

***TOWN OF HOLBROOK, MASSACHUSETTS***

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

***YEAR ENDED JUNE 30, 2021***

TOWN OF HOLBROOK, MASSACHUSETTS

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JUNE 30, 2021

**TABLE OF CONTENTS**

Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements .....	11
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 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 Comparison Schedule .....	63
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	64
Pension Plan Schedules .....	65
Schedule of the Town's Proportionate Share of the Net Pension Liability.....	66
Schedule of the Town's Contributions.....	67
Schedule of Special Funding Amounts of the Net Pension Liability .....	68
Other Postemployment Benefit Plan Schedules.....	69
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios .....	70
Schedule of the Town's Contributions.....	71
Schedule of Investment Returns .....	72
Notes to Required Supplementary Information.....	73

## **Independent Auditor's Report**

To the Town Administrator and Select Board  
Town of Holbrook, 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 Holbrook, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Holbrook, 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 from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Holbrook, Massachusetts, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2022, on our consideration of the Town of Holbrook, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the Town of Holbrook, Massachusetts' internal control over financial reporting and compliance.

*Powers & Sullivan LLC*

June 16, 2022

# ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Town of Holbrook (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended 2021. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

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

### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent 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 that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, financial services, inspectional services, public safety, education, public works, public services, and interest. The business-type activities include activities of the water department, sewer department, solid waste department and PEG access operations.

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

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

**Proprietary funds.** The Town maintains one type of proprietary fund.

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

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

The Town maintains two different types of fiduciary funds. The Other Postemployment Benefits Fund is used to report resources held in trust for healthcare benefits for retirees and beneficiaries. The private purpose trust fund reports resources held by the Town in private organizations and other governments. The Town's private purpose trust fund is used to account for educational scholarships.

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

## Government-wide Financial Analysis

### Governmental Activities:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$21.4 million at the close of 2021.

	2021	2020 (As Revised)
<b>Assets:</b>		
Current assets.....	\$ 26,778,744	\$ 21,554,608
Capital assets, net of accumulated depreciation....	108,912,742	107,031,672
<b>Total assets.....</b>	<b>135,691,486</b>	<b>128,586,280</b>
<b>Deferred outflows of resources.....</b>	<b>15,369,509</b>	<b>5,179,477</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	5,446,078	3,602,505
Noncurrent liabilities (excluding debt).....	82,738,911	71,618,218
Current debt.....	4,367,474	4,383,083
Noncurrent debt.....	32,685,960	34,755,434
<b>Total liabilities.....</b>	<b>125,238,423</b>	<b>114,359,240</b>
<b>Deferred inflows of resources.....</b>	<b>4,428,337</b>	<b>1,275,072</b>
<b>Net position:</b>		
Net investment in capital assets.....	74,514,175	70,219,822
Restricted.....	938,994	502,963
Unrestricted.....	(54,058,934)	(52,591,340)
<b>Total net position.....</b>	<b>\$ 21,394,235</b>	<b>\$ 18,131,445</b>

Net position of \$74.5 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$939,000, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$54.1 million. This deficit balance is primarily due to the recognition of a \$14.4 million net pension liability, and a \$67.2 million net OPEB liability.

The governmental activities net position increased by \$3.3 million in 2021. Key factors were attributed to the recognition of \$4.1 million of capital grant revenue for received from the state for the 911 center, the MSBA school building program, and the chapter 90 highway program.

Operating grant increases include a \$400,000 increase in state chapter 70 school funding, a \$500,000 increase in the Massachusetts Teacher's Retirement on-behalf payments, \$1.2 million in COVID-19 funding, and \$203,000 increase in operating grants relating to the new 911 center.

Under general revenues, the Town reported \$878,307 as a gain on the sale of capital assets from the sale of the South elementary school.

	2021	2020 (As Revised)
<b>Program Revenues:</b>		
Charges for services.....	\$ 3,762,312	\$ 2,736,863
Operating grants and contributions.....	17,573,729	14,599,364
Capital grants and contributions.....	4,135,852	3,610,619
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	28,275,916	29,877,437
Motor vehicle and other excise taxes.....	1,605,782	1,549,572
Penalties and interest on taxes.....	427,066	443,670
Payments in lieu of taxes.....	4,916	1,618
Grants and contributions not restricted to specific programs.....	1,572,827	1,658,473
Unrestricted investment income.....	115,370	123,727
Gain (loss) on sale of capital assets.....	878,307	-
<b>Total revenues.....</b>	<b>58,352,077</b>	<b>54,601,343</b>
<b>Expenses:</b>		
General government.....	2,027,037	1,609,339
Financial services.....	1,091,280	1,095,912
Inspectional services.....	466,372	457,584
Public safety.....	12,617,365	12,459,232
Education.....	34,883,980	31,465,259
Public works.....	2,558,032	2,257,985
Public services.....	355,245	1,018,879
Interest.....	1,125,103	1,254,762
<b>Total expenses.....</b>	<b>55,124,414</b>	<b>51,618,952</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>3,227,663</b>	<b>2,982,391</b>
<b>Transfers.....</b>	<b>35,127</b>	<b>(258,488)</b>
<b>Change in net position.....</b>	<b>3,262,790</b>	<b>2,723,903</b>
<b>Net position, beginning of year (as revised).....</b>	<b>18,131,445</b>	<b>15,407,542</b>
<b>Net position, end of year.....</b>	<b>\$ 21,394,235</b>	<b>\$ 18,131,445</b>

**Business-type Activities:**

For the Town's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29.3 million at the close of 2021.

	2021	(As Restated)
<b>Assets:</b>		
Current assets.....	\$ 9,449,784	\$ 9,331,242
Capital assets, net of accumulated depreciation....	38,483,592	39,564,330
<b>Total assets.....</b>	<b>47,933,376</b>	<b>48,895,572</b>
<b>Deferred outflows of resources.....</b>	<b>199,219</b>	<b>105,571</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	376,108	372,463
Noncurrent liabilities (excluding debt).....	1,127,443	1,463,434
Current debt.....	9,768,272	9,075,158
Noncurrent debt.....	7,628,776	9,594,314
<b>Total liabilities.....</b>	<b>18,900,599</b>	<b>20,505,369</b>
<b>Deferred inflows of resources.....</b>	<b>62,912</b>	<b>22,434</b>
<b>Net position:</b>		
Net investment in capital assets.....	27,770,292	27,282,939
Unrestricted.....	1,398,792	1,190,401
<b>Total net position.....</b>	<b>\$ 29,169,084</b>	<b>\$ 28,473,340</b>

Business-type net position of \$27.8 million represents the net investment in capital assets. The remaining balance of unrestricted business-type net position totaled \$1.5 million.

	2021	(As Restated)
<b>Program Revenues:</b>		
Charges for services.....	\$ 6,628,927	\$ 6,008,112
<b>General Revenues:</b>		
Unrestricted investment income.....	-	8,160
<b>Total revenues.....</b>	<b>6,628,927</b>	<b>6,016,272</b>
<b>Expenses:</b>		
Water.....	2,142,078	2,017,327
Sewer.....	2,719,345	2,767,757
Solid waste.....	714,109	737,481
PEG Access.....	322,524	228,411
<b>Total expenses.....</b>	<b>5,898,056</b>	<b>5,750,976</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>730,871</b>	<b>265,296</b>
<b>Transfers.....</b>	<b>(35,127)</b>	<b>258,488</b>
<b>Change in net position.....</b>	<b>695,744</b>	<b>523,784</b>
<b>Net position, beginning of year (as restated).....</b>	<b>28,473,340</b>	<b>27,949,556</b>
<b>Net position, end of year.....</b>	<b>\$ 29,169,084</b>	<b>\$ 28,473,340</b>

The Town's business-type activities include water, sewer, solid waste, and PEG access activities.

