental

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

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

Loans

The Town administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

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

G. Inventories*Government-Wide and Fund Financial Statements*

Inventories are recorded as expenditures at the time of purchase in the fund financial statements. Such inventories are not material in total to the government-wide financial statements, and therefore are not reported.

H. Capital Assets*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

Capital assets, other than infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than amounts shown below and an estimated useful life in excess of one year.

Capital Asset Type	Capitalization Threshold
Buildings and land.....	\$ 100,000
Land improvements.....	25,000
Machinery and equipment.....	25,000
Infrastructure.....	300,000
Vehicles.....	25,000

The Town reports infrastructure assets on the network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements in accordance with the policy above.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported by governmental activities) the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year). As the Town constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings and improvements.....	20-40
Machinery and equipment.....	5-20
Vehicles.....	3-5
Infrastructure.....	30-50

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

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town has reported deferred outflows related to pensions and other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows related to pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have not been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as “internal balances”.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

K. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as “Transfers, net”.

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Unavailable Revenue*Fund Financial Statements*

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

M. Net Position and Fund Equity*Government-Wide Financial Statements (Net position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net Position has been “restricted for” the following:

“Streets” – represents amounts committed by the Commonwealth of Massachusetts under the Chapter 90 program for repair and/or reconstruction of streets and sidewalks.

“Loans” – represents the Town’s Community Development outstanding loans receivable balances.

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Grants and gifts” – represents amounts with restrictions placed on them by outside parties.

“Community preservation” - represents amount raised for the purpose of ongoing community preservation activities.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town meeting is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. The Board of Selectmen has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget.

Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Investment income from proprietary funds, trust funds, and internal service funds is retained within the respective fund.

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

R. Use of Estimates*Government-Wide and Fund Financial Statements*

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

S. Individual Fund Deficits

There are several individual fund deficits within the Special Revenue and Capital Project Funds. These deficits will be funded through available fund balance, grants and bond proceeds in future years.

T. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

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

NOTE 2 - CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Town entered into an agreement to join the Plymouth County Other Postemployment Benefits Trust Program to manage the Town's funds contributed to the trust to offset future benefit payments. As of June 30, 2020, the \$1,381,202 of investments related to the OPEB Trust Fund is included within the Town's investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At year-end, the carrying amount of deposits totaled \$60,093,703 and the bank balance totaled \$64,189,443. Of the bank balance, \$1,307,430 was covered by Federal Depository Insurance, \$44,416,353 was covered by the Depositors Insurance Fund, \$18,263,509 was collateralized, and \$202,151 was uninsured and uncollateralized. The Town has a policy that states that no more than 10% of the Town's cash can be maintained as unsecured. The Town is in compliance with this requirement.

Investments

As of June 30, 2020, the Town had \$1,381,202 in mutual funds.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town did not have any investments subject to custodial credit risk.

The Town-wide investment policy addresses custodial credit risk by requiring all securities not held directly by the Town to be held in the Town's name and tax identification number by the third party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Interest Rate Risk

The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk.

Concentration of Credit Risk

The Town's investment policy restricts investments to no more than 10% in any one issuer. The Town did not have more than 10% of its investments in any one individual security. GASB #40 requires disclosure of any investments that exceed 5% of the total. The Town did not have any investments that exceed 5% of its of total investments.

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a narrative format for disclosing the levels within the fair value hierarchy.

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

The Town's investment in mutual funds had a fair value of \$1,381,202. Mutual funds are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

NOTE 3 – RECEIVABLES

At June 30, 2020, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,992,856	\$ (50,000)	\$ 1,942,856
Tax liens.....	1,951,820	-	1,951,820
Community preservation fund surtax.....	33,333	-	33,333
Motor vehicle and other excise taxes.....	1,213,106	(452,000)	761,106
Departmental and other.....	2,105,229	(958,000)	1,147,229
Intergovernmental.....	6,682,537	-	6,682,537
Community preservation state share.....	192,992	-	192,992
Special assessments.....	303,373	-	303,373
Loans.....	1,262,446	-	1,262,446
Total.....	\$ 15,737,692	\$ (1,460,000)	\$ 14,277,692

At June 30, 2020, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 356,580	\$ -	\$ 356,580
Water user charges.....	753,716	-	753,716
Water intergovernmental.....	2,313,507	-	2,313,507
Water special assessments.....	7,381,098	-	7,381,098
Total.....	\$ 10,804,901	\$ -	\$ 10,804,901

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

	General Fund	Other Governmental Funds	Total
Receivables:			
Real estate and personal property taxes.....	\$ 1,688,427	\$ -	\$ 1,688,427
Tax liens.....	1,941,144	10,676	1,951,820
Community preservation fund surtax.....	-	33,333	33,333
Motor vehicle and other excise taxes.....	761,106	-	761,106
Departmental and other.....	341,353	805,876	1,147,229
Intergovernmental.....	-	152,955	152,955
Loans.....	-	1,262,446	1,262,446
Community preservation state share.....	-	192,992	192,992
Special assessments.....	-	303,373	303,373
Tax foreclosures.....	559,751	272	560,023
Total.....	\$ 5,291,781	\$ 2,761,923	\$ 8,053,704

