

TOWN OF MILTON, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2020

TOWN OF MILTON, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Management's Discussion and Analysis	3
Basic Financial Statements	12
Statement of Net Position	13
Statement of Activities	14
Governmental funds – balance sheet.....	16
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position	17
Governmental funds – statement of revenues, expenditures and changes in fund balances.....	18
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities.....	19
Proprietary funds – statement of net position	20
Proprietary funds – statement of revenues, expenses and changes in fund net position	21
Proprietary funds – statement of cash flows.....	22
Fiduciary funds – statement of fiduciary net position.....	23
Fiduciary funds – statement of changes in fiduciary net position	24
Notes to basic financial statements	25
Required Supplementary Information.....	62
General Fund Budgetary Schedule	63
Schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual.....	64
Pension Plan Schedules – Retirement System.....	66
Schedule of changes in the net pension liability and related ratios.....	67
Schedule of contributions	68
Schedule of investment returns	69
Pension Plan Schedules – Town	70
Schedule of the Town's proportionate share of the net pension liability	71
Schedule of the Town's contributions.....	72
Schedule of special funding amounts.....	73
Other Postemployment Benefits Plan Schedules	74
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios	75
Schedule of Town Contributions.....	76
Schedule of Investment Returns	77
Notes to required supplementary information.....	78



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Independent Auditor's Report

To the Honorable Select Board
Town of Milton, 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 Milton, Massachusetts, as of and for the year ended June 30, 2020 (except for Milton Contributory Retirement System which is as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the Town of Milton, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Milton, Massachusetts, as of June 30, 2020 (except for Milton Contributory Retirement System which is as of and for the year ended December 31, 2019), 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 *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of the Town of Milton, Massachusetts' internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Powers & Sullivan, LLC

January 19, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Milton, we offer readers of the Town of Milton's financial statements this narrative overview and analysis of the financial activities of the Town of Milton 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.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Milton exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$20.4 million (net position).
- The total governmental net position decreased by \$5.5 million.
- As required by GASB Statement #68, in 2020 the Town recognized their total net pension liability of \$19.0 million along with deferred outflows and inflows related to pensions of \$6.6 million and \$6.4 million, respectively.
- As required by GASB Statement #75, in 2020 the Town recognized their total OPEB liability of \$171.6 million along with a deferred outflows and inflows related to OPEB of \$25.9 million and \$6.6 million, respectively.
- As of the close of the current year, the Town of Milton's governmental funds reported combined ending fund balances of \$32.2 million, a decrease of \$1.6 million in comparison with the prior year. The decrease is attributable primarily to the timing of expenditures funded by prior year bonds proceeds in the Town capital projects fund.
- At the end of the current year, unassigned fund balance for the general fund was \$9.1 million or 7.6% of total general fund budgetary expenditures.
- In 2020, The Town received \$149,750 and incurred approximately \$177,620 of expenses related to the COVID-19 Pandemic. A receivable for the difference has been recorded. (See note 15).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Milton's basic financial statements. The Town of Milton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This approach focuses on both the Town as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Milton's finances, in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic position at the end of the year. The statements are prepared using the full accrual basis of accounting. All revenues and expenses connected with the year are considered even if cash involved has not been received or disbursed.

The government-wide financial statements include two statements:

The *statement of net position* presents information on all of the Town of Milton's assets, liabilities and deferred inflows/outflows, with the difference reported as *net position*.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Milton is improving or deteriorating.

The *statement of activities* presents information showing how government'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 only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Milton 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 of Milton include general government, public safety, public works, education, health and human services, culture and recreation and library. The business-type activities of the Town of Milton include the Water, Sewer and Stormwater funds.

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. The Town of Milton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Milton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 Milton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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 active employees' and retirees' health insurance.

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

The fiduciary fund financial statements provide separate information for the pension trust fund and the OPEB trust fund of the Town. All other fiduciary funds are combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption private purpose trust funds.

Notes to the 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Milton’s budgetary basis of accounting.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town of Milton, governmental liabilities and deferred inflows of resources exceeded assets and deferred outflows resources by \$14.1 million at the close of the most recent year.

Comparative analysis of the assets, liabilities, net position, revenues, expenses and transfers of the governmental and business-type activities are discussed herein.

Governmental activities. Key components of the Town’s governmental activities financial position are listed below.

	June 30, 2020	June 30, 2019
Assets:		
Current assets.....	\$ 45,723,610	\$ 42,245,462
Capital assets, nondepreciable.....	3,375,403	2,164,651
Capital assets, net of accumulated depreciation....	139,094,389	142,622,277
Total assets.....	188,193,402	187,032,390
Deferred outflows of resources.....	31,340,080	39,668,805
Liabilities:		
Current liabilities (excluding debt).....	5,144,975	3,913,710
Noncurrent liabilities (excluding debt).....	185,954,136	188,485,355
Current debt.....	5,732,293	4,005,104
Noncurrent debt.....	23,443,059	27,284,750
Total liabilities.....	220,274,463	223,688,919
Deferred inflows of resources.....	13,387,090	11,640,948
Net position:		
Net investment in capital assets.....	114,950,894	115,076,578
Restricted.....	22,110,857	21,124,047
Unrestricted.....	(151,189,822)	(144,829,297)
Total net position.....	\$ (14,128,071)	\$ (8,628,672)

Net position of \$115.0 million reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Milton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Milton’s investment in its capital assets is reported net of related debt, it should

be noted that 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, \$22.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a deficit position of \$151.2 million due to the impact of the OPEB and Pension liabilities of \$147.2 million and \$17.9 million, net of deferred inflows and outflows of resources, respectively.

At the end of the current year, the Town of Milton is able to report positive balances in two of the three categories of net position for governmental activities and all categories of net position for business-type activities.

Governmental activities decreased the Town of Milton's net position by \$5.5 million. Key elements of this decrease are as follows:

	June 30, 2020	June 30, 2019
Program Revenues:		
Charges for services.....	\$ 6,416,260	\$ 5,456,243
Operating grants and contributions.....	32,791,065	30,303,672
Capital grants and contributions.....	879,792	512,273
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	85,222,110	81,844,108
Motor vehicle and other excise taxes.....	4,252,533	4,223,800
Penalties and interest on taxes.....	407,296	476,166
Payments in lieu of taxes.....	269,058	244,060
Grants and contributions not restricted to specific programs.....	5,002,865	4,987,221
Unrestricted investment income.....	504,096	962,005
Total revenues.....	135,745,075	129,009,548
Expenses:		
General government.....	10,080,864	10,120,686
Public safety.....	23,470,771	22,978,193
Education.....	93,149,135	92,386,695
Public works.....	8,428,422	7,298,337
Human services.....	1,288,196	1,200,530
Library.....	2,718,979	2,599,432
Culture and recreation.....	1,149,690	1,345,222
COVID-19.....	177,620	-
Interest.....	561,933	774,865
Total expenses.....	141,025,610	138,703,960
Excess (Deficiency) before transfers.....	(5,280,535)	(9,694,412)
Transfers.....	(218,864)	58,800
Change in net position.....	(5,499,399)	(9,635,612)
Net position, beginning of year.....	(8,628,672)	1,006,940
Net position, end of year.....	\$ (14,128,071)	\$ (8,628,672)

The governmental activities decreased \$5.5 million during the current year as compared to a decrease in net position of \$9.6 million during the prior year. The main reason for this decrease is due to an increase of \$8.5 million in the OPEB liability, net of deferred outflows/inflows.

These decreases were offset by \$1.6 million decrease in the net pension liability, net of deferred outflows/inflows, as well as the receipt of capital grants totaling \$880,000.

Business-type activities. Business-type activities increased the Town of Milton's net position by \$313,000. Key elements of this increase are as follows.

	June 30, 2020	June 30, 2019
Assets:		
Current assets.....	\$ 10,283,634	\$ 10,937,642
Capital assets, nondepreciable.....	594,619	-
Capital assets, net of accumulated depreciation....	42,854,527	40,814,766
Total assets.....	53,732,780	51,752,408
Deferred outflows of resources.....	1,241,781	1,195,099
Liabilities:		
Current liabilities (excluding debt).....	1,370,553	720,223
Noncurrent liabilities (excluding debt).....	6,676,189	4,834,838
Current debt.....	2,315,467	2,225,019
Noncurrent debt.....	9,518,610	10,561,748
Total liabilities.....	19,880,819	18,341,828
Deferred inflows of resources.....	533,367	358,445
Net position:		
Net investment in capital assets.....	31,774,837	28,676,148
Unrestricted.....	2,785,538	5,571,086
Total net position.....	\$ 34,560,375	\$ 34,247,234
	June 30, 2020	June 30, 2019
Program Revenues:		
Charges for services.....	\$ 15,258,907	\$ 14,305,253
Capital grants and contributions.....	862,500	685,500
General Revenues:		
Unrestricted investment income.....	51,934	92,444
Total revenues.....	16,173,341	15,083,197
Expenses:		
Water.....	6,085,688	4,622,554
Sewer.....	9,563,571	8,402,462
Stormwater.....	429,805	399,764
Total expenses.....	16,079,064	13,424,780
Excess (Deficiency) before transfers.....	94,277	1,658,417
Transfers.....	218,864	(58,800)
Change in net position.....	313,141	1,599,617
Net position, beginning of year.....	34,247,234	32,647,617
Net position, end of year.....	\$ 34,560,375	\$ 34,247,234

Business-type activities net position increased by \$313,000 during the current year. The increase is mainly attributable to an increase in both water and stormwater funds by \$457,000 and \$572,000 which were offset by a decrease of \$716,000 in sewer.

Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of the Town of Milton'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 of Milton'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, the Town of Milton's governmental funds reported combined ending balances of \$32.2 million, a decrease of \$1.6 million in comparison with the prior year. The decrease is attributable primarily to the timing of capital expenditures funded by prior year bonds proceeds.

The general fund is the chief operating fund of the Town of Milton. At the end of the current year, unassigned fund balance of the general fund was \$9.1 million, of which \$6.2 million relates to its four stabilization funds. 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 7.6% of total general fund budgetary expenditures, while total fund balance represents 9.7% of that same amount.

The fund balance of the Town of Milton's general fund experienced an increase of \$228,000 during the current year. The increase is attributable primarily to a decrease in the accrual related to Appellate Tax Board cases.

Proprietary funds. The Town of Milton's proprietary funds provide the same type of information found in the government-wide financial statements.

Unrestricted net position of the Water, Sewer, and Stormwater funds at the end of the year amounted to \$945,000, \$1.7 million and \$185,000, respectively. The total change in net position for each fund was \$457,000, (\$719,000) and \$572,000, respectively.

General Fund Budgetary Highlights

There was an increase of \$580,000 from the original to the final amended budget. The majority of the increase was in the public works department.