The water enterprise fund's net position of \$10.5 million represents the net investment in capital assets while \$547,000 is unrestricted. Net position increased by \$887,000 which is consistent with the prior year and management's expectations. The Town still has \$7.8 million in short-term BANs related to the joint water treatment plant project outstanding at year end. This project is in the design phase and is anticipated to be completed in 2024.

The sewer enterprise fund's net position of \$17.2 million represents the net investment in capital assets while unrestricted net position was \$858,000. Net position decreased by \$6,000.

The solid waste enterprise fund's net position of \$51,228 is unrestricted. Net position decreased by \$127,000. The fund received a subsidy from the general fund in the prior year which was not provided fiscal year 2021. Overall, revenues from trash fees were not adequate to support the cost of the services provided.

The PEG access enterprise fund's negative net position of \$58,000 is unrestricted. Net position decreased by \$58,000 primarily due to revenue collections totaling \$265,000 and operating expenses totaling \$322,000. The revenues were not adequate to support the cost of providing the service.

### ***Financial Analysis of the Government's Funds***

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$14.2 million, an increase of \$3.2 million from the prior year.

The general fund is the Town's chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$8.8 million, while \$567,000 has been assigned for encumbrances and free cash voted for fiscal year 22 appropriations. The balance of the general fund increased by \$1.4 million during the current year, primarily due to better than anticipated revenue collections, unexpended appropriations, and budgeted increases to the Town's Stabilization Fund, which is reported within the general fund in the governmental fund financial statements. 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 19.5% of total general fund expenditures. Total fund balance represents 20.7% of total general fund expenditures.

The School Building fund had a fund balance of \$485,000 at year-end, an increase of \$483,000 over the prior year. The increase is associated with the \$483,000 MSBA reimbursement received in FY2021. The School Building fund has bond anticipation notes outstanding of \$1.8 million at year end.

Nonmajor governmental funds reported an increase of \$1.3 million in fund balance, which was primarily attributable to a timing difference between the receipt and expenditure of state and federal grants.

## ***General Fund Budgetary Highlights***

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2021 budget includes approximately \$43.5 million in appropriations and other amounts to be raised and \$128,000 in encumbrances and appropriations carried over from previous years. During 2021, Town Meeting approved supplemental appropriations totaling \$1.8 million, primarily for the voted use of free cash for transfers to the Stabilization and OPEB trust funds and free cash voted at a special town meeting to reduce the tax rate.

General fund revenues came in \$1.6 million over budget and expenditures and encumbrances came in under budget by \$1.4 million. On a budgetary basis, revenues and other financing sources exceeded expenditures and transfers out by \$881,000.

## ***Capital Asset and Debt Administration***

During the current year the Town expended \$5.4 million on governmental activities capital assets consisting mainly of construction costs for the 911 dispatch center, the Holbrook dam repair project, public safety vehicles, as well as roadway improvements funded through the Mass Highway Chapter 90 program. The Town also disposed of the South school and a vehicle.

The town also added \$413,000 toward the water treatment plant project in the water enterprise fund.

Outstanding long-term debt for governmental activities, as of 2021, totaled \$33.9 million, of which \$33.2 million relates to school projects, and the remaining balance is for other CIP related projects.

Outstanding long-term debt for enterprise activities, as of 2021, totaled \$9.5 million, of which \$8.7 million relates to water enterprise activities, and \$827,000 relates to sewer activities.

Please refer to the notes to the basic financial statements for further discussion of the capital asset and debt activity.

## ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Holbrook's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town of Holbrook, Massachusetts, 50 North Franklin Street, Holbrook, Massachusetts 02343.

# ***Basic Financial Statements***

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## STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 17,549,127	\$ 7,927,180	\$ 25,476,307
Investments.....	3,422,725	-	3,422,725
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,422,421	-	1,422,421
Tax liens.....	1,758,621	-	1,758,621
Motor vehicle and other excise taxes.....	410,719	-	410,719
User charges.....	-	1,522,604	1,522,604
Departmental and other.....	304,794	-	304,794
Intergovernmental.....	705,792	-	705,792
Tax foreclosures.....	1,204,545	-	1,204,545
Total current assets.....	<u>26,778,744</u>	<u>9,449,784</u>	<u>36,228,528</u>
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	1,790,542	779,801	2,570,343
Capital assets, net of accumulated depreciation.....	<u>107,122,200</u>	<u>37,703,791</u>	<u>144,825,991</u>
Total noncurrent assets.....	<u>108,912,742</u>	<u>38,483,592</u>	<u>147,396,334</u>
TOTAL ASSETS.....	<u>135,691,486</u>	<u>47,933,376</u>	<u>183,624,862</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	807,679	14,555	822,234
Deferred outflows related to OPEB.....	<u>14,561,830</u>	<u>184,664</u>	<u>14,746,494</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>15,369,509</u>	<u>199,219</u>	<u>15,568,728</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	4,603,436	312,334	4,915,770
Accrued liabilities.....	40,552	-	40,552
Accrued interest.....	97,475	56,986	154,461
Other liabilities.....	331,694	-	331,694
Unearned revenue.....	7,472	-	7,472
Capital lease obligations.....	152,998	-	152,998
Compensated absences.....	212,451	6,788	219,239
Notes payable.....	2,298,000	7,800,000	10,098,000
Bonds payable.....	<u>2,069,474</u>	<u>1,968,272</u>	<u>4,037,746</u>
Total current liabilities.....	<u>9,813,552</u>	<u>10,144,380</u>	<u>19,957,932</u>
<b>NONCURRENT:</b>			
Capital lease obligations.....	56,698	-	56,698
Compensated absences.....	1,157,492	16,934	1,174,426
Net pension liability.....	14,357,527	258,737	14,616,264
Net OPEB liability.....	67,167,194	851,772	68,018,966
Bonds payable.....	<u>32,685,960</u>	<u>7,628,776</u>	<u>40,314,736</u>
Total noncurrent liabilities.....	<u>115,424,871</u>	<u>8,756,219</u>	<u>124,181,090</u>
TOTAL LIABILITIES.....	<u>125,238,423</u>	<u>18,900,599</u>	<u>144,139,022</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	125,245	-	125,245
Deferred inflows related to pensions.....	1,562,329	28,155	1,590,484
Deferred inflows related to OPEB.....	<u>2,740,763</u>	<u>34,757</u>	<u>2,775,520</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>4,428,337</u>	<u>62,912</u>	<u>4,491,249</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	74,514,175	27,770,292	102,284,467
Permanent funds:			
Expendable.....	184,962	-	184,962
Nonexpendable.....	11,557	-	11,557
Gifts and grants.....	742,475	-	742,475
Unrestricted.....	<u>(54,058,934)</u>	<u>1,398,792</u>	<u>(52,660,142)</u>
TOTAL NET POSITION.....	<u>\$ 21,394,235</u>	<u>\$ 29,169,084</u>	<u>\$ 50,563,319</u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 2,027,037	\$ 365,490	\$ 1,462,273	\$ -	\$ (199,274)
Financial services.....	1,091,280	17,884	-	-	(1,073,396)
Inspectional services.....	466,372	594,899	-	-	128,527
Public safety.....	12,617,365	2,635,290	1,133,266	2,894,260	(5,954,549)
Education.....	34,883,980	127,786	14,790,645	482,669	(19,482,880)
Public works.....	2,558,032	3,058	10,500	758,923	(1,785,551)
Public services.....	355,245	17,905	177,045	-	(160,295)
Interest.....	1,125,103	-	-	-	(1,125,103)
<b>Total Governmental Activities.....</b>	<b>55,124,414</b>	<b>3,762,312</b>	<b>17,573,729</b>	<b>4,135,852</b>	<b>(29,652,521)</b>
<i>Business-Type Activities:</i>					
Water.....	2,142,078	3,209,593	-	-	1,067,515
Sewer.....	2,719,345	2,444,052	-	-	(275,293)
Solid waste.....	714,109	710,694	-	-	(3,415)
PEG Access.....	322,524	264,588	-	-	(57,936)
<b>Total Business-Type Activities.....</b>	<b>5,898,056</b>	<b>6,628,927</b>	<b>-</b>	<b>-</b>	<b>730,871</b>
<b>Total Primary Government.....</b>	<b>\$ 61,022,470</b>	<b>\$ 10,391,239</b>	<b>\$ 17,573,729</b>	<b>\$ 4,135,852</b>	<b>\$ (28,921,650)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(29,652,521)</b>	\$ <b>730,871</b>	\$ <b>(28,921,650)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	28,275,916	-	28,275,916
Motor vehicle and other excise taxes.....	1,605,782	-	1,605,782
Penalties and interest on taxes.....	427,066	-	427,066
Payments in lieu of taxes.....	4,916	-	4,916
Grants and contributions not restricted to specific programs.....	1,572,827	-	1,572,827
Unrestricted investment income.....	115,370	-	115,370
Gain (loss) on sale of capital assets.....	878,307	-	878,307
<i>Transfers, net</i> .....	35,127	(35,127)	-
Total general revenues and transfers.....	<u>32,915,311</u>	<u>(35,127)</u>	<u>32,880,184</u>
Change in net position.....	3,262,790	695,744	3,958,534
<i>Net position:</i>			
Beginning of year (as revised).....	<u>18,131,445</u>	<u>28,473,340</u>	<u>46,604,785</u>
End of year.....	\$ <u><u>21,394,235</u></u>	\$ <u><u>29,169,084</u></u>	\$ <u><u>50,563,319</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2021