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land.....	\$ 5,817,567	\$ -	\$ -	\$ 5,817,567
Construction in progress.....	5,120,252	12,896,021	(943,726)	17,072,547
Total capital assets not being depreciated....	10,937,819	12,896,021	(943,726)	22,890,114
Capital assets being depreciated:				
Land improvements.....	5,259,550	532,424	-	5,791,974
Buildings and improvements.....	71,503,087	-	-	71,503,087
Machinery and equipment.....	7,526,052	1,414,903	(414,313)	8,526,642
Vehicles.....	8,211,168	84,411	(2,582,780)	5,712,799
Infrastructure.....	59,968,639	1,559,570	-	61,528,209
Total capital assets being depreciated.....	152,468,496	3,591,308	(2,997,093)	153,062,711
Less accumulated depreciation for:				
Land improvements.....	(4,929,354)	(1,130,305)	-	(6,059,659)
Buildings and improvements.....	(37,495,181)	(258,042)	-	(37,753,223)
Machinery and equipment.....	(5,851,166)	(437,499)	414,313	(5,874,352)
Vehicles.....	(6,675,595)	(504,605)	2,582,780	(4,597,420)
Infrastructure.....	(32,498,351)	(1,571,302)	-	(34,069,653)
Total accumulated depreciation.....	(87,449,647)	(3,901,753)	2,997,093	(88,354,307)
Total capital assets being depreciated, net.....	65,018,849	(310,445)	-	64,708,404
Total governmental activities capital assets, net.....	\$ 75,956,668	\$ 12,585,576	\$ (943,726)	\$ 87,598,518

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 4,842,708	\$ -	\$ -	\$ 4,842,708
Construction in progress.....	4,097,205	-	(4,097,205)	-
Total capital assets not being depreciated....	8,939,913	-	(4,097,205)	4,842,708
<u>Capital assets being depreciated:</u>				
Buildings.....	30,306,491	188,270	-	30,494,761
Machinery and equipment.....	14,364,174	-	-	14,364,174
Vehicles.....	1,500,294	-	-	1,500,294
Infrastructure.....	57,527,429	4,430,940	-	61,958,369
Total capital assets being depreciated.....	103,698,388	4,619,210	-	108,317,598
<u>Less accumulated depreciation for:</u>				
Buildings.....	(9,683,595)	(622,659)	-	(10,306,254)
Machinery and equipment.....	(12,503,293)	(433,825)	-	(12,937,118)
Vehicles.....	(932,495)	(45,483)	-	(977,978)
Infrastructure.....	(29,626,852)	(1,561,185)	-	(31,188,037)
Total accumulated depreciation.....	(52,746,235)	(2,663,152)	-	(55,409,387)
Total capital assets being depreciated, net.....	50,952,153	1,956,058	-	52,908,211
Total business-type activities capital assets, net....	\$ 59,892,066	\$ 1,956,058	\$ (4,097,205)	\$ 57,750,919

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

Governmental Activities:

General government.....	\$ 182,655
Public safety.....	331,862
Education.....	1,467,337
Public works.....	1,722,697
Health and human services.....	55,904
Culture and recreation.....	94,298
Community preservation.....	47,000
Total depreciation expense - governmental activities.....	\$ 3,901,753

Business-Type Activities:

Water Pollution Control Facility.....	\$ 2,663,152
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NOTE 5 – INTERFUND RECEIVABLES AND TRANSFERS

There were no interfund receivables as of June 30, 2020.

Interfund transfers for the year ended June 30, 2020, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General fund	Town capital projects fund	Nonmajor governmental funds		
General fund.....	\$ -	\$ 120,000	\$ 52,711	\$	172,711 (1)
Nonmajor governmental funds.....	1,278,821	-	-		1,278,821 (2)
Total.....	\$ 1,278,821	\$ 120,000	\$ 52,711	\$	1,451,532

(1) Represents transfers from the general fund to the Town capital projects fund as well as various nonmajor governmental funds.

(2) Represents transfers from various nonmajor governmental funds, primarily the harbor service fund, PEG Cable access fund, and ambulance fund to the general fund.

NOTE 6 – CAPITAL LEASES

The Town has entered into various lease agreements to finance the acquisition of police vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The following identifies the assets acquired through capital lease agreements:

Asset:	Governmental Activities
Vehicles.....	\$ 618,189
Less: accumulated depreciation.....	(374,838)
Total.....	\$ 243,351

Future minimum lease payments under capitalized leases consist of the following at June 30, 2020:

Years ending June 30:	Governmental Activities
2021.....	\$ 111,526
2022.....	21,396
Total minimum lease payments.....	132,922
Less: amounts representing interest.....	(5,273)
Present value of minimum lease payments... \$	<u>127,649</u>

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds.

The Town had the following short-term financing activity during the year:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
Governmental Funds:							
BAN	MCWT CWT-16-01.....	0.13%	On Demand	\$ 106,100	\$ -	\$ (106,100)	\$ -
BAN	General Obligation BAN (School Remodeling & Feasibility)....	2.49%	7/19/2019	875,000	-	(875,000)	-
BAN	General Obligation Bond Anticipation Note.....	2.14%	12/19/2019	370,000	-	(370,000)	-
BAN	General Obligation Bond Anticipation Note.....	2.15%	12/19/2019	1,000,000	-	(1,000,000)	-
BAN	General Obligation BAN (School Remodeling & Feasibility)....	2.10%	12/19/2019	-	575,000	(575,000)	-
BAN	General Obligation BAN (School Remodeling & Feasibility)....	1.67%	7/30/2020	-	575,000	-	575,000
BAN	General Obligation BAN (School Remodeling & Feasibility)....	1.67%	7/30/2020	-	75,000	-	75,000
BAN	General Obligation Bond Anticipation Note.....	1.67%	7/30/2020	-	255,000	-	255,000
BAN	General Obligation Bond Anticipation Note.....	2.25%	7/30/2020	-	1,000,000	-	1,000,000
BAN	General Obligation Bond Anticipation Note.....	2.25%	7/30/2020	-	275,000	-	275,000
BAN	General Obligation Bond Anticipation Note.....	2.00%	12/18/2020	-	590,000	-	590,000
Total Governmental Funds.....				\$ 2,351,100	\$ 3,345,000	\$ (2,926,100)	\$ 2,770,000