Capital Asset and Debt Administration

Capital assets. The Town of Milton's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$185.9 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, vehicles and equipment, and infrastructure.

Long-term debt. At the end of the current year, the Town of Milton had total bonded debt outstanding of \$37.1 million.

Town of Milton’s General Obligation Bonds Outstanding

Project	Governmental Activities	Business-Type Activities	Total
Municipal Purpose Bonds of 2008	\$ 2,715,030	\$ -	\$ 2,715,030
Municipal Purpose Bonds of 2012.....	3,320,000	-	3,320,000
Municipal Purpose Bonds of 2014.....	2,004,000	-	2,004,000
Municipal Purpose Refunding Bonds of 2014	2,535,000	-	2,535,000
Municipal Purpose Refunding Bonds of 2015	2,205,000	-	2,205,000
Municipal Purpose Bonds of 2016	1,160,000	-	1,160,000
Municipal Purpose Bonds of 2017	580,000	-	580,000
Municipal Purpose Refunding Bonds of 2017	4,950,000	-	4,950,000
Municipal Purpose Bonds of 2018	6,767,000	-	6,767,000
Water System.....	-	7,713,000	7,713,000
Sewer System.....	-	1,962,077	1,962,077
Stormwater.....	-	1,174,000	1,174,000
Total.....	\$ 26,236,030	\$ 10,849,077	\$ 37,085,107

Standard & Poor’s Corporation (S&P) has rated the Town’s long-term debt AAA, S&P’s highest rating; which indicates the Town’s debt is considered to be a “high quality” investment.

Please refer to notes 4, 6 and 7 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 Milton’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 Accountant’s Office, 525 Canton Avenue, Milton, MA 02186.

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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.....	\$ 25,555,156	\$ 6,288,200	\$ 31,843,356
Restricted cash and cash equivalents.....	-	-	-
Investments.....	14,201,884	-	14,201,884
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,675,934	-	1,675,934
Tax liens.....	2,451,783	-	2,451,783
Motor vehicle and other excise taxes.....	385,914	-	385,914
User charges.....	110,480	3,995,434	4,105,914
Departmental and other.....	452,197	-	452,197
Intergovernmental - other.....	889,162	-	889,162
Other assets.....	1,100	-	1,100
Total current assets.....	45,723,610	10,283,634	56,007,244
NONCURRENT:			
Capital assets, nondepreciable.....	3,375,403	594,619	3,970,022
Capital assets, net of accumulated depreciation.....	139,094,389	42,854,527	181,948,916
Total noncurrent assets.....	142,469,792	43,449,146	185,918,938
TOTAL ASSETS.....	188,193,402	53,732,780	241,926,182
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	6,341,000	308,000	6,649,000
Deferred outflows related to other postemployment benefits.....	24,999,080	933,781	25,932,861
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	31,340,080	1,241,781	32,581,861
LIABILITIES			
CURRENT:			
Warrants payable.....	2,074,451	615,340	2,689,791
Accrued payroll.....	1,446,155	73,985	1,520,140
Health claims payable.....	616,000	-	616,000
Tax refunds payable.....	55,000	-	55,000
Accrued interest.....	360,184	91,115	451,299
Customer deposits payable.....	30,225	478,500	508,725
Payroll withholdings.....	31,206	-	31,206
Abandoned property.....	24,782	-	24,782
Compensated absences.....	481,006	111,613	592,619
Workers' compensation.....	25,966	-	25,966
Notes payable.....	1,890,601	985,000	2,875,601
Bonds payable.....	3,841,692	1,330,467	5,172,159
Total current liabilities.....	10,877,268	3,686,020	14,563,288
NONCURRENT:			
Compensated absences.....	1,924,024	-	1,924,024
Workers' compensation.....	77,898	-	77,898
Net pension liability.....	18,121,000	873,000	18,994,000
Other postemployment benefits.....	165,831,214	5,803,189	171,634,403
Bonds payable.....	23,443,059	9,518,610	32,961,669
Total noncurrent liabilities.....	209,397,195	16,194,799	225,591,994
TOTAL LIABILITIES.....	220,274,463	19,880,819	240,155,282
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	484,317	-	484,317
Deferred charge on refunding.....	409,011	-	409,011
Deferred inflows related to pensions.....	6,139,000	296,000	6,435,000
Deferred inflows related to other postemployment benefits.....	6,354,762	237,367	6,592,129
TOTAL DEFERRED INFLOWS OF RESOURCES.....	13,387,090	533,367	13,920,457
NET POSITION			
Net investment in capital assets.....	114,950,894	31,774,837	146,725,731
Restricted for:			
Permanent funds:			
Expendable.....	9,789,007	-	9,789,007
Nonexpendable.....	2,929,800	-	2,929,800
Other purposes.....	9,392,050	-	9,392,050
Unrestricted.....	(151,189,822)	2,785,538	(148,404,284)
TOTAL NET POSITION.....	\$ (14,128,071)	\$ 34,560,375	\$ 20,432,304

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 10,080,864	\$ 640,535	\$ 776,035	\$ 141,839	\$ (8,522,455)
Public safety.....	23,470,771	3,207,106	243,579	-	(20,020,086)
Education.....	93,149,135	596,719	30,215,879	-	(62,336,537)
Public works.....	8,428,422	1,854,655	533,256	737,953	(5,302,558)
Health and human services.....	1,288,196	72,770	403,648	-	(811,778)
Culture and recreation.....	1,149,690	-	406,769	-	(742,921)
Library.....	2,718,979	44,475	34,279	-	(2,640,225)
COVID-19.....	177,620	-	177,620	-	-
Interest.....	561,933	-	-	-	(561,933)
Total Governmental Activities.....	141,025,610	6,416,260	32,791,065	879,792	(100,938,493)
<i>Business-Type Activities:</i>					
Water.....	6,085,688	6,433,736	-	-	348,048
Sewer.....	9,563,571	7,855,679	-	862,500	(845,392)
Stormwater.....	429,805	969,492	-	-	539,687
Total Business-Type Activities.....	16,079,064	15,258,907	-	862,500	42,343
Total Primary Government.....	\$ 157,104,674	\$ 21,675,167	\$ 32,791,065	\$ 1,742,292	\$ (100,896,150)

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..... \$	(100,938,493)	42,343	(100,896,150)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	85,222,110	-	85,222,110
Motor vehicle and other excise taxes.....	4,252,533	-	4,252,533
Penalties and interest on taxes.....	407,296	-	407,296
Payments in lieu of taxes.....	269,058	-	269,058
Grants and contributions not restricted to specific programs.....	5,002,865	-	5,002,865
Unrestricted investment income.....	504,096	51,934	556,030
<i>Transfers, net</i>	(218,864)	218,864	-
Total general revenues and transfers.....	95,439,094	270,798	95,709,892
Change in net position.....	(5,499,399)	313,141	(5,186,258)
<i>Net position:</i>			
Beginning of year.....	(8,628,672)	34,247,234	25,618,562
End of year..... \$	(14,128,071)	34,560,375	20,432,304

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	General	Town Capital Projects	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 9,304,079	\$ 1,476,739	\$ 3,458,606	\$ 8,843,178	\$ 23,082,602
Investments.....	4,941,683	-	6,330,401	2,929,800	14,201,884
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,675,934	-	-	-	1,675,934
Tax liens.....	2,451,783	-	-	-	2,451,783
Motor vehicle and other excise taxes.....	385,914	-	-	-	385,914
User charges.....	110,480	-	-	-	110,480
Departmental and other.....	52,601	-	-	399,596	452,197
Intergovernmental - other.....	81,879	-	-	807,283	889,162
Other assets.....	1,100	-	-	-	1,100
TOTAL ASSETS.....	\$ 19,005,453	\$ 1,476,739	\$ 9,789,007	\$ 12,979,857	\$ 43,251,056
LIABILITIES					
Warrants payable.....	\$ 1,317,438	\$ 134,405	\$ -	\$ 344,053	\$ 1,795,896
Accrued payroll.....	1,248,121	-	-	198,034	1,446,155
Tax refunds payable.....	55,000	-	-	-	55,000
Due to other funds.....	47,687	-	-	-	47,687
Customer deposits payable.....	30,225	-	-	-	30,225
Other liabilities.....	31,206	-	-	-	31,206
Abandoned property.....	24,782	-	-	-	24,782
Notes payable.....	-	1,190,601	-	700,000	1,890,601
TOTAL LIABILITIES.....	2,754,459	1,325,006	-	1,242,087	5,321,552
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	484,317	-	-	-	484,317
Unavailable revenue.....	4,018,482	-	-	1,178,259	5,196,741
TOTAL DEFERRED INFLOWS OF RESOURCES.....	4,502,799	-	-	1,178,259	5,681,058
FUND BALANCES					
Nonspendable.....	-	-	-	2,929,800	2,929,800
Restricted.....	-	151,733	9,789,007	8,296,281	18,237,021
Assigned.....	2,637,914	-	-	-	2,637,914
Unassigned.....	9,110,281	-	-	(666,570)	8,443,711
TOTAL FUND BALANCES.....	11,748,195	151,733	9,789,007	10,559,511	32,248,446
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 19,005,453	\$ 1,476,739	\$ 9,789,007	\$ 12,979,857	\$ 43,251,056