	General	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 9,907,337	\$ 2,239,889	\$ 5,401,901	\$ 17,549,127
Investments.....	3,368,621	-	54,104	3,422,725
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	1,422,421	-	-	1,422,421
Tax liens.....	1,758,621	-	-	1,758,621
Motor vehicle and other excise taxes.....	410,719	-	-	410,719
Departmental and other.....	-	-	304,794	304,794
Intergovernmental.....	4,987	-	700,805	705,792
Tax foreclosures.....	1,204,545	-	-	1,204,545
<b>TOTAL ASSETS.....</b>	<b>\$ 18,077,251</b>	<b>\$ 2,239,889</b>	<b>\$ 6,461,604</b>	<b>\$ 26,778,744</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 3,922,480	\$ -	\$ 680,956	\$ 4,603,436
Accrued liabilities.....	40,552	-	-	40,552
Other liabilities.....	37,543	-	294,151	331,694
Unearned revenue.....	-	-	7,472	7,472
Notes payable.....	-	1,755,000	543,000	2,298,000
<b>TOTAL LIABILITIES.....</b>	<b>4,000,575</b>	<b>1,755,000</b>	<b>1,525,579</b>	<b>7,281,154</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes paid in advance.....	125,245	-	-	125,245
Unavailable revenue.....	4,578,015	-	573,774	5,151,789
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>4,703,260</b>	<b>-</b>	<b>573,774</b>	<b>5,277,034</b>
<b>FUND BALANCES</b>				
Nonspendable.....	-	-	11,557	11,557
Restricted.....	-	484,889	4,350,694	4,835,583
Assigned.....	567,069	-	-	567,069
Unassigned.....	8,806,347	-	-	8,806,347
<b>TOTAL FUND BALANCES.....</b>	<b>9,373,416</b>	<b>484,889</b>	<b>4,362,251</b>	<b>14,220,556</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 18,077,251</b>	<b>\$ 2,239,889</b>	<b>\$ 6,461,604</b>	<b>\$ 26,778,744</b>

See notes to basic financial statements.

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

JUNE 30, 2021

Total governmental fund balances.....		\$ 14,220,556
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		108,912,742
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,151,789
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.....		11,066,417
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(97,475)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(34,755,434)	
Net pension liability.....	(14,357,527)	
Net OPEB liability.....	(67,167,194)	
Capital lease obligations.....	(209,696)	
Compensated absences.....	<u>(1,369,943)</u>	
Net effect of reporting long-term liabilities.....		<u>(117,859,794)</u>
Net position of governmental activities.....		<u>\$ 21,394,235</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	General	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ 28,119,380	\$ -	\$ -	\$ 28,119,380
Tax liens.....	454,760	-	-	454,760
Motor vehicle and other excise taxes.....	1,465,161	-	-	1,465,161
Charges for services.....	1,016,421	-	1,842,133	2,858,554
Penalties and interest on taxes.....	427,066	-	-	427,066
Fees and rentals.....	95,206	-	-	95,206
Payments in lieu of taxes.....	4,916	-	-	4,916
Licenses and permits.....	650,202	-	-	650,202
Fines and forfeitures.....	3,570	-	-	3,570
Intergovernmental - teachers retirement.....	4,142,732	-	-	4,142,732
Intergovernmental - other.....	9,691,439	482,669	8,669,576	18,843,684
Departmental and other.....	187,239	-	67,628	254,867
Contributions and donations.....	-	-	16,556	16,556
Investment income/(loss).....	107,976	-	7,394	115,370
<b>TOTAL REVENUES.....</b>	<b>46,366,068</b>	<b>482,669</b>	<b>10,603,287</b>	<b>57,452,024</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	695,401	-	1,066,528	1,761,929
Financial services.....	781,843	-	-	781,843
Inspectional services.....	308,519	-	-	308,519
Public safety.....	7,126,901	-	5,862,164	12,989,065
Education.....	17,341,758	-	2,378,331	19,720,089
Public works.....	1,571,142	-	649,865	2,221,007
Public services.....	535,435	-	119,754	655,189
Pension benefits - teachers retirement.....	4,142,732	-	-	4,142,732
Insurance.....	696,852	-	-	696,852
Employee benefits.....	7,678,968	-	-	7,678,968
State and county charges.....	1,156,970	-	-	1,156,970
Debt service:				
Principal.....	1,966,000	-	-	1,966,000
Interest.....	1,252,171	-	-	1,252,171
<b>TOTAL EXPENDITURES.....</b>	<b>45,254,692</b>	<b>-</b>	<b>10,076,642</b>	<b>55,331,334</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>1,111,376</b>	<b>482,669</b>	<b>526,645</b>	<b>2,120,690</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium from issuance of notes.....	-	-	103,019	103,019
Proceeds from the sale of capital assets.....	510	-	909,000	909,510
Transfers in.....	2,338,754	-	967,108	3,305,862
Transfers out.....	(2,064,147)	-	(1,206,588)	(3,270,735)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>275,117</b>	<b>-</b>	<b>772,539</b>	<b>1,047,656</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1,386,493</b>	<b>482,669</b>	<b>1,299,184</b>	<b>3,168,346</b>
<b>FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....</b>	<b>7,986,923</b>	<b>2,220</b>	<b>3,063,067</b>	<b>11,052,210</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 9,373,416</b>	<b>\$ 484,889</b>	<b>\$ 4,362,251</b>	<b>\$ 14,220,556</b>