On June 28, 2020, the Town permanently financed \$2,180,000 of previously issued short-term debt. The proceeds issued were used to pay down the short-term obligations, however, these were not paid down until the scheduled due date of July 30, 2020. Furthermore, on the scheduled due date of December 18, 2020, the Town renewed the \$590,000 BAN at an interest rate of 2.00%, due July 15, 2021.

NOTE 8 - LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2020, and the debt service requirements follow.

Bonds and Notes Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
From direct borrowings and placements:				
MCWT Title V 97-1019 - 1.....	2021	\$ 189,474	4.4%	\$ 11,386
MCWT Title V 97-1019 - 2.....	2025	185,254	4.6%	40,000
MCWT Title V 97-1019 - 3C.....	2028	200,000	0.0%	80,000
MCWT Title V T5-97-1019-D.....	2030	200,000	0.0%	105,266
MCWT Title V T5-97-1019-E.....	2033	200,000	0.0%	130,000
MCWT Title V T5-97-1019-F.....	2035	200,000	0.0%	150,000
MCWT Title V CWT-16-01.....	2040	200,000	2.0%	200,000
Total from direct borrowings and placements.....				<u>716,652</u>
General obligations:				
Town Hall Repairs.....	2021	300,000	4.3%	15,000
School Roof.....	2021	200,000	4.3%	10,000
Multi-purpose.....	2023	3,609,000	3.8%	70,000
High School Roof Replacement.....	2021	288,636	2.25%	55,000
School Buses.....	2023	620,000	.8-1.90%	260,000
School Computer Hardware & Software.....	2020	300,000	2.00-2.25%	75,000
School Building.....	2039	9,415,000	3-5%	9,105,000
Elementary School Construction.....	2040	11,975,000	2-5%	11,975,000
Onset Pier Dock Replacement.....	2025	255,000	5.0%	255,000
Decas School Repairs.....	2025	640,000	5.0%	640,000
Tremont Nail Factory Remediation.....	2025	\$ 650,000	5.0%	650,000
Total from general obligations.....				<u>23,110,000</u>
Total Bonds Payable.....				23,826,652
Add: Unamortized premium on bonds.....				<u>2,097,519</u>
Total Bonds Payable.....				<u>\$ 25,924,171</u>

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

Year	General Obligation Bonds			From Direct Borrowing and Placements			
	Principal	Interest	Total	Principal	Interest	Total	Total
2021.....	\$ 1,330,000	\$ 766,624	\$ 2,096,624	\$ 71,912	\$ 7,047	\$ 78,959	\$ 2,175,583
2022.....	1,150,000	774,999	1,924,999	60,526	5,804	66,330	1,991,329
2023.....	1,190,000	720,060	1,910,060	60,526	4,535	65,061	1,975,121
2024.....	1,115,000	662,988	1,777,988	55,526	3,675	59,201	1,837,189
2025.....	1,155,000	605,930	1,760,930	55,527	3,225	58,752	1,819,682
2026.....	895,000	555,180	1,450,180	50,527	2,900	53,427	1,503,607
2027.....	940,000	509,806	1,449,806	50,527	2,700	53,227	1,503,033
2028.....	985,000	462,182	1,447,182	50,527	2,500	53,027	1,500,209
2029.....	1,035,000	412,181	1,447,181	40,527	2,300	42,827	1,490,008
2030.....	1,090,000	359,680	1,449,680	40,527	2,100	42,627	1,492,307
2031.....	1,130,000	317,481	1,447,481	30,000	1,900	31,900	1,479,381
2032.....	1,170,000	276,832	1,446,832	30,000	1,700	31,700	1,478,532
2033.....	1,210,000	238,107	1,448,107	30,000	1,500	31,500	1,479,607
2034.....	1,240,000	205,031	1,445,031	20,000	1,300	21,300	1,466,331
2035.....	1,275,000	174,580	1,449,580	20,000	1,100	21,100	1,470,680
2036.....	1,305,000	143,230	1,448,230	10,000	900	10,900	1,459,130
2037.....	1,340,000	111,130	1,451,130	10,000	700	10,700	1,461,830
2038.....	1,370,000	78,131	1,448,131	10,000	500	10,500	1,458,631
2039.....	1,405,000	43,903	1,448,903	10,000	300	10,300	1,459,203
2040.....	780,000	8,287	788,287	10,000	100	10,100	798,387
Total.....	\$ 23,110,000	\$ 7,426,342	\$ 30,536,342	\$ 716,652	\$ 46,786	\$ 763,438	\$ 31,299,780