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.....		\$ 32,248,446
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		142,469,792
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,196,741
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.....		18,846,318
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		1,625,686
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(360,184)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(27,284,751)	
Net pension liability.....	(18,121,000)	
Other postemployment benefits.....	(165,831,214)	
Workers' compensation.....	(103,864)	
Compensated absences.....	<u>(2,405,030)</u>	
Net effect of reporting long-term liabilities.....		(213,745,859)
In the statement of activities, deferred losses are reported for refundings of debt, which are amortized over the shorter of the remaining life of the refunding bonds or refunded bonds. In governmental funds, defeasances of debt are expensed when the refunding bonds are issued.....		<u>(409,011)</u>
Net position of governmental activities.....		<u>\$ (14,128,071)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	General	Town Capital Projects	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 84,916,119	\$ -	\$ -	\$ -	\$ 84,916,119
Motor vehicle and other excise taxes.....	4,398,377	-	-	-	4,398,377
Penalties and interest on taxes.....	407,296	-	-	-	407,296
Payments in lieu of taxes.....	269,058	-	-	-	269,058
Intergovernmental - Teachers Retirement.....	14,103,000	-	-	-	14,103,000
Intergovernmental - other.....	13,675,358	37,178	-	6,099,504	19,812,040
Intergovernmental - COVID-19 relief.....	-	-	-	177,620	177,620
Departmental and other.....	3,386,240	-	15,239	5,947,167	9,348,646
Contributions and donations.....	-	-	9,409	405,387	414,796
Investment income.....	364,618	-	83,989	55,489	504,096
TOTAL REVENUES.....	121,520,066	37,178	108,637	12,685,167	134,351,048
EXPENDITURES:					
Current:					
General government.....	4,809,284	254,884	225,195	813,713	6,103,076
Public safety.....	13,750,329	834,806	-	2,312,419	16,897,554
Education.....	51,800,857	-	20,901	7,487,195	59,308,953
Public works.....	6,027,406	451,893	6,284	1,383,316	7,868,899
Health and human services.....	577,340	-	-	327,265	904,605
Culture and recreation.....	572,929	182,637	-	358,855	1,114,421
Library.....	1,471,294	-	-	201,398	1,672,692
COVID-19.....	-	-	-	177,620	177,620
Pension benefits.....	6,613,088	-	-	-	6,613,088
Pension benefits - Teachers Retirement.....	14,103,000	-	-	-	14,103,000
Employee benefits.....	12,235,537	-	-	-	12,235,537
State and county charges.....	3,907,856	-	-	-	3,907,856
Debt service:					
Principal.....	3,806,237	-	-	-	3,806,237
Interest.....	978,143	-	-	-	978,143
TOTAL EXPENDITURES.....	120,653,300	1,724,220	252,380	13,061,781	135,691,681
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	866,766	(1,687,042)	(143,743)	(376,614)	(1,340,633)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	385,949	266,500	116,030	1,350,051	2,118,530
Transfers out.....	(1,024,500)	-	-	(1,312,894)	(2,337,394)
TOTAL OTHER FINANCING SOURCES (USES)....	(638,551)	266,500	116,030	37,157	(218,864)
NET CHANGE IN FUND BALANCES.....	228,215	(1,420,542)	(27,713)	(339,457)	(1,559,497)
FUND BALANCES AT BEGINNING OF YEAR.....	11,519,980	1,572,275	9,816,720	10,898,968	33,807,943
FUND BALANCES AT END OF YEAR.....	\$ 11,748,195	\$ 151,733	\$ 9,789,007	\$ 10,559,511	\$ 32,248,446

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.....		\$ (1,559,497)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	3,946,085	
Depreciation expense.....	<u>(6,263,221)</u>	
Net effect of reporting capital assets.....		(2,317,136)
<p>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.....</p>		
		1,236,109
<p>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.</p>		
Net amortization of premium from issuance of bonds.....	198,866	
Net change in deferred charge on refunding.....	149,569	
Debt service principal payments.....	<u>3,806,237</u>	
Net effect of reporting long-term debt.....		4,154,672
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(108,695)	
Net change in accrued interest on long-term debt.....	67,775	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(4,605,000)	
Net change in net pension liability.....	6,205,000	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(5,135,119)	
Net change in other postemployment benefits liability.....	(3,634,287)	
Net change in workers' compensation liability.....	<u>63,283</u>	
Net effect of recording long-term liabilities.....		(7,147,043)
The net activity of internal service funds is reported with Governmental Activities.....		<u>133,496</u>
Change in net position of governmental activities.....		<u>\$ (5,499,399)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Stormwater	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 3,405,144	\$ 2,664,826	\$ 218,230	\$ 6,288,200	\$ 2,472,554
Receivables, net of allowance for uncollectibles:					
User charges.....	1,607,237	2,175,659	212,538	3,995,434	-
Due from other funds.....	-	-	-	-	47,687
Total current assets.....	<u>5,012,381</u>	<u>4,840,485</u>	<u>430,768</u>	<u>10,283,634</u>	<u>2,520,241</u>
NONCURRENT:					
Capital assets, non depreciable.....	503,747	90,872	-	594,619	-
Capital assets, net of accumulated depreciation.....	<u>23,305,474</u>	<u>16,726,270</u>	<u>2,822,783</u>	<u>42,854,527</u>	<u>-</u>
TOTAL ASSETS.....	<u>28,821,602</u>	<u>21,657,627</u>	<u>3,253,551</u>	<u>53,732,780</u>	<u>2,520,241</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	171,000	137,000	-	308,000	-
Deferred outflows related to other postemployment benefits.....	<u>517,636</u>	<u>416,145</u>	<u>-</u>	<u>933,781</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>688,636</u>	<u>553,145</u>	<u>-</u>	<u>1,241,781</u>	<u>-</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	546,515	10,363	58,462	615,340	278,555
Accrued payroll.....	38,438	27,622	7,925	73,985	-
Health claims payable.....	-	-	-	-	616,000
Liabilities due depositors.....	274,500	204,000	-	478,500	-
Accrued interest.....	54,390	17,581	19,144	91,115	-
Compensated absences.....	57,800	53,813	-	111,613	-
Notes payable.....	175,000	-	810,000	985,000	-
Bonds payable.....	<u>861,000</u>	<u>413,467</u>	<u>56,000</u>	<u>1,330,467</u>	<u>-</u>
Total current liabilities.....	<u>2,007,643</u>	<u>726,846</u>	<u>951,531</u>	<u>3,686,020</u>	<u>894,555</u>
NONCURRENT:					
Net pension liability.....	484,000	389,000	-	873,000	-
Other postemployment benefits.....	3,005,223	2,797,966	-	5,803,189	-
Bonds payable.....	<u>6,852,000</u>	<u>1,548,610</u>	<u>1,118,000</u>	<u>9,518,610</u>	<u>-</u>
Total noncurrent liabilities.....	<u>10,341,223</u>	<u>4,735,576</u>	<u>1,118,000</u>	<u>16,194,799</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>12,348,866</u>	<u>5,462,422</u>	<u>2,069,531</u>	<u>19,880,819</u>	<u>894,555</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	164,000	132,000	-	296,000	-
Deferred inflows related to other postemployment benefits.....	<u>131,583</u>	<u>105,784</u>	<u>-</u>	<u>237,367</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>295,583</u>	<u>237,784</u>	<u>-</u>	<u>533,367</u>	<u>-</u>
NET POSITION					
Net investment in capital assets.....	15,921,221	14,855,065	998,551	31,774,837	-
Unrestricted.....	<u>944,568</u>	<u>1,655,501</u>	<u>185,469</u>	<u>2,785,538</u>	<u>1,625,686</u>
TOTAL NET POSITION.....	<u>\$ 16,865,789</u>	<u>\$ 16,510,566</u>	<u>\$ 1,184,020</u>	<u>\$ 34,560,375</u>	<u>\$ 1,625,686</u>

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 - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Stormwater	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 3,610,077
Employer contributions.....	-	-	-	-	11,273,992
Charges for services.....	6,420,120	7,837,155	969,492	15,226,767	-
Liens - charges for services.....	13,616	18,524	-	32,140	-
Other operating revenues.....	-	-	-	-	157,918
TOTAL OPERATING REVENUES	6,433,736	7,855,679	969,492	15,258,907	15,041,987
OPERATING EXPENSES:					
Cost of services and administration.....	827,584	2,668,021	137,239	3,632,844	-
Salaries and wages.....	748,405	601,668	176,754	1,526,827	-
MWRA assessment.....	3,516,352	5,726,038	-	9,242,390	-
Depreciation.....	837,601	512,133	77,789	1,427,523	-
Employee benefits.....	-	-	-	-	14,908,491
TOTAL OPERATING EXPENSES	5,929,942	9,507,860	391,782	15,829,584	14,908,491
OPERATING INCOME (LOSS)	503,794	(1,652,181)	577,710	(570,677)	133,496
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	16,974	34,955	5	51,934	-
Interest expense.....	(155,746)	(55,711)	(38,023)	(249,480)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(138,772)	(20,756)	(38,018)	(197,546)	-
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	365,022	(1,672,937)	539,692	(768,223)	133,496
CAPITAL CONTRIBUTIONS	-	862,500	-	862,500	-
TRANSFERS:					
Transfers in.....	92,369	94,144	89,951	276,464	-
Transfers out.....	-	-	(57,600)	(57,600)	-
TOTAL TRANSFERS	92,369	94,144	32,351	218,864	-
CHANGE IN NET POSITION	457,391	(716,293)	572,043	313,141	133,496
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	16,408,398	17,226,859	611,977	34,247,234	1,492,190
NET POSITION AT END OF YEAR	\$ 16,865,789	\$ 16,510,566	\$ 1,184,020	\$ 34,560,375	\$ 1,625,686

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Stormwater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 6,194,650	\$ 7,709,410	\$ 909,073	\$ 14,813,133	\$ 14,994,300
Payments to vendors.....	(4,308,057)	(6,405,558)	(106,173)	(10,819,788)	(14,810,278)
Payments to employees.....	(748,405)	(601,668)	(176,754)	(1,526,827)	-
NET CASH FROM OPERATING ACTIVITIES.....	1,138,188	702,184	626,146	2,466,518	184,022
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	92,369	94,144	89,951	276,464	-
Transfers out.....	-	-	(57,600)	(57,600)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	92,369	94,144	32,351	218,864	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	175,000	287,500	-	462,500	-
Capital contributions.....	-	862,500	-	862,500	-
Acquisition and construction of capital assets.....	(682,081)	(1,846,173)	(1,021,982)	(3,550,236)	-
Principal payments on bonds and notes.....	(951,835)	(407,535)	(55,820)	(1,415,190)	-
Interest expense.....	(163,215)	(61,268)	(39,189)	(263,672)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,622,131)	(1,164,976)	(1,116,991)	(3,904,098)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	16,974	34,955	5	51,934	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(374,600)	(333,693)	(458,489)	(1,166,782)	184,022
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	3,779,744	2,998,519	676,719	7,454,982	2,288,532
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 3,405,144	\$ 2,664,826	\$ 218,230	\$ 6,288,200	\$ 2,472,554
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 503,794	\$ (1,652,181)	\$ 577,710	\$ (570,677)	\$ 133,496
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	837,601	512,133	77,789	1,427,523	-
Deferred (outflows)/inflows related to pensions.....	117,000	102,000	-	219,000	-
Deferred (outflows)/inflows related to OPEB.....	(94,041)	3,281	-	(90,760)	-
Changes in assets and liabilities:					
User charges.....	(281,086)	(171,269)	(60,419)	(512,774)	-
Due from other funds.....	-	-	-	-	(47,687)
Warrants payable.....	26,787	6,319	29,892	62,998	170,530
Accrued payroll.....	8,205	3,696	1,174	13,075	-
Health claims payable.....	-	-	-	-	(72,317)
Liabilities due depositors.....	42,000	25,000	-	67,000	-
Compensated absences.....	5,066	4,716	-	9,782	-
Net pension liability.....	(138,000)	(148,000)	-	(286,000)	-
Other postemployment benefits.....	110,862	2,016,489	-	2,127,351	-
Total adjustments.....	634,394	2,354,365	48,436	3,037,195	50,526
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,138,188	\$ 702,184	\$ 626,146	\$ 2,466,518	\$ 184,022
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Subsidies.....	-	5,400	-	5,400	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Pension and Other Postemployment Benefit Trust Fund (1)	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents.....	\$ 535,726	\$ 61,863
Investments:		
Investments in Pension Reserve Investment Trust.....	152,978,085	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	18,247	-
TOTAL ASSETS	153,532,058	61,863
LIABILITIES		
Warrants payable.....	1,379	-
NET POSITION		
Restricted for pensions.....	152,334,917	-
Restricted for other postemployment benefits.....	1,195,762	-
Held in trust for other purposes.....	-	61,863
TOTAL NET POSITION	\$ 153,530,679	\$ 61,863