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, 2021

Net change in fund balances - total governmental funds.....	\$	3,168,346
<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.....	5,427,509	
Depreciation expense.....	<u>(3,515,236)</u>	
Net effect of reporting capital assets.....		1,912,273
<p>The Statement of Activities reports the <i>gain</i> on the sale of capital assets whereas the governmental funds report the entire proceeds of the sale.....</p>		
		(31,203)
<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>		
		21,746
<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>		
Principal payments on capital leases.....	241,176	
Premium from issuance of bonds.....	(103,019)	
Net amortization of premium from issuance of bonds.....	222,102	
Debt service principal payments.....	<u>1,966,000</u>	
Net effect of reporting long-term debt.....		2,326,259
<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.....	(238,775)	
Net change in accrued interest on long-term debt.....	7,985	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(1,374,915)	
Net change in net pension liability.....	2,127,448	
Net change in deferred outflow/(inflow) of resources related to OPEB.....	8,483,367	
Net change in net OPEB liability.....	(13,234,458)	
Net change in landfill closure.....	85,000	
Net change in workers' compensation liability.....	<u>9,717</u>	
Net effect of recording long-term liabilities.....		<u>(4,134,631)</u>
Change in net position of governmental activities.....	\$	<u><u>3,262,790</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Solid Waste	PEG Access	Total
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 7,362,412	\$ 426,158	\$ 135,827	\$ 2,783	\$ 7,927,180
Receivables, net of allowance for uncollectibles:					
User charges.....	665,049	796,350	61,205	-	1,522,604
Total current assets.....	<u>8,027,461</u>	<u>1,222,508</u>	<u>197,032</u>	<u>2,783</u>	<u>9,449,784</u>
<b>NONCURRENT:</b>					
Capital assets, non depreciable.....	779,801	-	-	-	779,801
Capital assets, net of accumulated depreciation.....	19,626,873	18,076,918	-	-	37,703,791
Total noncurrent assets.....	<u>20,406,674</u>	<u>18,076,918</u>	<u>-</u>	<u>-</u>	<u>38,483,592</u>
<b>TOTAL ASSETS.....</b>	<u>28,434,135</u>	<u>19,299,426</u>	<u>197,032</u>	<u>2,783</u>	<u>47,933,376</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions.....	11,053	2,080	1,422	-	14,555
Deferred outflows related to OPEB.....	113,041	71,623	-	-	184,664
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>124,094</u>	<u>73,703</u>	<u>1,422</u>	<u>-</u>	<u>199,219</u>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	121,577	10,833	119,205	60,719	312,334
Accrued interest.....	55,855	1,131	-	-	56,986
Compensated absences.....	6,788	-	-	-	6,788
Notes payable.....	7,800,000	-	-	-	7,800,000
Bonds payable.....	1,367,064	601,208	-	-	1,968,272
Total current liabilities.....	<u>9,351,284</u>	<u>613,172</u>	<u>119,205</u>	<u>60,719</u>	<u>10,144,380</u>
<b>NONCURRENT:</b>					
Compensated absences.....	16,934	-	-	-	16,934
Net pension liability.....	196,487	36,979	25,271	-	258,737
Net OPEB liability.....	521,407	330,365	-	-	851,772
Bonds payable.....	7,344,440	284,336	-	-	7,628,776
Total noncurrent liabilities.....	<u>8,079,268</u>	<u>651,680</u>	<u>25,271</u>	<u>-</u>	<u>8,756,219</u>
<b>TOTAL LIABILITIES.....</b>	<u>17,430,552</u>	<u>1,264,852</u>	<u>144,476</u>	<u>60,719</u>	<u>18,900,599</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions.....	21,381	4,024	2,750	-	28,155
Deferred inflows related to OPEB.....	21,276	13,481	-	-	34,757
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>42,657</u>	<u>17,505</u>	<u>2,750</u>	<u>-</u>	<u>62,912</u>
<b>NET POSITION</b>					
Net investment in capital assets.....	10,537,648	17,232,644	-	-	27,770,292
Unrestricted.....	547,372	858,128	51,228	(57,936)	1,398,792
<b>TOTAL NET POSITION.....</b>	<u>\$ 11,085,020</u>	<u>\$ 18,090,772</u>	<u>\$ 51,228</u>	<u>\$ (57,936)</u>	<u>\$ 29,169,084</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Solid Waste	PEG Access	Total
<b>OPERATING REVENUES:</b>					
Charges for services.....	\$ 2,482,776	\$ 2,444,052	\$ 710,694	\$ 264,588	\$ 5,902,110
Intergovernmental.....	726,817	-	-	-	726,817
<b>TOTAL OPERATING REVENUES .....</b>	<b>3,209,593</b>	<b>2,444,052</b>	<b>710,694</b>	<b>264,588</b>	<b>6,628,927</b>
<b>OPERATING EXPENSES:</b>					
Cost of services and administration.....	1,031,919	1,944,312	714,109	322,524	4,012,864
Depreciation.....	731,407	762,314	-	-	1,493,721
<b>TOTAL OPERATING EXPENSES.....</b>	<b>1,763,326</b>	<b>2,706,626</b>	<b>714,109</b>	<b>322,524</b>	<b>5,506,585</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,446,267</b>	<b>(262,574)</b>	<b>(3,415)</b>	<b>(57,936)</b>	<b>1,122,342</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest expense.....	(378,752)	(12,719)	-	-	(391,471)
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>1,067,515</b>	<b>(275,293)</b>	<b>(3,415)</b>	<b>(57,936)</b>	<b>730,871</b>
<b>TRANSFERS:</b>					
Transfers in.....	532,810	623,134	-	-	1,155,944
Transfers out.....	(713,607)	(353,643)	(123,821)	-	(1,191,071)
<b>TOTAL TRANSFERS.....</b>	<b>(180,797)</b>	<b>269,491</b>	<b>(123,821)</b>	<b>-</b>	<b>(35,127)</b>
<b>CHANGE IN NET POSITION.....</b>	<b>886,718</b>	<b>(5,802)</b>	<b>(127,236)</b>	<b>(57,936)</b>	<b>695,744</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>10,198,302</b>	<b>18,096,574</b>	<b>178,464</b>	<b>-</b>	<b>28,473,340</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 11,085,020</b>	<b>\$ 18,090,772</b>	<b>\$ 51,228</b>	<b>\$ (57,936)</b>	<b>\$ 29,169,084</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Business-type Activities - Enterprise Funds					
	Water	Sewer	Solid Waste	PEG Access	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users.....	\$ 2,473,677	\$ 2,501,199	\$ 741,674	\$ 264,588	\$ 5,981,138
Receipts from other governments.....	726,817	-	-	-	726,817
Payments to vendors.....	(1,066,406)	(1,901,658)	(642,427)	(261,805)	(3,872,296)
Payments to employees.....	(516,886)	-	-	-	(516,886)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>1,617,202</b>	<b>599,541</b>	<b>99,247</b>	<b>2,783</b>	<b>2,318,773</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in.....	532,810	623,134	-	-	1,155,944
Transfers out.....	(713,607)	(353,643)	(123,821)	-	(1,191,071)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(180,797)</b>	<b>269,491</b>	<b>(123,821)</b>	<b>-</b>	<b>(35,127)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from the issuance of bonds and notes.....	7,800,000	-	-	-	7,800,000
Acquisition and construction of capital assets.....	(412,983)	-	-	-	(412,983)
Principal payments on bonds and notes.....	(8,463,091)	(609,333)	-	-	(9,072,424)
Interest expense.....	(386,868)	(13,801)	-	-	(400,669)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(1,462,942)</b>	<b>(623,134)</b>	<b>-</b>	<b>-</b>	<b>(2,086,076)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(26,537)</b>	<b>245,898</b>	<b>(24,574)</b>	<b>2,783</b>	<b>197,570</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>7,388,949</b>	<b>180,260</b>	<b>160,401</b>	<b>-</b>	<b>7,729,610</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 7,362,412</b>	<b>\$ 426,158</b>	<b>\$ 135,827</b>	<b>\$ 2,783</b>	<b>\$ 7,927,180</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>					
<b>FROM OPERATING ACTIVITIES:</b>					
Operating income (loss).....	\$ 1,446,267	\$ (262,574)	\$ (3,415)	\$ (57,936)	\$ 1,122,342
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	731,407	762,314	-	-	1,493,721
Deferred (outflows)/inflows related to pensions.....	18,817	3,541	2,419	-	24,777
Deferred (outflows)/inflows related to OPEB.....	(38,003)	(42,949)	3,005	-	(77,947)
Changes in assets and liabilities:					
User charges.....	(9,099)	57,147	23,140	-	71,188
Departmental and other.....	-	-	7,840	-	7,840
Warrants payable.....	(169,612)	2,676	118,552	60,719	12,335
Compensated absences.....	13,842	-	-	-	13,842
Net pension liability.....	(29,115)	(5,479)	(3,743)	-	(38,337)
Net OPEB liability.....	(347,302)	84,865	(48,551)	-	(310,988)
<b>Total adjustments.....</b>	<b>170,935</b>	<b>862,115</b>	<b>102,662</b>	<b>60,719</b>	<b>1,196,431</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 1,617,202</b>	<b>\$ 599,541</b>	<b>\$ 99,247</b>	<b>\$ 2,783</b>	<b>\$ 2,318,773</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	<u>Other Postemployment Benefit Trust Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 7,194	\$ 167,656
Investments.....	-	116,173
Investments:		
Private equity funds.....	86,763	
Equity mutual funds.....	1,285,754	-
Fixed income mutual funds.....	<u>539,729</u>	<u>-</u>
<b>TOTAL ASSETS</b> .....	<u>1,919,440</u>	<u>283,829</u>
<b>NET POSITION</b>		
Restricted for other postemployment benefits.....	1,919,440	-
Held in trust for other purposes.....	<u>-</u>	<u>283,829</u>
<b>TOTAL NET POSITION</b> .....	<u>\$ 1,919,440</u>	<u>\$ 283,829</u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 350,000	\$ -
Employer contributions for OPEB payments.....	2,200,805	-
Private donations.....	-	28,806
<b>Total contributions.....</b>	<b>2,550,805</b>	<b>28,806</b>
Net Investment income.....	347,801	-
<b>TOTAL ADDITIONS.....</b>	<b>2,898,606</b>	<b>28,806</b>
<b>DEDUCTIONS:</b>		
Other postemployment benefit payments.....	2,200,805	-
Town scholarships.....	-	20,950
<b>TOTAL DEDUCTIONS.....</b>	<b>2,200,805</b>	<b>20,950</b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b>697,801</b>	<b>7,856</b>
NET POSITION AT BEGINNING OF YEAR.....	1,221,639	275,973
NET POSITION AT END OF YEAR.....	\$ 1,919,440	\$ 283,829