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
From direct borrowings and placements:				
MCWT Construction CW-01-41.....	2023	\$ 8,823,166	5.0%	\$ 1,805,000
MCWT Construction CW-02-49.....	2024	10,878,067	5.0%	3,103,000
MCWT Construction CW-02-49A.....	2027	688,636	0.0%	267,807
MCWT Construction CW-05-10.....	2027	4,978,306	2.0%	2,151,258
MCWT Construction CWS-07-37.....	2031	6,567,049	2.0%	3,933,731
MCWT CWS-07-37-A.....	2033	4,668,271	2.0%	2,977,510
Total from direct borrowings and obligations.....				<u>14,238,306</u>
General obligations:				
Sewer Riverside.....	2022	180,405	4.3%	\$ 10,000
Sewer Sunset Island.....	2022	265,000	4.3%	20,000
Sewer Thatcher.....	2022	1,215,000	4.4%	120,000
Engineering- Water Pollution.....	2022	1,350,000	4.4%	130,000
Sewer Planning.....	2023	597,000	3.9%	90,000
Sewer Wewantic Refunding Bonds.....	2026	1,395,000	3.0%	905,000
Sewer Pump Station Refunding Bonds.....	2026	\$ 350,000	3.0%	225,000
Total from general obligations.....				<u>1,500,000</u>
Total Bonds Payable.....				<u>\$ 15,738,306</u>

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future years are as follows:

Year	General Obligation Bonds			From Direct Borrowing and Placements			
	Principal	Interest	Total	Principal	Interest	Total	Total
2021.....	\$ 365,000	\$ 47,250	\$ 412,250	\$ 2,183,053	\$ 314,063	\$ 2,497,116	\$ 2,909,366
2022.....	365,000	33,301	398,301	2,234,781	242,153	2,476,934	2,875,235
2023.....	220,000	19,500	239,500	2,291,853	155,311	2,447,164	2,686,664
2024.....	185,000	12,675	197,675	1,704,277	122,831	1,827,108	2,024,783
2025.....	185,000	7,125	192,125	920,058	105,374	1,025,432	1,217,557
2026.....	180,000	2,175	182,175	938,210	87,557	1,025,767	1,207,942
2027.....	-	-	-	956,732	69,371	1,026,103	1,026,103
2028.....	-	-	-	604,724	54,140	658,864	658,864
2029.....	-	-	-	617,299	41,920	659,219	659,219
2030.....	-	-	-	630,135	29,446	659,581	659,581
2031.....	-	-	-	643,237	16,711	659,948	659,948
2032.....	-	-	-	254,211	7,736	261,947	261,947
2033.....	-	-	-	259,736	2,597	262,333	262,333
Total.....	\$ 1,500,000	\$ 122,026	\$ 1,622,026	\$ 14,238,306	\$ 1,249,210	\$ 15,487,516	\$ 17,109,542

The Enterprise Fund is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$1,371,000 and interest costs for \$341,000. Thus, net MCWT loan repayments, including interest, are scheduled to be \$13,775,569. The principal subsidies are guaranteed and therefore a \$1,371,000 intergovernmental receivable has been reported in the sewer enterprise fund financial statements. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2020 principal and interest subsidies totaled \$349,400 and \$190,276 respectively.

The Massachusetts School Building Authority (MSBA) offers a construction grant program which pays the Town the State's share of approved school construction costs and therefore eliminates the need for the Town to fund the State's share through long-term debt. The John William Decas School project is being funded by this program. This project is currently in the final stages of completion and a final payment is scheduled to be reimbursed to the Town upon completion of a final review. In anticipation of this final payment, a receivable totaling \$116,000 has been recorded in the Town's financial statements.

Additionally, the Town was approved for another project that is going to be funded by the MSBA program. This project relates to the Town's new elementary school construction project. The project is budgeted to cost \$90,474,182, and the MSBA has approved a reimbursement rate of 74.98%. Through 2020, the Town has received approximately \$8.7 million and recorded a receivable for \$6.2 million for reimbursements that were not received prior to year-end.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit.

At June 30, 2020, the Town had the following authorized and unissued debt:

Purpose	Amount
Minot Forest Feasibility Study.....	\$ 700,000
Decas School Repairs/Replacement.....	779,685
Wareham (Minot Forest) Elementary School Construction.....	65,560,703
Tremont Nail Factory Contamination Remediation.....	720,000
Onset Pier Dock Replacement.....	50,000
Septic Systems Repair and Upgrade.....	350,000
Weather Equalization Basin & Water Pollution Control Improvements.....	1,650,000
Total.....	<u>\$ 69,810,388</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 10,200,000	\$ 13,520,000	\$ (610,000)	\$ -	\$ -	\$ 23,110,000	\$ 1,330,000
Direct borrowing and payments.....	578,565	200,000	(61,913)	-	-	716,652	71,912
Add: Unamortized premium on bonds...	677,858	1,481,453	(61,792)	-	-	2,097,519	206,454
Total bonds payable.....	11,456,423	15,201,453	(733,705)	-	-	25,924,171	1,608,366
Capital lease obligations.....	270,043	-	-	-	(142,394)	127,649	106,955
Compensated absences.....	2,179,000	-	-	1,150,000	(1,020,000)	2,309,000	1,238,000
Net pension liability.....	37,479,912	-	-	104,560	(3,668,713)	33,915,759	-
Other postemployment benefits.....	98,408,558	-	-	10,494,486	(4,200,564)	104,702,480	-
Total governmental activity long-term liabilities.....	<u>\$ 149,793,936</u>	<u>\$ 15,201,453</u>	<u>\$ (733,705)</u>	<u>\$ 11,749,046</u>	<u>\$ (9,031,671)</u>	<u>\$ 166,979,059</u>	<u>\$ 2,953,321</u>
Business-Type Activities:							
Long-term bonds payable.....	\$ 1,880,607	\$ -	\$ (380,607)	\$ -	\$ -	\$ 1,500,000	\$ 365,000
Direct borrowing and payments.....	16,359,970	-	(2,121,664)	-	-	14,238,306	2,183,053
Total bonds payable.....	18,240,577	-	(2,502,271)	-	-	15,738,306	2,548,053
Compensated absences.....	86,000	-	-	51,000	(23,000)	114,000	46,000
Net pension liability.....	2,745,125	-	-	7,659	(268,706)	2,484,078	-
Other postemployment benefits.....	694,257	-	-	45,524	(17,570)	722,211	-
Total business-type activity long-term liabilities.....	<u>\$ 21,765,959</u>	<u>\$ -</u>	<u>\$ (2,502,271)</u>	<u>\$ 104,183</u>	<u>\$ (309,276)</u>	<u>\$ 19,058,595</u>	<u>\$ 2,594,053</u>