(1) Pension Trust Fund reported as of December 31, 2019.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Pension and Other Postemployment Benefit Trust Fund (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 6,718,436	\$ -
Employer contributions for other postemployment benefit payments....	4,971,847	-
Member contributions.....	2,585,790	-
Retirement benefits - transfers from other systems.....	229,257	-
Intergovernmental.....	59,543	-
	<u>14,564,873</u>	<u>-</u>
Net investment income:		
Investment income.....	21,637,626	18
Less: investment expense.....	<u>(723,107)</u>	<u>-</u>
	20,914,519	18
	<u>20,914,519</u>	<u>18</u>
	<u>20,914,519</u>	<u>18</u>
TOTAL ADDITIONS.....	<u>35,479,392</u>	<u>18</u>
DEDUCTIONS:		
Administration.....	176,187	-
Retirement benefits - transfers to other systems.....	648,223	-
Retirement benefits and refunds.....	9,120,733	-
Other postemployment benefit payments.....	4,971,847	-
Educational scholarships.....	-	23,049
	<u>14,916,990</u>	<u>23,049</u>
TOTAL DEDUCTIONS.....	<u>14,916,990</u>	<u>23,049</u>
NET INCREASE (DECREASE) IN NET POSITION.....	20,562,402	(23,031)
NET POSITION AT BEGINNING OF YEAR.....	<u>132,968,277</u>	<u>84,894</u>
NET POSITION AT END OF YEAR.....	<u>\$ 153,530,679</u>	<u>\$ 61,863</u>

(1) Pension Trust Fund reported as of December 31, 2019.

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Select Board and an appointed Town Administrator.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

The Milton Contributory Retirement System (MCRS) was established to provide retirement benefits to Town employees, the Town Housing Authority employees, and their beneficiaries. The MCRS is governed by a five-member board comprised of the Town Accountant (ex-officio), two elected members, a member appointed by the Select Board and a member appointed by the other four members. The MCRS is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 40 Willard Street, Suite G102, Quincy, Massachusetts 02169.

Joint Ventures

The Town has entered into a joint venture with the Towns of Avon, Canton, Dedham, Braintree, Holbrook, Westwood, Norwood, and Randolph to pool resources and share the costs, risks and rewards of providing vocational education through the Blue Hills Regional Technical School District. The assessment for 2020 was \$798,856.

The Town is a member of the Massachusetts Water Resources Authority (MWRA), a joint venture with other Massachusetts governmental entities that was organized to provide water and sewer services to the respective members' Cities, Towns, and Districts. Complete financial statements for the MWRA can be obtained directly from their administrative office located at 100 First Avenue, Building 39, Boston, Massachusetts 02129.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

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 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 or 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 restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions 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. Exceptions are charges between the general fund and water and sewer enterprise fund. 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, 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 *town capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

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

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent nonexpendable fund* is used to account for and report 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 nonoperating revenues and expenses.

The *water, sewer, and stormwater enterprise funds* are used to account for the water, sewer, and stormwater activities.

Additionally, the Town reports an *internal service fund* as a proprietary fund type. This fund is used to account for the risk financing activities related to active employees' and retirees' health insurance.

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

The following fiduciary fund types are reported:

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

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

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

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 Measurement

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 and Retirement System 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 Assessor's 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 six months 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 for 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.

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

Water, Sewer and Stormwater User Fees

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water, Sewer and Stormwater liens are processed in December of every year and included as a lien on the property owner's tax bill. These charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of police details and are recorded as receivables in the year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

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 uncollectibles.

G. Inventories

Government-Wide and Fund Financial Statements

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

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

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

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

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 reports deferred outflow of resources related to pensions and OPEB in this category.

In addition to liabilities, the statement of financial 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 reports deferred inflows of resources on charges on refunding, pensions and OPEB 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 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. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Net Position Flow Assumption

Government-Wide Financial Statements (Net Position)

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.

K. 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.

L. 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.

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

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.

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 depleted before unrestricted – net position is applied.

Net position has been “restricted for” the following:

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

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

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

Fund Financial Statements (Fund Balances)

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.

“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.

“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.

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, contributions, and pension expense, information about the fiduciary net position of both the Milton Contributory Retirement System and the Massachusetts Teachers Retirement System. 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 is retained by that 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. 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 (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 Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Pension Reserves Investment Management (PRIM) Board is charged with the general supervision of the Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund is a pooled investment fund established to invest the pension funds of the Massachusetts State Employees' and Teachers' Retirement Systems, and the assets of the county, authority, district, and municipal retirement systems that choose to invest in the Fund. The PRIT Fund was created in December 1983 by the Legislature (Chapter 661, Acts 1983) with a mandate to accumulate the assets through investment earnings and other revenue sources in order to reduce the Commonwealth's significant unfunded pension liability, and to assist local participating retirement systems in meeting their future pension obligations.

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. The Town’s policy for custodial risk is to place funds in institutions that provide the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield and uses recognized bank rating services as a basis for this determination. At year-end, the carrying amount of deposits totaled \$28,944,312 and the bank balance totaled \$29,478,729. Of the bank balance, \$2,072,059 was covered by Federal Depository Insurance, \$16,596,359 was covered by Depositors Insurance Fund Insurance, \$2,408,415 was collateralized and \$8,401,896 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2019, the carrying amount of deposits for the System totaled \$535,726 and the bank balance of \$574,779 is 100% insured.

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’s investments of \$108,591 in Government sponsored enterprises, \$136,206 in U.S. Treasury bonds, \$414,568 in corporate bonds, and \$2,055,153 in equity securities have a custodial credit risk exposure of \$2,714,518 because the related securities are uninsured, unregistered and held by the counterparty. \$1,195,762 of PRIT does not have any custodial credit risk associated with it. The Town’s policy for custodial credit risk is to invest its funds with companies that provide a proof of credit worthiness which includes a minimum of five years in operation and capital of \$10 million.

At December 31, 2019, investments of \$151,782,323 in the PRIT Fund do not have any associated custodial credit risk.

Investments

The Town had the following investments, with their respective maturities, at June 30, 2020:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 136,206	\$ 61,053	\$ 75,153
Government sponsored enterprises.....	108,591	-	108,591
Corporate bonds.....	<u>414,568</u>	<u>60,516</u>	<u>354,052</u>
Total debt securities.....	659,365	<u>\$ 121,569</u>	<u>\$ 537,796</u>
<u>Other investments:</u>			
Equity securities.....	2,055,153		
Equity mutual funds.....	11,487,366		
Money market mutual funds.....	2,306,162		
Pension Reserve Investment Trust (PRIT).....	1,195,762		
MMDT - cash portfolio.....	<u>654,745</u>		
Total investments.....	\$ <u>18,358,553</u>		

Interest Rate Risk

The Town and the System uses PRIT guidelines as a means of managing its exposure to fair value losses arising from increasing interest rates. The System and the Towns OPEB fund participates in PRIT. The effective

weighted duration rate for PRIT investments ranged from 0.14 to 16.03 years.

Credit Risk

The Town uses PRIT guidelines as a means to manage credit risk. Standard and Poor's Investors Service rated the Town's investments as follows:

Quality Rating	U.S. Treasury Notes	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ 136,206	\$ 20,138	\$ 30,229
AA+.....	-	88,453	-
A+.....	-	-	30,434
A.....	-	-	15,143
A-.....	-	-	94,553
BBB+.....	-	-	81,332
BBB.....	-	-	74,577
BBB-.....	-	-	88,300
Total.....	\$ <u>136,206</u>	\$ <u>108,591</u>	\$ <u>414,568</u>

Concentration of Credit Risk

The Town uses PRIT guidelines in limiting the amount the Town may invest in any one issuer. The Town does not have more than 5% of the investments invested in one issuer.

Fair 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 tabular format for disclosing the levels within the fair value hierarchy.

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 136,206	\$ 136,206	\$ -	\$ -
Government sponsored enterprises.....	108,591	108,591	-	-
Corporate bonds.....	414,568	-	414,568	-
Total debt securities.....	659,365	244,797	414,568	-
<u>Other investments:</u>				
Equity securities.....	2,055,153	2,055,153	-	-
Equity mutual funds.....	11,487,366	11,487,366	-	-
Money market mutual funds.....	2,306,162	2,306,162	-	-
Total other investments.....	15,848,681	15,848,681	-	-
Total investments measured at fair value.....	16,508,046	\$ <u>16,093,478</u>	\$ <u>414,568</u>	\$ -
Investments measured at amortized cost:				
MMDT - cash portfolio.....	654,745			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	1,195,762			
Total investments.....	\$ <u>18,358,553</u>			

U.S. treasury notes, government sponsored enterprises, equities and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasure of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

Retirement System - Investments in PRIT of \$151,782,323 are measured at net asset value.