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Holbrook, 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 Town accounting policies are described herein.

**A. Reporting Entity**

The Town of Holbrook is a municipal corporation that is governed by an elected Select Board.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions that are not legally separate from the Town. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that require inclusion in the basic financial statements.

The Town has an agreement with the Town of Randolph to operate a joint water program under the direction of a Joint Water Board. All revenues and expenditures related to the operation of the joint water program are accounted for separately in the Town's Water Enterprise Fund. The Town of Holbrook and Randolph are each assessed annually a 50% share of the anticipated operating costs of the joint water program. At the conclusion of each fiscal year the fund balance is analyzed by the Joint Board and either the two towns are reimbursed for their 50% share of operating surpluses, or the fund balance is voted by the Joint Board and Town Meeting to be utilized for another purpose (reduced future costs, or capital). In 2021 the total appropriations of the joint water program totaled \$1,453,634. The Town of Randolph's \$726,817 apportioned share of operating costs are recorded as intergovernmental revenue.

The Town has entered into a joint venture with the Towns of Westwood, Avon, Dedham, Canton, Braintree, Milton, Norwood and Randolph to pool resources and share the costs, risks and rewards associated with providing vocational educational through the Blue Hills Regional Technical School District. The members share in the operations of the Blue Hills Regional Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Blue Hills Regional Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Blue Hills Regional Technical School District and the 2021 assessment was \$1,758,000. The School issues a publicly available financial report that can be obtained by writing to the School Business Manager at 800 Randolph Street, Canton, Massachusetts 02021.

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

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

*Fund Financial Statements*

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

*Major Fund Criteria*

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, 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.

Fiduciary funds are reported by fund type.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and enterprise funds. 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, personal property tax, motor vehicle taxes and other revenues are considered available when the cash is received and are recognized as revenue at that time. Investment income is susceptible to accrual.

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

The following major governmental funds are reported:

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

The *school building fund* is used to account for the costs and proceeds associated with the construction of the new school.

The nonmajor governmental funds consist of other special revenue 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 *permanent 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 following major proprietary funds are reported:

The *water enterprise fund* is used to account for the Town's water activities.

The *sewer enterprise fund* is used to account for the Town's sewer activities.

The *solid waste enterprise fund* is used to account for the Town's solid waste activities.

The *PEG Access enterprise fund* is used to account for the Town's local cable system activities.

**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 accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

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

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

#### E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

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

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

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

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

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

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

#### F. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements, the proprietary funds financial statements, and the fiduciary fund 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 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on, November 1<sup>st</sup>, February 1<sup>st</sup>, May 1<sup>st</sup>, and August 1<sup>st</sup>, 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 in the first quarter 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 in the Town 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.

**User Fees**

Water and sewer user fees are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water liens are processed once a year and included as a lien on the property owner's tax bill. Water charges and liens are recorded as receivables in the year of the levy.

Trash fees are levied quarterly based on a set annual user fee.

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 amounts from ambulance receivables and are recorded as receivables in the year accrued.

The allowance for 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, building improvements, equipment, vehicles 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, when actual historical cost could not be determined. 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 \$20,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis, in accordance with Massachusetts General Laws (MGL). The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	20-40
Machinery, equipment, and furnishings.....	5-10
Infrastructure.....	50-75

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 financial 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. As of June 30, 2021, the Town reported deferred outflows of resources related to pensions, taxes paid in advance, 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. As of June 30, 2021, the Town reported deferred inflows related to pensions and OPEB in this category.

*Governmental Fund Financial Statements*

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. Unavailable revenue at the governmental fund financial statement level represents non-exchange revenues received in advance or outstanding receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. The Town also reports taxes paid in advance in this category.

### J. Interfund Receivables and Payables

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

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

### K. Interfund Transfers

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

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

### L. Unavailable Revenue

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

### M. Net Position and Fund Equity

#### *Government-Wide Financial Statements (Net Position)*

Net Position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

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

Net position has been “restricted for” the following:

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

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

“Gifts and grants” represents restrictions placed on assets from outside parties and consist primarily of gifts and federal and state grants.

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

#### *Fund Financial Statements (Fund Balances)*

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision-making authority that can, by Town Meeting vote, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s by-laws authorize the Town Accountant to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

Sometimes the Town will fund outlays for a particular purpose from 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.

#### N. 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.

#### O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Norfolk County Retirement System (NCRS) and the Massachusetts Teachers Retirement System (MTRS) additions to/deductions from their 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.

#### P. Investment Income

Excluding the permanent funds, investment income derived from special revenue and capital project funds is legally assigned to the general fund unless otherwise directed by MGL.

#### 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. Fund Deficits

Individual fund deficits existed at June 30, 2021, in the PEG access enterprise fund. This deficit will be funded through future fund revenues.

## S. 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.

## T. Total Column

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

## **NOTE 2 – CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the 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.

### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Holbrook's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$25,151,815 and the bank balance totaled \$25,910,284. Of the bank balance, \$2,980,269 was covered by Federal Depository Insurance \$18,380,573 was covered by the Depositors Insurance Fund, and \$4,549,442 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Town of Holbrook had the following investments, including cash equivalents classified as investments, at June 30, 2021:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 670,381	\$ 325,251	\$ 345,130	\$ -
Government sponsored enterprises.....	332,449	-	233,103	99,346
Corporate bonds.....	1,826,596	186,692	1,639,904	-
Total debt securities.....	2,829,426	\$ 511,943	\$ 2,218,137	\$ 99,346
<u>Other investments:</u>				
Equity securities.....	443,878			
Equity mutual funds.....	1,551,348			
Fixed income mutual funds.....	539,729			
Money market mutual funds.....	115,294			
Private equity funds.....	86,763			
MMDT.....	384,048			
Total investments.....	\$ 5,950,486			

The OPEB fiduciary fund's \$1,912,246 of investments is reported as private equity funds, equity mutual funds and fixed income mutual funds listed above.

Custodial Credit Risk – Town 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 securities that are in the possession of an outside party. The Town does not have a formal investment policy related to the custodial credit risk of investments. The Town's investments in U.S. Treasury Notes, Government Sponsored Enterprises, Corporate Bonds, and Equity Securities totaling \$3,273,304 have custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty. The Town's investments in MMDT, Fixed Income Mutual Funds, Equity Mutual Funds and Money Market Mutual Funds are not subject to custodial credit risk exposure because they are not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk – Town Investments

The Town's investment policy limits investment maturities of general operating funds to one year as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately three months.

Credit Risk – Town Investments

The Town has not adopted a formal policy related to credit risk. At June 30, 2021 the Town’s debt securities were rated as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AA+.....	\$ 332,449	\$ -
A+.....	-	341,792
A.....	-	196,880
A-.....	-	472,624
BBB+.....	-	458,498
BBB.....	-	356,802
 Total.....	 \$ <u>332,449</u>	 \$ <u>1,826,596</u>

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.

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

The following table presents financial assets at 2021, for which the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2021	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)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 670,381	\$ 670,381	\$ -	\$ -
Government sponsored enterprises.....	332,449	332,449	-	-
Corporate bonds.....	1,826,596	-	1,826,596	-
Total debt securities.....	2,829,426	1,002,830	1,826,596	-
<u>Other investments:</u>				
Equity securities.....	443,878	443,878	-	-
Equity mutual funds.....	1,551,348	1,551,348	-	-
Fixed income mutual funds.....	539,729	539,729	-	-
Private equity funds.....	86,763	-	-	86,763
Money market mutual funds.....	115,294	115,294	-	-
Total other investments.....	2,737,012	2,650,249	-	86,763
Total investments measured at fair value.....	5,566,438	\$ 3,653,079	\$ 1,826,596	\$ 86,763
<b>Investments measured at amortized cost:</b>				
MMDT.....	384,048			
Total investments.....	\$ 5,950,486			

U.S. treasury notes, government sponsored enterprises, equity securities, equity mutual funds, fixed income mutual funds 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. Private equity funds classified in Level 3 of the fair value hierarchy are valued using either a discounted cash flow or market comparable companies technique.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

**NOTE 3 – RECEIVABLES**

At 2021, receivables for the individual major governmental funds and nonmajor 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.....	\$ 1,501,226	\$ (78,805)	\$ 1,422,421
Tax liens.....	2,208,621	(450,000)	1,758,621
Motor vehicle and other excise taxes.....	544,312	(133,593)	410,719
Departmental and other.....	337,557	(32,763)	304,794
Intergovernmental.....	705,792	-	705,792
Total.....	<u>\$ 5,297,508</u>	<u>\$ (695,161)</u>	<u>\$ 4,602,347</u>

At 2021, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 665,049	\$ -	\$ 665,049
Sewer user charges.....	796,350	-	796,350
Solid waste user charges.....	61,205	-	61,205
Total.....	<u>\$ 1,522,604</u>	<u>\$ -</u>	<u>\$ 1,522,604</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
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 1,199,143	\$ -	\$ 1,199,143
Tax liens.....	1,758,621	-	1,758,621
Motor vehicle and other excise taxes.....	410,719	-	410,719
Departmental and other.....	-	304,794	304,794
Intergovernmental.....	4,987	268,980	273,967
Tax foreclosures.....	1,204,545	-	1,204,545
Total.....	<u>\$ 4,578,015</u>	<u>\$ 573,774</u>	<u>\$ 5,151,789</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,807,743	\$ -	\$ (17,201)	\$ 1,790,542
Construction in progress.....	2,978,942	-	(2,978,942)	-
Total capital assets not being depreciated....	4,786,685	-	(2,996,143)	1,790,542
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	112,591,927	5,776,934	(76,075)	118,292,786
Machinery, equipment, and furnishings.....	5,042,909	1,979,820	(30,113)	6,992,616
Infrastructure.....	5,996,478	649,697	-	6,646,175
Total capital assets being depreciated.....	123,631,314	8,406,451	(106,188)	131,931,577
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(16,415,296)	(2,692,131)	62,073	(19,045,354)
Machinery, equipment, and furnishings.....	(2,759,793)	(499,642)	30,113	(3,229,322)
Infrastructure.....	(2,211,238)	(323,463)	-	(2,534,701)
Total accumulated depreciation.....	(21,386,327)	(3,515,236)	92,186	(24,809,377)
Total capital assets being depreciated, net.....	102,244,987	4,891,215	(14,002)	107,122,200
Total governmental activities capital assets, net.....	\$ 107,031,672	\$ 4,891,215	\$ (3,010,145)	\$ 108,912,742

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 100,562	\$ -	\$ -	\$ 100,562
Construction in progress.....	266,256	412,983	-	679,239
Total capital assets not being depreciated....	366,818	412,983	-	779,801
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,015,993	-	-	1,015,993
Machinery, equipment, and furnishings.....	80,741	-	-	80,741
Infrastructure.....	28,078,077	-	-	28,078,077
Total capital assets being depreciated.....	29,174,811	-	-	29,174,811
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(985,316)	(1,675)	-	(986,991)
Machinery, equipment, and furnishings.....	(29,977)	(11,972)	-	(41,949)
Infrastructure.....	(7,801,238)	(717,760)	-	(8,518,998)
Total accumulated depreciation.....	(8,816,531)	(731,407)	-	(9,547,938)
Total capital assets being depreciated, net.....	20,358,280	(731,407)	-	19,626,873
Total water activities capital assets, net.....	\$ 20,725,098	\$ (318,424)	\$ -	\$ 20,406,674

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer:</b>				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 1,232,000	\$ -	\$ -	\$ 1,232,000
Infrastructure.....	34,622,844	-	-	34,622,844
Total capital assets being depreciated.....	35,854,844	-	-	35,854,844
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(818,525)	(30,800)	-	(849,325)
Infrastructure.....	(16,197,087)	(731,514)	-	(16,928,601)
Total accumulated depreciation.....	(17,015,612)	(762,314)	-	(17,777,926)
Total capital assets being depreciated, net.....	18,839,232	(762,314)	-	18,076,918
Total sewer activities capital assets, net.....	\$ 18,839,232	\$ (762,314)	\$ -	\$ 18,076,918

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

**Governmental Activities:**

General government.....	\$ 55,658
Public safety.....	558,853
Education.....	2,507,283
Public works.....	388,595
Public services.....	4,847
Total depreciation expense - governmental activities.....	\$ 3,515,236

**Business-Type Activities:**

Water.....	\$ 731,407
Sewer.....	762,314
Total depreciation expense - business-type activities.....	\$ 1,493,721