The long-term liabilities will be liquidated in the future by the general and enterprise funds, respectfully.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

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 a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end the balance of the General Stabilization Fund, Special Education Stabilization Fund, and the Municipal Facility Stabilization Fund is \$3,714,879, \$106,638 and \$337,749, respectively. The General and

Special Education Stabilization funds are reported as unassigned fund balance within the General Fund. The Municipal Facility Stabilization fund is reported as committed fund balance within the General Fund.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose

The Town has classified its fund balances with the following hierarchy:

	General	School Capital Projects	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 393,895	\$ 393,895
Restricted for:					
School Capital Projects.....	-	20,375,417	-	-	20,375,417
Town Capital Projects.....	-	-	16,636	-	16,636
Revolving Funds.....	-	-	-	2,138,267	2,138,267
Private/local gift and grant funds.....	-	-	-	611,262	611,262
Town grant funds.....	-	-	-	92,615	92,615
School grant funds.....	-	-	-	744,300	744,300
Community Preservation.....	-	-	-	5,484,981	5,484,981
Permanent fund other.....	-	-	-	384,547	384,547
Committed to:					
Municipal Facility Stabilization.....	337,749	-	-	-	337,749
Articles and continuing appropriations:					
General government.....	658,056	-	-	-	658,056
Public safety.....	263,703	-	-	-	263,703
Education.....	309,813	-	-	-	309,813
Public works.....	174,041	-	-	-	174,041
Health and human services.....	22,549	-	-	-	22,549
Employee benefits.....	300,000	-	-	-	300,000
Assigned to:					
Encumbrances:					
General government.....	61,295	-	-	-	61,295
Public safety.....	175	-	-	-	175
Public works.....	12,262	-	-	-	12,262
Health and human services.....	3,300	-	-	-	3,300
Unassigned.....	9,177,074	-	(45,268)	(30,226)	9,101,580
Total Fund Balances.....	\$ 11,320,017	\$ 20,375,417	\$ (28,632)	\$ 9,819,641	\$ 41,486,443

NOTE 10 – RISK FINANCING*Health and Dental Insurance*

The Town participates in premium-based health care plans for its active employees and retirees through the Mayflower Municipal Health Group. Claims have not exceeded insurance coverage for the last three years.

General Liability and Property Insurance

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

Workers' Compensation

The Town participates in a premium based workers' compensation insurance plan for its employees, including police officers and firefighters. All public safety claims are subject to a maximum allowable insurance benefit which varies by contract, the Town is responsible for any excess public safety claims. As of June 30, 2020, this amount was immaterial and therefore not recorded.

NOTE 11 - PENSION PLAN*Plan Descriptions*

The Town is a member of the Plymouth County Retirement Association (PCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 53 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.pcr-ma.org>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the 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 the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$7,408,349 is reported in the general fund as intergovernmental revenue and pension benefits in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$61,091,041 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

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

There were no changes of benefit terms that affected the total pension liability at December 31, 2019.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCRA a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2019, was \$3,937,419, 24.62% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The required contribution is payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the required contributions.

Pension Liabilities

At June 30, 2020, the Town reported a liability of \$36,399,837 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 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 members, actuarially determined. At December 31, 2019, the Town's proportion was 5.34%, which decreased from the proportion measured at December 31, 2018, of 5.47% by 0.14%.

Pension Expense

For the year ended June 30, 2020, the Town recognized pension expense of \$5,345,985. At June 30, 2020, the Town reported deferred outflows of resources related to pensions of \$4,819,301, and deferred inflows of resources related to pensions of \$1,587,423.

The balances of deferred outflows and inflows of at June 30, 2020, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 4,123,017	\$ -	\$ 4,123,017
Difference between projected and actual earnings, net.....	-	(764,134)	(764,134)
Changes in assumptions.....	567,737	(118,326)	449,411
Changes in proportion and proportionate share of contributions...	128,547	(704,963)	(576,416)
Total deferred outflows/(inflows) of resources.....	\$ 4,819,301	\$ (1,587,423)	\$ 3,231,878

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

Year ended June 30:

2021.....	\$ 1,363,745
2022.....	1,255,643
2023.....	1,447,761
2024.....	(835,271)
Total.....	\$ 3,231,878

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.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Projected salary increases.....	3.75% per year.
Cost of living adjustments.....	3.0% of the first \$16,000 of retirement income. Previously \$14,000.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.

Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Investment rate of return/Discount rate.....	7.875% nominal rate, net of investment expense.
Mortality rates.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, 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-2016.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2020 are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Domestic equity.....	7.40%	26.00%
International developed equity.....	7.90%	6.00%
Emerging markets equity.....	9.10%	10.00%
Global equity.....	7.80%	10.00%
Core Bonds.....	3.00%	9.00%
Value-added fixed income.....	4.90%	6.00%
Hedge funds.....	4.00%	4.00%
Real estate.....	7.50%	10.00%
Private equity.....	9.40%	13.00%
Real assets.....	7.50%	6.00%
Total.....		100.00%

Rate of return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.875%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
The Town's proportionate share of the net pension liability.....	\$ 46,102,222	\$ 36,399,837	\$ 27,948,837

Changes in Assumptions

None.

Changes in Plan Provisions

The cost of living adjustment assumption was updated from 3.0% of the first \$14,000 of retirement income to 3.0% of the first \$16,000 of retirement income.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Wareham administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health and life insurance plans, which cover both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value,

except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 70 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 30 percent of their premium costs.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2020, the Town pre-funded future OPEB liabilities totaling \$300,000 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2020, the net position of the OPEB trust fund totaled \$1,381,202.

Investment policy – The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

Plan Membership – The following table represents the Plan's membership at June 30, 2020:

Active members.....	560
Inactive employees or beneficiaries currently receiving benefits....	<u>517</u>
Total.....	<u><u>1,077</u></u>

Components of OPEB Liability – The following table represents the components of the Plan's OPEB liability as of June 30, 2020.

Total OPEB liability.....	\$ 106,805,893
Less: OPEB plan's fiduciary net position.....	<u>(1,381,202)</u>
Net OPEB liability.....	<u><u>\$ 105,424,691</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	1.29%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020, to be in accordance with GASB Statement #74 and Statement #75:

Valuation date.....	July 1, 2018
Actuarial cost method.....	Individual Entry Age Normal.
Asset valuation method.....	Market Value of Assets as of the Measurement Date June 30, 2020.
Investment rate of return.....	6.79%, net of OPEB plan investment expense, including inflation.

Municipal bond rate.....	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index- SAPIHG).
Single equivalent discount rate.....	3.75%, net of OPEB plan investment expense, including inflation.
Discount rate.....	3.75%
Inflation rate.....	2.50% as of June 30, 2020, and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2020, and for future periods.
Mortality rates.....	Pre-Retirement Mortality: RP-2000 Employees Mortality table projected generationally with scale BB and a base year 2009 for males and females. Post-Retirement Mortality: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females. Disabled Mortality: RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2012 for males and females.

Rate of return - For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return of 4.54% is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 6.79%. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020, are summarized in the table below:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - Large cap.....	30.00%	4.80%
Domestic equity - Small/Mid cap.....	20.00%	5.29%
International equity - Development Market.....	16.00%	5.45%
International equity - Emerging Market.....	7.00%	6.42%
Domestic fixed income.....	23.00%	2.05%
International fixed income.....	0.00%	3.00%
Alternatives.....	0.00%	6.50%
Real estate.....	4.00%	6.25%
Total.....	100.00%	

Discount rate - The discount rate used to measure the total OPEB liability was 3.75% as of June 30, 2020, and 4.00% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied first to the projected future benefits payments and a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, which was based on the S&P Municipal Bond 20 – Year High Grade Index as of June 30, 2020, was applied to all periods thereafter.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019.....	\$ 100,157,497	\$ 1,054,682	\$ 99,102,815
Changes for the year:			
Service cost.....	3,062,618	-	3,062,618
Interest.....	4,051,210	-	4,051,210
Changes of assumptions.....	3,779,853	-	3,779,853
Differences between expected and actual experience..	(327,151)	-	(327,151)
Investment Income.....	-	26,520	(26,520)
Employer contributions to the trust.....	-	4,218,134	(4,218,134)
Benefit payments.....	(3,918,134)	(3,918,134)	-
Net change.....	6,648,396	326,520	6,321,876
Balances at June 30, 2020.....	\$ 106,805,893	\$ 1,381,202	\$ 105,424,691

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The table on the following page presents the net other postemployment benefit liability, calculated using the discount rate of 3.75%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current discount rate.

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB liability.....	\$ 121,504,156	\$ 105,424,691	\$ 92,483,238

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 91,278,136	\$ 105,424,691	\$ 123,095,632

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$5,515,666. At June 30, 2020, the Town reported deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (5,096,580)	\$ (5,096,580)
Difference between projected and actual earnings, net.....	23,384	-	23,384
Changes in assumptions.....	3,023,882	(1,791,265)	1,232,617
Total deferred outflows/(inflows) of resources.....	\$ 3,047,266	\$ (6,887,845)	\$ (3,840,579)

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

Measurement date year ended June 30:

2021.....	\$ (1,516,531)
2022.....	(1,516,528)
2023.....	(1,509,081)
2024.....	701,561
Total deferred outflows/(inflows) of resources.....	\$ <u>(3,840,579)</u>

Changes of Assumptions –

The following are the changes in assumptions from June 30, 2019, to June 30, 2020:

- The discount rate has been changed from 4.00% to 3.75%.

Changes in Plan Provisions –

None.