NOTE 3 - RECEIVABLES

At June 30, 2020, receivables for the individual major and non-major governmental funds in the aggregate, 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.....	\$ 1,675,934	\$ -	\$ 1,675,934
Tax liens.....	2,451,783	-	2,451,783
Motor vehicle and other excise taxes.....	502,914	(117,000)	385,914
User charges.....	110,480	-	110,480
Departmental and other.....	452,197	-	452,197
Intergovernmental.....	889,162	-	889,162
Total.....	<u>\$ 6,082,470</u>	<u>\$ (117,000)</u>	<u>\$ 5,965,470</u>

At June 30, 2020, receivables for the water, sewer, and stormwater enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 1,607,237	\$ -	\$ 1,607,237
Sewer user charges.....	2,175,659	-	2,175,659
Stormwater user charges.....	212,538	-	212,538
Total.....	<u>\$ 3,995,434</u>	<u>\$ -</u>	<u>\$ 3,995,434</u>

Governmental funds report *unavailable revenue* 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 *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
Receivables:			
Real estate and personal property taxes..... \$	1,070,305	\$ -	\$ 1,070,305
Tax liens.....	2,451,783	-	2,451,783
Motor vehicle and other excise taxes.....	385,914	-	385,914
User charges.....	110,480	-	110,480
Departmental and other.....	-	399,596	399,596
Intergovernmental.....	-	778,663	778,663
Total.....	\$ 4,018,482	\$ 1,178,259	\$ 5,196,741

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:				
<u>Capital assets not being depreciated:</u>				
Land..... \$	1,667,355	\$ -	\$ -	\$ 1,667,355
Construction in progress.....	566,893	1,147,312	(6,157)	1,708,048
Total capital assets not being depreciated....	2,234,248	1,147,312	(6,157)	3,375,403
<u>Capital assets being depreciated:</u>				
Land improvements.....	825,572	177,925	-	1,003,497
Buildings.....	176,605,877	624,179	-	177,230,056
Vehicles and equipment.....	21,911,956	599,828	(5,393,112)	17,118,672
Infrastructure.....	37,844,307	1,402,998	-	39,247,305
Total capital assets being depreciated.....	237,187,712	2,804,930	(5,393,112)	234,599,530
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(248,157)	(57,428)	-	(305,585)
Buildings.....	(63,221,661)	(4,244,023)	-	(67,465,684)
Vehicles and equipment.....	(14,819,313)	(1,358,816)	5,393,112	(10,785,017)
Infrastructure.....	(16,345,901)	(602,954)	-	(16,948,855)
Total accumulated depreciation.....	(94,635,032)	(6,263,221)	5,393,112	(95,505,141)
Total capital assets being depreciated, net.....	142,552,680	(3,458,291)	-	139,094,389
Total governmental activities capital assets, net.....	\$ 144,786,928	\$ (2,310,979)	\$ (6,157)	\$ 142,469,792

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ -	\$ 503,747	\$ -	\$ 503,747
Total capital assets not being depreciated....	-	503,747	-	503,747
<u>Capital assets being depreciated:</u>				
Buildings.....	5,000	-	-	5,000
Vehicles and equipment.....	1,225,609	195,179	(152,927)	1,267,861
Infrastructure.....	37,771,926	494,822	-	38,266,748
Total capital assets being depreciated.....	39,002,535	690,001	(152,927)	39,539,609
<u>Less accumulated depreciation for:</u>				
Buildings.....	(2,312)	(125)	-	(2,437)
Vehicles and equipment.....	(444,301)	(96,115)	152,927	(387,489)
Infrastructure.....	(15,102,848)	(741,361)	-	(15,844,209)
Total accumulated depreciation.....	(15,549,461)	(837,601)	152,927	(16,234,135)
Total capital assets being depreciated, net.....	23,453,074	(147,600)	-	23,305,474
Total water activities capital assets, net.....	\$ 23,453,074	\$ 356,147	\$ -	\$ 23,809,221
	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ -	\$ 133,000	\$ (42,128)	\$ 90,872
Total capital assets not being depreciated....	-	133,000	(42,128)	90,872
<u>Capital assets being depreciated:</u>				
Buildings.....	10,000	-	-	10,000
Vehicles and equipment.....	3,404,061	237,307	(13,000)	3,628,368
Infrastructure.....	23,279,407	1,517,994	-	24,797,401
Total capital assets being depreciated.....	26,693,468	1,755,301	(13,000)	28,435,769
<u>Less accumulated depreciation for:</u>				
Buildings.....	(10,000)	-	-	(10,000)
Vehicles and equipment.....	(468,610)	(123,569)	13,000	(579,179)
Infrastructure.....	(10,731,756)	(388,564)	-	(11,120,320)
Total accumulated depreciation.....	(11,210,366)	(512,133)	13,000	(11,709,499)
Total capital assets being depreciated, net.....	15,483,102	1,243,168	-	16,726,270
Total sewer activities capital assets, net.....	\$ 15,483,102	\$ 1,376,168	\$ (42,128)	\$ 16,817,142

	Beginning Balance	Increases	Decreases	Ending Balance
Stormwater:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 229,820	\$ -	\$ -	\$ 229,820
Infrastructure.....	1,681,277	1,021,982	-	2,703,259
Total capital assets being depreciated....	1,911,097	1,021,982	-	2,933,079
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(11,491)	(22,982)	-	(34,473)
Infrastructure.....	(21,016)	(54,807)	-	(75,823)
Total accumulated depreciation.....	(32,507)	(77,789)	-	(110,296)
Total stormwater activities capital assets, net... \$	<u>1,878,590</u>	<u>\$ 944,193</u>	<u>\$ -</u>	<u>\$ 2,822,783</u>

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

Governmental Activities:	
General government.....	\$ 407,753
Public safety.....	318,185
Education.....	4,082,099
Public works.....	1,045,703
Human services.....	27,275
Culture and recreation.....	91,486
Library.....	290,720
Total depreciation expense - governmental activities.....	<u>\$ 6,263,221</u>
 Business-Type Activities:	
Water.....	\$ 837,601
Sewer.....	512,133
Stormwater.....	77,789
Total depreciation expense - business-type activities.....	<u>\$ 1,427,523</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Transfers Out:	Transfers In:							Total
	General fund	Town Capital Projects	Permanent Funds	Nonmajor governmental funds	Water Enterprise fund	Sewer Enterprise fund	Stormwater Enterprise fund	
General fund.....	\$ -	\$ 266,500	\$ -	\$ 758,000	\$ -	\$ -	\$ -	\$ 1,024,500 (1)
Nonmajor governmental funds.....	328,349	-	116,030	592,051	92,369	94,144	89,951	1,312,894 (1)
Stormwater enterprise fund.....	57,600	-	-	-	-	-	-	57,600 (2)
Total.....	<u>\$ 385,949</u>	<u>\$ 266,500</u>	<u>\$ 116,030</u>	<u>\$ 1,350,051</u>	<u>\$ 92,369</u>	<u>\$ 94,144</u>	<u>\$ 89,951</u>	<u>\$ 2,394,994</u>

(1) Represents budgeted transfers between general fund, town capital projects, and nonmajor funds as well as a transfer between the nonmajor bond premium fund and the capital projects fund.

(2) Reimbursement of debt service expenditures paid by the general fund.

NOTE 6 - 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. Details related to the short-term debt activity for the year ended June 30, 2020, are reported as follows.

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
Governmental Funds:							
BAN	Municipal Purpose.....	0.78%	02/18/21	\$ -	\$ 1,890,601	\$ -	\$ 1,890,601
Water Enterprise Fund:							
BAN	Municipal Purpose.....	0.78%	02/18/21	\$ -	\$ 175,000	\$ -	\$ 175,000
Stormwater Enterprise Fund:							
BAN	Municipal Purpose.....	1.98%	08/03/20	810,000	-	-	810,000
Total Enterprise Funds.....				\$ 810,000	\$ 175,000	\$ -	\$ 985,000

On the scheduled due date of August 3, 2020, \$810,000 of Stormwater BANS were rolled over into a new BAN due February 18, 2021 with an interest rate of 0.78%.

NOTE 7 - 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 are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Municipal Purpose Bonds of 2008	2028	\$ 8,978,577	2.00-4.24	\$ 2,715,030
Municipal Purpose Bonds of 2012.....	2032	12,005,332	2.00-2.75	3,320,000
Municipal Purpose Bonds of 2014.....	2029	4,403,182	2.00-5.00	2,004,000
Municipal Purpose Refunding Bonds of 2014	2026	5,776,000	2.00-4.00	2,535,000
Municipal Purpose Refunding Bonds of 2015	2025	4,780,000	2.00	2,205,000
Municipal Purpose Bonds of 2016	2037	2,040,349	2.00-4.00	1,160,000
Municipal Purpose Bonds of 2017	2028	865,000	2.00-4.00	580,000
Municipal Purpose Refunding Bonds of 2017	2029	6,875,000	2.50-4.00	4,950,000
Municipal Purpose Bonds of 2018	2039	7,654,858	2.00-3.00	6,767,000
Total Bonds Payable.....				26,236,030
Add: Unamortized premium on bonds.....				1,048,721
Total Bonds Payable, net.....				\$ 27,284,751

Debt service requirements for principal and interest for Governmental bonds payable in future years are shown below:

Year	Principal	Interest	Total
2021..... \$	3,659,379	\$ 1,013,984	\$ 4,673,363
2022.....	3,518,379	885,121	4,403,500
2023.....	3,178,379	751,410	3,929,789
2024.....	3,034,379	624,884	3,659,263
2025.....	2,945,379	500,784	3,446,163
2026.....	2,489,379	377,560	2,866,939
2027.....	2,034,379	273,720	2,308,099
2028.....	1,810,377	184,130	1,994,507
2029.....	1,022,000	107,617	1,129,617
2030.....	559,000	64,899	623,899
2031.....	554,000	46,269	600,269
2032.....	534,000	30,536	564,536
2033.....	313,000	16,734	329,734
2034.....	218,000	10,574	228,574
2035.....	90,000	8,171	98,171
2036.....	89,000	5,719	94,719
2037.....	89,000	3,246	92,246
2038.....	49,000	1,654	50,654
2039.....	49,000	-	49,000
Total..... \$	<u>26,236,030</u>	<u>\$ 4,907,010</u>	<u>\$ 31,143,040</u>

Bonds and Notes Payable Schedule – Enterprise Funds

Details related to the outstanding indebtedness at June 30, 2020, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Sewer Bonds Payable				
Municipal Purpose Bonds of 2014.....	2029	\$ 111,007	2.75-5.00	\$ 57,000
Municipal Purpose Refunding Bonds of 2014.....	2026	484,000	2.00-4.00	230,000
Municipal Purpose Bonds of 2016.....	2037	174,500	2.00-4.00	20,000
Municipal Purpose Bonds of 2018.....	2039	1,077,818	2.00-3.00	880,000
Subtotal General Obligation Bonds Payable.....				1,187,000
Wastewater Management Plan - MCWT	2021	63,451	0.00	3,613
Wastewater Management Plan - MCWT	2023	262,060	0.00	42,164
Massachusetts Water Resource Authority - MWRA.....	2021	266,750	0.00	53,350
Massachusetts Water Resource Authority - MWRA.....	2028	228,500	0.00	182,800
Massachusetts Water Resource Authority - MWRA.....	2029	228,500	0.00	205,650
Massachusetts Water Resource Authority - MWRA.....	2030	287,500	0.00	287,500
Subtotal Direct Borrowings Payable.....				775,077
Sewer Bonds Payable				\$ 1,962,077
Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Water Bonds Payable				
Municipal Purpose Bonds of 2014.....	2029	\$ 27,650	2.75-5.00	\$ 9,000
Municipal Purpose Bonds of 2016.....	2037	5,578,565	2.00-4.00	4,535,000
Municipal Purpose Bonds of 2018.....	2029	1,057,504	2.00-3.00	874,000
Subtotal General Obligation Bonds Payable.....				5,418,000
Massachusetts Water Resource Authority - MWRA.....	2023	850,000	0.00	255,000
Massachusetts Water Resource Authority - MWRA.....	2026	1,150,000	0.00	690,000
Massachusetts Water Resource Authority - MWRA.....	2029	1,500,000	0.00	1,350,000
Subtotal Direct Borrowings Payable.....				2,295,000
Water Bonds Payable.....				\$ 7,713,000