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2021, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General fund	Nonmajor governmental funds	Water Enterprise fund	Sewer Enterprise fund	
General fund.....	\$ -	\$ 908,203	\$ 532,810	\$ 623,134	\$ 2,064,147 (1)
School Building funds.....	4,777	-	-	-	4,777 (2)
Nonmajor governmental funds...	1,142,906	58,905	-	-	1,201,811 (2)
Water Enterprise fund.....	713,607	-	-	-	713,607 (3)
Sewer Enterprise fund.....	353,643	-	-	-	353,643 (3)
Solid Waste Enterprise fund.....	123,821	-	-	-	123,821 (3)
Total.....	\$ <u>2,338,754</u>	\$ <u>967,108</u>	\$ <u>532,810</u>	\$ <u>623,134</u>	\$ <u>4,461,806</u>

- 1.) Budgeted transfers to capital project funds for construction and other capital costs, as well as to the enterprise funds for debt service.
- 2.) Transfers to the general fund from the school building fund, as well as transfers to the general fund and non-major governmental funds from nonmajor governmental funds for re-purposed bond proceeds.
- 3.) Budgeted transfers to the general fund from the water and sewer enterprise funds for their share of various capital improvement projects.

**NOTE 6 – CAPITAL LEASES**

The Town has entered into a lease agreement to finance the acquisition of various vehicles and equipment. The lease agreements qualify as a capital leases for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The following identifies the assets acquired through capital lease agreements:

Asset:	Governmental Activities
Machinery and equipment.....	\$ 1,248,102
Vehicles.....	495,963
Less: accumulated depreciation...	<u>(792,733)</u>
Total.....	\$ <u><u>951,332</u></u>

The following schedule presents the future minimum lease payments as of June 30, 2021:

<u>Years ending June 30:</u>	<u>Governmental Activities</u>
2022.....	\$ 160,931
2023.....	58,904
	<hr/>
Total minimum lease payments.....	219,835
Less: amounts representing interest.....	(10,139)
	<hr/>
Present value of minimum lease payments... \$	<u>209,696</u>

**NOTE 7 – SHORT-TERM FINANCING**

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2021 is as follows:

<u>Type</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Due Date</u>	<u>Balance at June 30, 2020</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2021</u>
<b>Governmental Funds:</b>							
BAN	Municipal Purpose.....	1.75	03/17/21	\$ 543,000	\$ -	\$ 543,000	\$ -
BAN	Municipal Purpose.....	1.50	03/17/22	-	543,000	-	543,000
BAN	Municipal Purpose.....	1.45	08/28/20	1,755,000	-	1,755,000	-
BAN	Municipal Purpose.....	0.64	07/09/21	-	1,755,000	-	1,755,000
	Total Governmental Funds.....			<u>\$ 2,298,000</u>	<u>\$ 2,298,000</u>	<u>\$ 2,298,000</u>	<u>\$ 2,298,000</u>
<b>Water Enterprise Fund:</b>							
BAN	Municipal Purpose.....	1.90	07/10/20	\$ 1,111,474	\$ -	\$ 1,111,474	\$ -
BAN	Municipal Purpose.....	1.50	03/17/22	-	1,800,000	-	1,800,000
BAN	Municipal Purpose.....	1.69	07/10/20	1,500,000	-	1,500,000	-
BAN	Municipal Purpose.....	1.5	03/17/22	-	1,500,000	-	1,500,000
BAN	Municipal Purpose.....	1.75	03/17/21	4,500,000	-	4,500,000	-
BAN	Municipal Purpose.....	1.50	03/17/22	-	4,500,000	-	4,500,000
	Total Water Enterprise Fund.....			<u>\$ 7,111,474</u>	<u>\$ 7,800,000</u>	<u>\$ 7,111,474</u>	<u>\$ 7,800,000</u>

The \$1,755,000 BAN was paid upon maturity with unspent BAN funds. The following BANs for \$543,000, \$1,800,000, \$1,500,000, and \$4,500,00 were rolled into a new BAN with a yield of .860% that will mature on March 17, 2023.

**NOTE 8 – LONG-TERM DEBT**

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

Details related to the outstanding indebtedness at June 30, 2021 and the debt service requirements are shown as follows:

**Bonds Payable Schedule – Governmental Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
Municipal Purpose Bonds of 2015 - refunding..	2023	\$ 1,764,000	4.00-5.00	\$ 440,000
Municipal Purpose Bonds of 2016.....	2041	38,500,000	3.00-5.00	30,800,000
Municipal Purpose Bonds of 2020.....	2040	2,476,000	2.00-5.00	2,350,000
Municipal Purpose Bonds of 2020.....	2025	390,000	5.00	310,000
Total Bonds Payable.....				33,900,000
Add: Unamortized premium on bonds.....				855,434
Total Bonds Payable, net.....				\$ 34,755,434

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

Year	Principal	Interest	Total
2022.....	\$ 1,965,000	\$ 1,132,888	\$ 3,097,888
2023.....	1,965,000	1,036,838	3,001,838
2024.....	1,740,000	940,788	2,680,788
2025.....	1,740,000	867,313	2,607,313
2026.....	1,665,000	812,988	2,477,988
2027.....	1,665,000	760,538	2,425,538
2028.....	1,665,000	708,088	2,373,088
2029.....	1,665,000	655,636	2,320,636
2030.....	1,665,000	606,938	2,271,938
2031.....	1,665,000	558,238	2,223,238
2032.....	1,665,000	509,413	2,174,413
2033.....	1,665,000	459,625	2,124,625
2034.....	1,665,000	408,813	2,073,813
2035.....	1,665,000	357,038	2,022,038
2036.....	1,660,000	304,175	1,964,175
2037.....	1,660,000	250,463	1,910,463
2038.....	1,660,000	195,785	1,855,785
2039.....	1,660,000	140,150	1,800,150
2040.....	1,660,000	83,550	1,743,550
2041.....	1,540,000	26,950	1,566,950
Total.....	\$ <u>33,900,000</u>	\$ <u>10,816,208</u>	\$ <u>44,716,208</u>

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources to support a portion of eligible construction costs to reduce the total school related debt service of the Town. Through the end of 2021 the Town has recorded capital grant proceeds totaling \$53.1 million from the MSBA, which is equal to 69.12% of approved construction costs submitted for reimbursement for the School. In fiscal year 2021, the Town received the final \$2.2 million MSBA reimbursement which finalized the Holbrook Junior/Senior High School Building Project reimbursements from the MSBA.

**Bonds Payable Schedule – Water Enterprise Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
MCWT.....	2031	\$ 12,082,402	2.00	\$ 5,374,700
Municipal Purpose Bonds of 2002.....	2022	1,580,000	3.50-5.00	73,125
Municipal Purpose Bonds of 2015.....	2025	4,600,000	2.50-5.00	1,840,000
Municipal Purpose Bonds of 2015 - refunding..	2023	160,000	4.00-5.00	40,000
Municipal Purpose Bonds of 2016.....	2036	122,201	2.00	98,679
Municipal Purpose Bonds of 2020.....	2028	615,000	5.00	535,000
Municipal Purpose Bonds of 2020.....	2040	747,000	2.00-5.00	707,000
Municipal Purpose Bonds of 2020.....	2030	47,000	2.00-5.00	43,000
Total Bonds Payable.....				<u>\$ 8,711,504</u>