NOTE 13 - COMMITMENTS

The Commonwealth of Massachusetts has approved construction assistance for the Town's new elementary school construction project. The assistance program, which is administered through the Massachusetts School Building Authority (MSBA), provides resources to fund school construction costs that are submitted for reimbursements. The project is budgeted to cost \$90,474,182, and the MSBA has approved a reimbursement rate of 74.98%. The Town expects to fund the remaining costs through debt issuances. Through 2020, the Town received approximately \$8.7 million and recorded a receivable for \$6.2 million for reimbursements that were not received prior to year-end. The Town also had authorized and unissued debt related to this project totaling \$66.3 million at year end.

The Town has also entered into or is planning to enter into additional contracts totaling approximately \$3.5 million for various projects including the Decas School repairs, septic system repairs, Tremont Nail factory contamination remediation, Onset pier dock replacement, septic system upgrade, and weather equalization basin and water pollution control improvements.

NOTE 14 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2020, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

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

NOTE 15 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

A number of businesses have been forced to stop or significantly reduce operations decreasing, the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 11, 2021, which is the date the financial statements were available to be issued.

NOTE 17 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

- GASB Statement #95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

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

Required Supplementary Information

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual	Amounts	Variance
	Amounts Carried Forward From Prior Year	Original Budget	Final Budget	Budgetary Amounts	Carried Forward To Next Year	to Final Budget
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 42,335,528	\$ 42,335,528	\$ 41,325,683	\$ -	\$ (1,009,845)
Tax liens.....	-	-	-	372,366	-	372,366
Motor vehicle and other excise taxes.....	-	3,807,000	3,807,000	3,935,341	-	128,341
Penalties and interest on taxes.....	-	275,000	275,000	217,023	-	(57,977)
Fees and rentals.....	-	895,000	895,000	1,599,286	-	704,286
Licenses and permits.....	-	1,330,000	1,330,000	1,626,297	-	296,297
Fines and forfeitures.....	-	75,000	75,000	123,554	-	48,554
Intergovernmental.....	-	16,597,715	16,597,513	17,199,904	-	602,391
Investment income.....	-	120,000	120,000	436,111	-	316,111
Miscellaneous.....	-	250,000	250,000	185,880	-	(64,120)
TOTAL REVENUES.....	-	65,685,243	65,685,041	67,021,445	-	1,336,404
EXPENDITURES:						
Current:						
General government.....	786,481	4,709,594	5,946,100	4,364,244	719,352	862,504
Public safety.....	374,641	7,508,013	7,538,013	6,877,130	263,877	397,006
Education.....	438,248	34,082,370	34,082,369	33,615,233	309,813	157,323
Public works.....	383,285	2,975,949	3,006,423	2,435,413	186,303	384,707
Health and human services.....	34,128	687,095	687,595	615,276	25,849	46,470
Culture and recreation.....	-	329,378	329,756	328,114	-	1,642
Pension benefits.....	-	4,027,419	4,027,419	4,021,409	-	6,010
Employee benefits.....	-	10,022,244	10,269,314	9,422,542	300,000	546,772
State and county charges.....	-	5,124,794	5,124,591	4,647,752	-	476,839
Debt service:						
Principal.....	-	690,000	690,000	610,001	-	79,999
Interest.....	-	445,387	461,517	412,805	-	48,712
TOTAL EXPENDITURES.....	2,016,783	70,602,243	72,163,097	67,349,919	1,805,194	3,007,984
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,016,783)	(4,917,000)	(6,478,056)	(328,474)	(1,805,194)	4,344,388
OTHER FINANCING SOURCES (USES):						
Use of prior year reserves.....	2,016,783	2,016,783	2,016,783	-	-	(2,016,783)
Use of free cash.....	-	1,754,964	2,054,964	-	-	(2,054,964)
Use of overlay.....	-	128,000	128,000	-	-	(128,000)
Transfers in.....	-	1,610,717	2,871,773	2,361,989	-	(509,784)
Transfers out.....	-	(593,464)	(593,464)	(622,711)	-	(29,247)
TOTAL OTHER FINANCING SOURCES (USES).....	2,016,783	4,917,000	6,478,056	1,739,278	-	(4,738,778)
NET CHANGE IN FUND BALANCE.....	-	-	-	1,410,804	(1,805,194)	(394,390)
BUDGETARY FUND BALANCE, Beginning of year.....	-	5,550,519	5,550,519	5,550,519	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ -	\$ 5,550,519	\$ 5,550,519	\$ 6,961,323	\$ (1,805,194)	\$ (394,390)

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PLYMOUTH COUNTY RETIREMENT ASSOCIATION**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	5.34%	\$ 36,399,837	\$ 15,676,120	232.20%	61.61%
December 31, 2018.....	5.47%	40,225,037	14,460,244	278.18%	56.11%
December 31, 2017.....	5.45%	29,313,050	14,793,194	198.15%	65.56%
December 31, 2016.....	5.54%	35,073,155	14,023,370	250.11%	58.32%
December 31, 2015.....	5.35%	33,957,508	12,683,966	267.72%	56.76%
December 31, 2014.....	5.35%	31,209,845	12,225,509	255.28%	58.88%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
PLYMOUTH COUNTY RETIREMENT ASSOCIATION