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Stormwater Bonds Payable				
Municipal Purpose Bonds of 2018.....	2029	\$ 1,229,820	2.00-3.00	\$ <u>1,174,000</u>

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

Year	Principal	Interest	Total
2021.....	\$ 1,330,467	\$ 228,480	\$ 1,558,947
2022.....	1,239,504	191,070	1,430,574
2023.....	1,139,506	159,980	1,299,486
2024.....	884,450	136,519	1,020,969
2025.....	838,450	118,625	957,075
2026.....	789,450	104,473	893,923
2027.....	639,450	90,233	729,683
2028.....	643,450	76,803	720,253
2029.....	559,600	66,473	626,073
2030.....	349,750	58,501	408,251
2031.....	321,000	50,663	371,663
2032.....	321,000	43,533	364,533
2033.....	322,000	36,373	358,373
2034.....	327,000	28,938	355,938
2035.....	325,000	21,344	346,344
2036.....	326,000	13,499	339,499
2037.....	331,000	5,366	336,366
2038.....	81,000	2,734	83,734
2039.....	81,000	-	81,000
Total.....	\$ <u>10,849,077</u>	\$ <u>1,433,600</u>	\$ <u>12,282,677</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and non-interest bearing loan. The loan portion is payable in five equal annual installments. At June 30, 2020, the outstanding principal amount of these loans totaled \$3,024,300.

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of approximately \$13,000 and interest costs for \$2,000. Thus, net MCWT loan repayments, including interest, are scheduled to be \$15,000. 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 year 2020 principal and interest subsidies totaled approximately \$4,100 and \$1,300, respectively.

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
Water system rehab.....	\$ 413,000
Roadways - CH 90.....	2,628,975
Squantum at Adams St. signalization.....	1,127,075
Various Capital.....	3,227,000
Water meter replacement.....	457,631
Sewer meter replacement.....	455,856
Water MWRA.....	1,596,700
Sewer MWRA.....	1,540,500
Fire station design.....	1,900,000
DPW sidewalk & pavement patching.....	50,000
Water bonds.....	500,000
Sewer pump station.....	300,000
Stormwater.....	540,049
Sewer Randolph Ave.....	450,000
Sewer.....	<u>1,635,000</u>
Total.....	<u>\$ 16,821,786</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.....	\$ 30,042,267	\$ -	\$ (3,806,237)	\$ -	\$ -	\$ 26,236,030	\$ 3,659,379
Add: Unamortized premium on bonds.....	1,247,587	-	-	-	(198,866)	1,048,721	182,313
Total bonds payable.....	<u>31,289,854</u>	<u>-</u>	<u>(3,806,237)</u>	<u>-</u>	<u>(198,866)</u>	<u>27,284,751</u>	<u>3,841,692</u>
Compensated absences.....	2,296,335	-	-	567,962	(459,267)	2,405,030	481,006
Workers' compensation.....	167,147	-	-	4,470	(67,753)	103,864	25,966
Net pension liability.....	24,326,000	-	-	104,000	(6,309,000)	18,121,000	-
Other postemployment benefits.....	162,196,927	-	-	8,504,381	(4,870,094)	165,831,214	-
Total governmental activity long-term liabilities.....	<u>\$ 220,276,263</u>	<u>\$ -</u>	<u>\$ (3,806,237)</u>	<u>\$ 9,180,813</u>	<u>\$ (11,904,980)</u>	<u>\$ 213,745,859</u>	<u>\$ 4,348,664</u>
Business-Type Activities:							
Long-term bonds payable.....	\$ 8,652,142	\$ -	\$ (873,142)	\$ -	\$ -	\$ 7,779,000	\$ 788,419
Long-term direct borrowing payable.....	3,324,625	287,500	(542,048)	-	-	3,070,077	542,048
Total bonds payable.....	<u>11,976,767</u>	<u>287,500</u>	<u>(1,415,190)</u>	<u>-</u>	<u>-</u>	<u>10,849,077</u>	<u>1,330,467</u>
Compensated absences.....	101,831	-	-	111,613	(101,831)	111,613	111,613
Net pension liability.....	1,159,000	-	-	18,000	(304,000)	873,000	-
Other postemployment benefits.....	3,675,838	-	-	2,279,104	(151,753)	5,803,189	-
Total business-type activity long-term liabilities.....	<u>\$ 16,913,436</u>	<u>\$ 287,500</u>	<u>\$ (1,415,190)</u>	<u>\$ 2,408,717</u>	<u>\$ (557,584)</u>	<u>\$ 17,636,879</u>	<u>\$ 1,442,080</u>

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* is intended 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 classification and the constraints imposed on the uses of those resources. The GASB provides for two major types of fund balance, 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 portion 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.

As of June 30, 2020, the governmental fund balances consisted of the following:

	General	Town Capital Projects	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	2,929,800	\$ 2,929,800
Restricted for:					
Town capital projects.....	-	151,733	-	-	151,733
Other special revenue.....	-	-	-	2,210	2,210
School gifts and grants.....	-	-	-	44,392	44,392
School lunch.....	-	-	-	884,850	884,850
School revolving.....	-	-	-	4,154,478	4,154,478
Town gifts and grants.....	-	-	-	1,255,518	1,255,518
Student activity.....	-	-	-	88,264	88,264
Town revolving.....	-	-	-	1,468,716	1,468,716
Receipts reserved.....	-	-	-	397,853	397,853
Permanent funds.....	-	-	9,789,007	-	9,789,007
Assigned to:					
Encumbrances:					
General government.....	441,606	-	-	-	441,606
Public safety.....	149,642	-	-	-	149,642
Education.....	26,275	-	-	-	26,275
Public works.....	48,355	-	-	-	48,355
Human services.....	2,820	-	-	-	2,820
Employee benefits.....	48,526	-	-	-	48,526
Free cash used for subsequent year budget.....	1,920,690	-	-	-	1,920,690
Unassigned.....	9,110,281	-	-	(666,570)	8,443,711
Total Fund Balances.....	\$ 11,748,195	\$ 151,733	\$ 9,789,007	\$ 10,559,511	\$ 32,248,446

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 balances of the General Stabilization, Capital Stabilization, Roadway Stabilization, and Debt Stabilization funds were \$4.7 million, \$1.1 million, \$302,000, and \$75,000, respectively. All are reported as unassigned fund balance within the General Fund.

NOTE 9 - RISK FINANCING

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. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for its health insurance. The health insurance activities are accounted for in the internal service fund. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims, settlement trends, and other economic and social factors. The Town has recorded an estimated IBNR liability of \$616,000 in the current year.

The Town is also a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. Workers' compensation activities are accounted for in the general fund. The Town has recorded an estimated liability for workers compensation of \$104,000 in the current year.

NOTE 10 - PENSION PLAN

General Information about the Pension Plan

Plan Descriptions

The Town is a member of the Milton Contributory Retirement System (MCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the two member units. The MCRS is administered by a 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 MCRS is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

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 \$14,102,961 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$116,296,436 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 term that affected the total pension liability at December 31, 2019.

At December 31, 2019, the MCRS's membership consists of the following:

Active members.....	404
Inactive members.....	98
Retirees and beneficiaries currently receiving benefits.....	<u>274</u>
Total.....	<u><u>776</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute 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 MCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2019, was \$6,668,000, 28.07% 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 Town’s proportionate share of the required contribution was \$6,613,000, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2020 were as follows:

Total pension liability.....	\$	171,488,000
Total pension plan's fiduciary net position.....		<u>(152,335,000)</u>
Total net pension liability.....	\$	<u>19,153,000</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		88.83%

At June 30, 2020, the Town reported a liability of \$18,994,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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. At December 31, 2019, the Town’s proportion was 99.17%, which changed from the prior year rate of 99.37%.

Pension Expense

For the year ended June 30, 2020, the Town recognized pension expense of \$4,946,000. At June 30, 2020, the Town reported deferred outflows of resources related to pensions of \$6,649,000, and reported deferred inflows of resources related to pensions of \$6,435,000.

The balance of deferred outflows and inflows at June 30, 2020 consisted of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (913,000)	\$ (913,000)
Net difference between projected and actual earnings.....	-	(5,463,000)	(5,463,000)
Changes in assumptions.....	6,649,000	-	6,649,000
Changes in proportion and proportionate share of contributions...	-	(59,000)	(59,000)
Total deferred outflows/(inflows) of resources.....	<u>\$ 6,649,000</u>	<u>\$ (6,435,000)</u>	<u>\$ 214,000</u>

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021.....	\$	(511,000)
2022.....		(737,000)
2023.....		1,678,000
2024.....		(801,000)
2025.....		<u>585,000</u>
	\$	<u>214,000</u>

Actuarial Assumptions

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

Valuation date.....	January 1, 2019
Actuarial cost method.....	Entry Age Normal
Amortization method - UAAL.....	Total appropriation increases 6.0% per year until 2026 with a final amortization payment in 2027.
Remaining amortization period.....	7 Years from July 1, 2020
Asset valuation method.....	The Actuarial Value of Assets is determined in accordance with the deferred recognition method under which 20% of the gains or losses occurring in the prior year are recognized, 40% of those occurring 2 years ago are recognized, etc., so that 100% of gains or losses occurring 5 years ago are recognized. The actuarial value of assets will be adjusted, if necessary, in order to remain between 90% and 110% of market value.
Investment rate of return.....	7.25%, net of pension plan investment expense, prior assumption 7.50%.
Discount rate.....	7.25%
Inflation rate.....	Not explicitly assumed
Projected salary increases.....	Groups 1/2: 6% to 4.25% based on service. Group 4: 7% to 4.75% based on service
Cost of living adjustments.....	3% of the first \$15,000.
Mortality rates.....	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018. Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving 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 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, 2019, are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity		
Domestic equities.....	22.50%	6.90%
International equities.....	15.10%	7.00%
Emerging international equities.....	6.40%	9.20%
Core fixed income		
Core bonds.....	6.00%	3.40%
Short-Term Fixed Income.....	2.00%	3.10%
20+ yr. treasury strips.....	3.00%	2.50%
TIPS.....	4.00%	2.70%
Value added fixed income.....	7.50%	6.80%
Private equity.....	11.00%	10.90%
Real estate.....	9.50%	6.10%
Timberland.....	3.50%	6.70%
Hedge fund and portfolio completion.....	9.20%	5.80%
Liquidating portfolios.....	0.10%	0.00%
Overlay.....	0.30%	0.00%
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 16.21%. 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 7.25%. 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 rate. 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 table below presents the net position liability, calculated using the discount rate of 7.25%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	December 31, 2019 Measurement Date		
	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
	The Town’s proportionate share of the net pension liability.....	\$ 38,431,000	\$ 18,994,000

Changes of Assumptions – The discount rate was decreased from 7.50% to 7.25%.

Changes in Plan Provisions – None.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Milton administers a single-employer defined benefit healthcare plan (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. 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 Plan does not issue a publicly available financial report.

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% of the general government’s and 95% of the School’s cost of the current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 5 or 30% of the premium. For the year ended June 30, 2020, the Town’s average contribution rate was 8.15% of covered-employee payroll.

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 \$50,000 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 \$1,195,762.

Investment Policy – The Town’s policy regarding the allocation of invested assets is established and may be amended by the Select Board 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.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at June 30, 2020:

Active members.....	800
Inactive members currently receiving benefits.....	<u>595</u>
Total.....	<u><u>1,395</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.....	\$ 172,830,165
Less: OPEB plan's fiduciary net position.....	<u>(1,195,762)</u>
Net OPEB liability.....	<u><u>\$ 171,634,403</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.69%

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:

Valuation date.....	July 1, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market Value of Assets as of the Measurement Date, June 30, 2020.
Investment rate of return.....	7.01%, net of OPEB plan investment expense, including inflation.
Discount rate.....	3.00%, 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).
Inflation rate.....	2.50% as of June 30, 2020 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2020 and for future periods.
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.
Assumption experience study.....	The mortality assumptions reflect recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for postretirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

Rate of Return – For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 1.99%. 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 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 5.01% is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 7.51%.

Best estimates of arithmetic 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 following table below:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	14.50%	4.80%
Domestic Equity - Small/Mid Cap.....	3.50%	5.29%
International Equity - Developed Market.....	16.00%	5.45%
International Equity - Emerging Market.....	6.00%	6.42%
Domestic Fixed Income.....	20.00%	2.05%
International Fixed Income.....	3.00%	3.00%
Alternatives.....	23.00%	6.50%
Real estate.....	14.00%	6.25%
Total.....	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 3.00% as of June 30, 2020 and 3.00% 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 to all periods of projected future benefits payments to determine the total OPEB liability.

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.....	\$ 166,995,323	\$ 1,122,558	\$ 165,872,765
Changes for the year:			
Service cost.....	6,059,571	-	6,059,571
Interest on total OPEB liability, service cost, and benefit payments.....	5,117,620	-	5,117,620
Net investment income.....	-	23,204	(23,204)
Employer contributions to trust.....	(370,502)	5,021,847	(5,392,349)
Benefit payments.....	(4,971,847)	(4,971,847)	-
Net change.....	5,834,842	73,204	5,761,638
Balances at June 30, 2020.....	\$ 172,830,165	\$ 1,195,762	\$ 171,634,403

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net OPEB liability and service cost, calculated using the discount rate of 3.00%, as well as what the net OPEB liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate.

	Current		
	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability.....	\$ 202,504,871	\$ 171,634,403	\$ 147,256,481

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend — The following table presents the net OPEB liability, calculated the healthcare trend rate if it was 1–percentage-point lower (3.50%) or 1–percentage-point higher (5.50%) than the current rate.

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Net OPEB liability.....	\$ 144,396,802	\$ 171,634,403	\$ 207,140,283

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the financial reporting year ended June 30, 2020, the Town recognized OPEB expense of \$10,805,996. At June 30, 2020, the Town reported deferred outflows of resources and 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.....	\$ -	\$ (6,592,129)	\$ (6,592,129)
Difference between projected and actual earnings, net.....	49,068	-	49,068
Changes in assumptions.....	25,883,793	-	25,883,793
Total deferred outflows/(inflows) of resources.....	\$ 25,932,861	\$ (6,592,129)	\$ 19,340,732

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.....	\$ 4,731,066
2022.....	4,731,067
2023.....	4,735,790
2024.....	4,731,541
2025.....	417,343
Thereafter.....	(6,075)
	<u>\$ 19,340,732</u>

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE 12 - COMMITMENTS

The Town is committed to expend \$16.8 million for the various projects listed below:

Purpose	Amount
Water system rehab.....	\$ 413,000
Roadways - CH 90.....	2,628,975
Squantum at Adams St. signalization.....	1,127,075
Various Capital.....	3,227,000
Water meter replacement.....	457,631
Sewer meter replacement.....	455,856
Water MWRA.....	1,596,700
Sewer MWRA.....	1,540,500
Fire station design.....	1,900,000
DPW sidewalk & pavement patching.....	50,000
Water bonds.....	500,000
Sewer pump station.....	300,000
Stormwater.....	540,049
Sewer Randolph Ave.....	450,000
Sewer.....	1,635,000
Total.....	\$ <u>16,821,786</u>

NOTE 13 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of 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 14 - FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

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

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Pension and Other Postemployment Benefit Trust Fund
ASSETS			
Cash and cash equivalents.....	\$ 535,726	\$ -	\$ 535,726
Investments:			
Investments in Pension Reserve Investment Trust.....	151,782,323	1,195,762	152,978,085
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	18,247	-	18,247
TOTAL ASSETS.....	152,336,296	1,195,762	153,532,058
LIABILITIES			
Warrants payable.....	1,379	-	1,379
NET POSITION			
Restricted for pensions.....	152,334,917	-	152,334,917
Restricted for other postemployment benefits.....	-	1,195,762	1,195,762
TOTAL NET POSITION.....	\$ 152,334,917	\$ 1,195,762	\$ 153,530,679
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 6,668,436	\$ 50,000	\$ 6,718,436
Employer contributions for other postemployment benefit payments....	-	4,971,847	4,971,847
Member contributions.....	2,585,790	-	2,585,790
Retirement benefits - transfers from other systems.....	229,257	-	229,257
Intergovernmental.....	59,543	-	59,543
Total contributions.....	9,543,026	5,021,847	14,564,873
Net investment income:			
Investment income.....	21,614,422	23,204	21,637,626
Less: investment expense.....	(723,107)	-	(723,107)
Net investment income (loss).....	20,891,315	23,204	20,914,519
TOTAL ADDITIONS.....	30,434,341	5,045,051	35,479,392
DEDUCTIONS:			
Administration.....	176,187	-	176,187
Retirement benefits - transfers to other systems.....	648,223	-	648,223
Retirement benefits and refunds.....	9,120,733	-	9,120,733
Other postemployment benefit payments.....	-	4,971,847	4,971,847
TOTAL DEDUCTIONS.....	9,945,143	4,971,847	14,916,990
NET INCREASE (DECREASE) IN NET POSITION.....	20,489,198	73,204	20,562,402
NET POSITION AT BEGINNING OF YEAR.....	131,845,719	1,122,558	132,968,277
NET POSITION AT END OF YEAR.....	\$ 152,334,917	\$ 1,195,762	\$ 153,530,679

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 30, 2020. 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 - RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the business-type activities has been restated to reflect a change in the OPEB allocation between the water and sewer enterprise funds. Accordingly, the previously reported water enterprise fund net position of \$18,521,282 decreased by \$2,112,884 and has a net position of \$16,408,398. The previously reported sewer enterprise fund net position of \$15,113,975 increased by \$2,112,884 and has a net position of \$17,226,859.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 19, 2021, which is the date the financial statements were available to be issued.

NOTE 18 - 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.

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Required Supplementary Information

General Fund Budgetary Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2020

	Amounts Carried Forward From Prior Year	Budgeted Amounts		
		Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds..... \$	-	\$ 84,248,795	\$ 84,248,795	\$ 84,779,522
Motor vehicle and other excise taxes.....	-	4,435,000	4,435,000	4,435,000
Penalties and interest on taxes.....	-	535,000	535,000	535,000
Payments in lieu of taxes.....	-	244,000	244,000	244,000
Intergovernmental.....	-	13,510,338	13,510,338	13,510,338
Departmental and other.....	-	3,386,796	3,386,796	3,386,796
Investment income.....	-	160,000	160,000	160,000
TOTAL REVENUES.....	-	106,519,929	106,519,929	107,050,656
EXPENDITURES:				
Current:				
General government.....	272,830	6,106,585	6,379,415	6,329,415
Public safety.....	276,734	13,817,375	14,094,109	14,094,109
Education.....	75	51,828,146	51,828,221	51,828,221
Public works.....	104,348	5,356,118	5,460,466	6,130,422
Health and human services.....	3,962	644,566	648,528	648,528
Culture and recreation.....	8,700	580,007	588,707	588,707
Library.....	-	1,512,631	1,512,631	1,512,631
Pension benefits.....	-	6,613,088	6,613,088	6,613,088
Employee benefits.....	-	12,984,913	12,984,913	12,945,684
State and county charges.....	-	3,999,747	3,999,747	3,999,747
Debt service:				
Principal.....	-	3,766,237	3,766,237	3,806,237
Interest.....	-	994,201	994,201	1,011,801
TOTAL EXPENDITURES.....	666,649	108,203,614	108,870,263	109,508,590
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(666,649)	(1,683,685)	(2,350,334)	(2,457,934)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	1,386,400	1,386,400	1,444,000
Transfers out.....	-	(1,759,265)	(1,759,265)	(1,759,265)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(372,865)	(372,865)	(315,265)
NET CHANGE IN FUND BALANCE.....	(666,649)	(2,056,550)	(2,723,199)	(2,773,199)
BUDGETARY FUND BALANCE, Beginning of year.....	-	6,168,753	6,168,753	6,168,753
BUDGETARY FUND BALANCE, End of year..... \$	(666,649)	\$ 4,112,203	\$ 3,445,554	\$ 3,395,554

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	84,330,740	\$ -	\$ (448,782)
	4,398,377	-	(36,623)
	407,296	-	(127,704)
	269,058	-	25,058
	13,675,358	-	165,020
	3,386,240	-	(556)
	<u>322,015</u>	<u>-</u>	<u>162,015</u>
	106,789,084	-	(261,572)
	5,420,918	441,606	466,891
	13,750,329	149,642	194,138
	51,800,857	26,275	1,089
	6,027,406	48,355	54,661
	577,340	2,820	68,368
	572,929	-	15,778
	1,471,294	-	41,337
	6,613,088	-	-
	12,808,903	48,526	88,255
	3,907,856	-	91,891
	3,806,237	-	-
	<u>978,143</u>	<u>-</u>	<u>33,658</u>
	107,735,300	717,224	1,056,066
	<u>(946,216)</u>	<u>(717,224)</u>	<u>794,494</u>
	1,620,949	-	176,949
	<u>(1,759,265)</u>	<u>-</u>	<u>-</u>
	(138,316)	-	176,949
	(1,084,532)	(717,224)	971,443
	<u>6,168,753</u>	<u>-</u>	<u>-</u>
\$	<u>5,084,221</u>	<u>(717,224)</u>	<u>971,443</u>