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2020.....	\$ 3,937,419	\$ (3,937,419)	\$ -	\$ 15,989,642	24.62%
June 30, 2019.....	3,976,952	(3,976,952)	-	14,749,449	26.96%
June 30, 2018.....	3,725,405	(3,725,405)	-	15,089,058	24.69%
June 30, 2017.....	3,600,317	(3,600,317)	-	14,303,837	25.17%
June 30, 2016.....	3,521,780	(3,521,780)	-	12,937,645	27.22%
June 30, 2015.....	3,268,147	(3,268,147)	-	12,470,019	26.21%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2020.....	\$ 61,091,041	\$ 7,408,349	53.95%
2019.....	59,498,851	6,029,347	54.84%
2018.....	58,008,281	6,054,493	54.25%
2017.....	56,992,087	5,813,566	52.73%
2016.....	54,365,411	4,409,519	55.38%
2015.....	44,599,148	3,098,517	61.64%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 3,584,229	\$ 3,381,077	\$ 2,719,110	\$ 3,062,618
Interest.....	3,575,065	4,276,274	4,348,138	4,051,210
Differences between expected and actual experience.....	-	-	(8,058,097)	(327,151)
Changes of assumptions.....	-	(8,992,229)	(2,985,443)	3,779,853
Benefit payments.....	<u>(2,842,887)</u>	<u>(3,010,475)</u>	<u>(3,665,157)</u>	<u>(3,918,134)</u>
Net change in total OPEB liability.....	4,316,407	(4,345,353)	(7,641,449)	6,648,396
Total OPEB liability - beginning.....	<u>107,827,892</u>	<u>112,144,299</u>	<u>107,798,946</u>	<u>100,157,497</u>
Total OPEB liability - ending (a).....	<u>\$ 112,144,299</u>	<u>\$ 107,798,946</u>	<u>\$ 100,157,497</u>	<u>\$ 106,805,893</u>
Plan fiduciary net position				
Employer contributions.....	\$ 250,000	\$ 300,000	\$ 300,000	\$ 300,000
Employer contributions for OPEB payments.....	2,842,887	3,010,475	3,665,157	3,918,134
Net investment income.....	40,019	52,108	65,735	26,520
Benefit payments.....	<u>(2,842,887)</u>	<u>(3,010,475)</u>	<u>(3,665,157)</u>	<u>(3,918,134)</u>
Net change in plan fiduciary net position.....	290,019	352,108	365,735	326,520
Plan fiduciary net position - beginning of year.....	<u>46,820</u>	<u>336,839</u>	<u>688,947</u>	<u>1,054,682</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 336,839</u>	<u>\$ 688,947</u>	<u>\$ 1,054,682</u>	<u>\$ 1,381,202</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 111,807,460</u>	<u>\$ 107,109,999</u>	<u>\$ 99,102,815</u>	<u>\$ 105,424,691</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.30%	0.64%	1.05%	1.29%
Covered-employee payroll.....	\$ 43,727,321	\$ 45,039,141	\$ 37,255,349	\$ 38,373,009
Net OPEB liability as a percentage of covered-employee payroll.....	255.69%	237.82%	266.01%	274.74%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2020.....	\$ 8,761,915	\$ (4,218,134)	\$ 4,543,781	\$ 38,373,009	10.99%
June 30, 2019.....	8,229,808	(3,965,157)	4,264,651	37,255,349	10.64%
June 30, 2018.....	9,425,429	(3,310,475)	6,114,954	45,039,141	7.35%
June 30, 2017.....	9,083,603	(3,092,887)	5,990,716	43,727,321	7.07%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2020.....	2.16%
June 30, 2019.....	8.10%
June 30, 2018.....	9.76%
June 30, 2017.....	21.58%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYA. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Board of Selectmen (the "Board"). The Board presents an annual budget to the representative Town meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The representative town meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between voted functions subsequent to the approval of the annual budget, requires a vote at a special Town meeting.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Town meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2020 approved budget and amounts carried forward from prior year authorized approximately \$71.2 million in appropriations and other amounts to be raised. During year 2020, the Town meeting approved subsequent increases in appropriations totaling approximately \$1.6 million.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2020, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,410,804
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	494,581
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(4,000)
Net change in recording 60 day receipts.....	120,968
Recognition of revenue for on-behalf payments.....	7,408,349
Recognition of expenditures for on-behalf payments.....	(7,408,349)
Net change in fund balance - GAAP basis.....	\$ <u>2,022,353</u>

NOTE B – PENSION PLAN***Pension Plan Schedules*****A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

None.

E. Changes in Plan Provisions

The cost of living adjustment assumption was updated from 3.0% of the first \$14,000 of retirement income to 3.0% of the first \$16,000 of retirement income.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit Plan**A. The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios**

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

B. Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2018
Actuarial cost method.....	Individual Entry Age Normal.
Asset valuation method.....	Market Value of Assets as of the Measurement Date June 30, 2020.
Investment rate of return.....	6.79%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index- SAPIHG).
Single equivalent discount rate.....	3.75%, net of OPEB plan investment expense, including inflation.
Discount rate.....	3.75%
Inflation rate.....	2.50% as of June 30, 2020, and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2020, and for future periods.
Mortality rates.....	Pre-Retirement Mortality: RP-2000 Employees Mortality table projected generationally with scale BB and a base year 2009 for males and females. Post-Retirement Mortality: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females. Disabled Mortality: RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2012 for males and females.

C. Schedule of Investment Returns

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Change in Assumptions

The following are the changes in assumptions from June 30, 2019, to June 30, 2020:

- The discount rate has been changed from 4.00% to 3.75%.

E. Change in Plan Provisions

None.