Pension Plan Schedules Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

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

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement 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 NET PENSION LIABILITY
AND RELATED RATIOS
MILTON CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Total pension liability:						
Service cost.....	\$ 2,946,000	\$ 3,175,000	\$ 3,318,000	\$ 3,431,000	\$ 3,585,000	\$ 3,933,000
Interest.....	9,777,000	10,199,000	10,922,000	11,022,000	11,296,000	11,367,000
Changes in benefit terms.....	-	-	-	-	-	-
Differences between expected and actual experience.....	-	95,000	-	(5,823,000)	-	1,963,000
Changes in assumptions.....	-	3,600,000	-	3,570,000	-	6,000,000
Benefit payments.....	(7,385,000)	(7,633,000)	(8,139,000)	(8,522,000)	(8,849,000)	(9,267,000)
Net change in total pension liability.....	5,338,000	9,436,000	6,101,000	3,678,000	6,032,000	13,996,000
Total pension liability - beginning.....	126,907,000	132,245,000	141,681,000	147,782,000	151,460,000	157,492,000
Total pension liability - ending (a).....	<u>\$ 132,245,000</u>	<u>\$ 141,681,000</u>	<u>\$ 147,782,000</u>	<u>\$ 151,460,000</u>	<u>\$ 157,492,000</u>	<u>\$ 171,488,000</u>
Plan fiduciary net position:						
Employer contributions.....	\$ 5,009,570	\$ 5,282,025	\$ 5,599,000	\$ 5,935,000	\$ 6,291,000	\$ 6,668,000
Member contributions.....	2,130,911	1,941,596	1,884,792	2,293,000	2,560,000	2,373,000
Net investment income (loss).....	7,564,887	714,363	8,051,000	19,413,000	(3,048,000)	20,891,000
Administrative expenses.....	(153,933)	(171,112)	(195,000)	(169,000)	(195,000)	(176,000)
Retirement benefits and refunds.....	(7,385,000)	(7,633,000)	(8,139,000)	(8,522,000)	(8,849,000)	(9,267,000)
Other receipts.....	56,988	91,474	94,000	94,000	5,000	-
Net increase (decrease) in fiduciary net position.....	7,223,423	225,346	7,294,792	19,044,000	(3,236,000)	20,489,000
Fiduciary net position - beginning of year.....	101,294,439	108,517,862	108,743,208	116,038,000	135,082,000	131,846,000
Fiduciary net position - end of year (b).....	<u>\$ 108,517,862</u>	<u>\$ 108,743,208</u>	<u>\$ 116,038,000</u>	<u>\$ 135,082,000</u>	<u>\$ 131,846,000</u>	<u>\$ 152,335,000</u>
Net pension liability - ending (a)-(b).....	<u>\$ 23,727,138</u>	<u>\$ 32,937,792</u>	<u>\$ 31,744,000</u>	<u>\$ 16,378,000</u>	<u>\$ 25,646,000</u>	<u>\$ 19,153,000</u>
Plan fiduciary net position as a percentage of the total pension liability.....	82.06%	76.75%	78.52%	89.19%	83.72%	88.83%
Covered payroll.....	\$ 19,176,000	\$ 21,049,000	\$ 21,049,000	\$ 21,570,000	\$ 21,570,000	\$ 23,757,000
Net pension liability as a percentage of covered payroll.....	123.73%	156.48%	150.81%	75.93%	118.90%	80.62%

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 CONTRIBUTIONS
MILTON CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2019.....	\$ 6,668,000	\$ (6,668,000)	\$ -	\$ 23,757,000	28.07%
December 31, 2018.....	6,291,000	(6,291,000)	-	21,570,000	29.17%
December 31, 2017.....	5,935,000	(5,935,000)	-	21,570,000	27.52%
December 31, 2016.....	5,599,000	(5,599,000)	-	21,049,000	26.60%
December 31, 2015.....	5,282,025	(5,282,025)	-	21,049,000	25.09%
December 31, 2014.....	5,009,570	(5,009,570)	-	19,176,000	26.12%

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
MILTON CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2019.....	16.21%
December 31, 2018.....	-2.31%
December 31, 2017.....	17.19%
December 31, 2016.....	7.12%
December 31, 2015.....	0.67%
December 31, 2014.....	7.65%

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.

Pension Plan Schedules

Town

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 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
MILTON CONTRIBUTORY RETIREMENT SYSTEM**

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.....	99.17%	\$ 18,994,000	\$ 23,560,000	80.62%	88.83%
December 31, 2018.....	99.37%	25,485,000	21,434,000	118.90%	83.72%
December 31, 2017.....	99.52%	16,299,000	21,466,000	75.93%	89.19%
December 31, 2016.....	99.56%	31,604,000	20,956,000	150.81%	78.52%
December 31, 2015.....	99.52%	32,779,691	20,948,000	156.48%	76.75%
December 31, 2014.....	99.49%	23,606,747	19,078,000	123.74%	82.06%

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
MILTON CONTRIBUTORY RETIREMENT SYSTEM**

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.....	\$ 6,613,000	\$ (6,613,000)	-	\$ 23,560,000	28.07%
June 30, 2019.....	6,252,000	(6,252,000)	-	21,434,000	29.17%
June 30, 2018.....	5,907,000	(5,907,000)	-	21,466,000	27.52%
June 30, 2017.....	5,575,000	(5,575,000)	-	20,956,000	26.60%
June 30, 2016.....	5,257,000	(5,257,000)	-	20,948,000	25.10%
June 30, 2015.....	4,984,000	(4,984,000)	-	19,078,000	26.12%

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.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 116,296,436	\$ 14,102,961	53.95%
2019.....	108,984,097	11,043,960	54.84%
2018.....	103,366,666	10,788,680	54.25%
2017.....	100,281,611	10,229,382	52.73%
2016.....	93,204,677	7,559,729	55.38%
2015.....	69,895,000	4,855,948	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 Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

**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.....	\$ 4,650,097	\$ 4,598,706	\$ 5,748,719	\$ 6,059,571
Interest.....	4,525,168	5,156,943	4,083,242	5,117,620
Changes of benefit terms.....	-	-	-	-
Differences between expected and actual experience....	-	(6,192,574)	(9,346,931)	(370,502)
Changes of assumptions.....	-	-	38,510,034	-
Benefit payments.....	(2,956,619)	(3,203,906)	(4,683,581)	(4,971,847)
Net change in total OPEB liability.....	6,218,646	359,169	34,311,483	5,834,842
Total OPEB liability - beginning.....	126,106,025	132,324,671	132,683,840	166,995,323
Total OPEB liability - ending (a).....	\$ <u>132,324,671</u>	\$ <u>132,683,840</u>	\$ <u>166,995,323</u>	\$ <u>172,830,165</u>
Plan fiduciary net position				
Employer contributions.....	\$ 153,276	\$ 150,388	\$ 82,750	\$ 50,000
Employer contributions for OPEB payments.....	3,109,895	3,354,294	4,683,581	4,971,847
Net investment income.....	66,426	82,866	53,990	23,204
Benefit payments.....	(3,109,895)	(3,354,294)	(4,683,581)	(4,971,847)
Net change in plan fiduciary net position.....	219,702	233,254	136,740	73,204
Plan fiduciary net position - beginning of year.....	532,862	752,564	985,818	1,122,558
Plan fiduciary net position - end of year (b).....	\$ <u>752,564</u>	\$ <u>985,818</u>	\$ <u>1,122,558</u>	\$ <u>1,195,762</u>
Net OPEB liability - ending (a)-(b).....	\$ <u>131,572,107</u>	\$ <u>131,698,022</u>	\$ <u>165,872,765</u>	\$ <u>171,634,403</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.57%	0.74%	0.67%	0.69%
Covered-employee payroll.....	\$ 57,672,411	\$ 59,402,583	\$ 59,809,398	\$ 61,603,680
Net OPEB liability as a percentage of covered-employee payroll.....	228.14%	221.70%	277.34%	278.61%

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**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 14,561,183	\$ (5,021,847)	\$ 9,539,336	\$ 61,603,680	8.15%
June 30, 2019.....	13,964,938	(4,766,331)	9,198,607	59,809,398	7.97%
June 30, 2018.....	11,711,542	(3,354,294)	8,357,248	59,402,583	5.65%
June 30, 2017.....	11,561,933	(3,109,895)	8,452,038	57,672,411	5.39%

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.....	1.99%
June 30, 2019.....	5.69%
June 30, 2018.....	8.88%
June 30, 2017.....	8.12%

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 - BUDGETARY BASIS OF ACCOUNTING

1. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Warrant Committee. The Warrant Committee presents an annual budget to the Town Meeting Representatives (Representatives), which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Representatives, who have full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Representative approval via a supplemental appropriation.

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 majority vote of the Representatives.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original year 2020 approved budget authorized approximately \$110 million in appropriations and other amounts to be raised. Included in this amount were carry forwards from prior years and continuing appropriations. There was an increase in the budget of \$580,000, mainly occurring in the public works department.

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

2. 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.....	\$ (1,084,532)
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	727,368
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	298,000
Net change in recording 60 day receipts.....	287,379
Recognition of revenue for on-behalf payments.....	14,103,000
Recognition of expenditures for on-behalf payments.....	<u>(14,103,000)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 228,215</u>

NOTE B - PENSION PLAN***Pension Plan Schedules – Retirement System*****A. Schedule of Changes in the Net Pension Liability and Related Ratios**

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total 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 total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

C. Schedule of Investment Returns

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules - Town**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 Town's allocated percentage of the net pension liability (asset), the Town's proportionate share of the net pension liability, and the Town's covered employee payroll. It also demonstrates the Town's net position as a percentage of the Town's pension liability and the Town's net pension liability as a percentage of Town's covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The Town's 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 Town's 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 Town 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 City 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 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

The discount rate was decreased from 7.50% to 7.25%.

E. Changes in Plan Provisions

None.

NOTE C - OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("The 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

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.

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 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 Cost Method.
Asset valuation method.....	Market Value of Assets as of the Measurement Date, June 30, 2020.
Investment rate of return.....	7.01%, net of OPEB plan investment expense, including inflation.
Discount rate.....	3.00%, 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).
Inflation rate.....	2.50% as of June 30, 2020 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2020 and for future periods.
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.
Assumption experience study.....	The mortality assumptions reflect recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for postretirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

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.

Changes of Assumptions

None.

Changes in Provisions

None.