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

Year	Principal	Interest	Total
2022.....	\$ 1,367,064	\$ 211,792	\$ 1,578,856
2023.....	1,307,798	171,771	1,479,569
2024.....	1,296,934	131,922	1,428,856
2025.....	1,311,355	102,437	1,413,792
2026.....	866,071	72,461	938,532
2027.....	822,266	51,976	874,242
2028.....	438,000	35,771	473,771
2029.....	369,360	23,346	392,706
2030.....	289,848	16,702	306,550
2031.....	289,929	10,853	300,782
2032.....	41,772	7,499	49,271
2033.....	41,908	6,696	48,604
2034.....	41,977	5,731	47,708
2035.....	42,189	4,835	47,024
2036.....	45,033	3,938	48,971
2037.....	35,000	3,150	38,150
2038.....	35,000	2,362	37,362
2039.....	35,000	1,575	36,575
2040.....	35,000	788	35,788
Total.....	<u>\$ 8,711,504</u>	<u>\$ 865,604</u>	<u>\$ 9,577,108</u>

**Bonds Payable Schedule – Sewer Enterprise Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
Municipal Purpose Bonds of 2002.....	2022	\$ 6,500,000	3.50-5.00	\$ 316,875
Municipal Purpose Bonds of 2015 - refunding..	2023	2,046,000	4.00-5.00	510,000
Total Bonds Payable.....				826,875
Add: Unamortized premium on bonds.....				58,669
Total Bonds Payable, net.....				<u>\$ 885,544</u>

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

Year	Principal	Interest	Total
2022.....	\$ 571,875	\$ 23,767	\$ 595,642
2023.....	255,000	10,200	265,200
Total.....	<u>\$ 826,875</u>	<u>\$ 33,967</u>	<u>\$ 860,842</u>

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, 2021, the Town had the following authorized and unissued debt:

Purpose	Amount
Water Projects.....	\$ 2,529
School.....	58,467,198
Tri-Town Water Treatment Plant.....	7,712,000
Drainage Pipe Repair.....	500,000
Total.....	<u>\$ 66,681,727</u>

Changes in Long-term Liabilities

During the year ended June 30, 2021, 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
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 35,866,000	\$ -	\$ (1,966,000)	\$ -	\$ -	\$ 33,900,000	\$ 1,965,000
Add: Unamortized premium on bonds.....	974,517	-	-	-	(119,083)	855,434	104,474
Total bonds payable.....	36,840,517	-	(1,966,000)	-	(119,083)	34,755,434	2,069,474
Capital lease obligations.....	450,872	-	-	-	(241,176)	209,696	152,998
Landfill closure.....	85,000	-	-	-	(85,000)	-	-
Compensated absences.....	1,131,168	-	-	447,132	(208,357)	1,369,943	212,451
Workers' compensation.....	9,717	-	-	-	(9,717)	-	-
Net pension liability.....	16,484,975	-	-	1,615,433	(3,742,881)	14,357,527	-
Net OPEB liability.....	53,932,736	-	-	15,754,142	(2,519,684)	67,167,194	-
Total governmental activity long-term liabilities.....	\$ 108,934,985	\$ -	\$ (1,966,000)	\$ 17,816,707	\$ (6,925,898)	\$ 117,859,794	\$ 2,434,923
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 11,469,996	\$ -	\$ (1,931,617)	\$ -	\$ -	\$ 9,538,379	\$ 1,938,939
Add: Unamortized premium on bonds.....	88,002	-	-	-	(29,333)	58,669	29,333
Total bonds payable.....	11,557,998	-	(1,931,617)	-	(29,333)	9,597,048	1,968,272
Compensated absences.....	9,880	-	-	20,122	(6,280)	23,722	6,788
Net pension liability.....	297,074	-	-	29,112	(67,449)	258,737	-
Net OPEB liability.....	1,162,760	-	-	191,571	(502,559)	851,772	-
Total business-type activity long-term liabilities.....	\$ 13,027,712	\$ -	\$ (1,931,617)	\$ 240,805	\$ (605,621)	\$ 10,731,279	\$ 1,975,060

Long-term liabilities related to both governmental and business-type activities are normally paid from the general fund and the enterprise funds, respectively.

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town classifies fund balances according to the constraints imposed on the use of the resources.

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

In addition to the nonspendable fund balance, the Town classifies spendable fund balances based on a hierarchy of spending constraints as follows:

- 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.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. 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. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. Additions to and withdrawals from the funds can only be made upon Town Meeting approval. In accordance with Massachusetts General Law the Town has established a general stabilization fund and a capital stabilization fund.

At year end, the balance of the general stabilization fund is approximately \$3.3 million, the balance of the SPED stabilization fund is approximately \$372,000, and the balance of the capital stabilization fund is approximately \$388,000. These stabilization funds are reported as unassigned fund balance within the general fund.

As of 2021, the governmental fund balances consisted of the following:

	General	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Nonexpendable trust funds.....	\$ -	\$ -	\$ 11,557	\$ 11,557
Restricted for:				
Junior/Senior high school.....	-	484,889	-	484,889
Federal grants.....	-	-	452,982	452,982
School lunch.....	-	-	124,232	124,232
Community development.....	-	-	225,783	225,783
Receipts Reserved.....	-	-	2,049,770	2,049,770
Revolving.....	-	-	823,724	823,724
Other special revenue funds.....	-	-	343,857	343,857
Highway improvements.....	-	-	63,710	63,710
Town capital projects.....	-	-	81,674	81,674
Expendable permanent funds.....	-	-	184,962	184,962
Assigned to:				
General government.....	1,995	-	-	1,995
Public safety.....	135	-	-	135
Education.....	108,907	-	-	108,907
Public works.....	102,032	-	-	102,032
Free cash used for subsequent year budget.....	354,000	-	-	354,000
Unassigned.....	8,806,347	-	-	8,806,347
Total Fund Balances.....	\$ 9,373,416	\$ 484,889	\$ 4,362,251	\$ 14,220,556

**NOTE 10 – RISK FINANCING**

The Town is exposed to various risks of loss related to tort; theft of, damage to and the destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town participates in premium-based health care and workers’ compensation plans for its employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

**NOTE 11 – PENSION PLAN***Plan Descriptions*

The Town is a member of the Norfolk County Retirement System (NCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 41 member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System issues a publicly available, audited financial report. That report may be obtained by contacting the System located at 480 Neponset Street, Building #15, Canton, MA 02021; or by visiting [www.norfolkcountyretirement.org](http://www.norfolkcountyretirement.org).

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2020. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$4,142,732 is reported in the general fund as intergovernmental revenue and employee benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$33,540,496 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 System provides for 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 in pension benefit terms that effect measurement of the total pension liability since the prior measurement date.

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the NCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town’s proportionate share of the required contribution equaled its actual contribution for the year ended June 30, 2021, was \$2,291,969, 24.88% 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.

*Pension Liabilities*

At June 30, 2021, the Town reported a liability of \$14,616,264 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the Town’s proportion was 2.86%, which increases from prior year’s proportion of 2.85% measured at December 31, 2019.

*Pension Expense*

For the year ended June 30, 2021, the Town recognized pension expense of \$1,644,545. At June 30, 2021 the balance of deferred outflows and inflows of resources related to pensions consisted of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 738,860	\$ -	\$ 738,860
Difference between projected and actual earnings, net.....	-	(1,590,484)	(1,590,484)
Changes in assumptions.....	65,517	-	65,517
Changes in proportion and proportionate share of contributions...	17,857	-	17,857
Total deferred outflows/(inflows) of resources.....	\$ 822,234	\$ (1,590,484)	\$ (768,250)

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

<u>Year ended June 30:</u>	
2022.....	\$ (11,264)
2023.....	165,356
2024.....	(689,072)
2025.....	<u>(233,270)</u>
Total.....	\$ <u><u>(768,250)</u></u>

*Actuarial Assumptions*

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

Valuation date.....	January 1, 2020
Actuarial cost method.....	Entry Age Normal Cost Method.
Asset valuation method.....	Market Value.
Investment rate of return.....	7.75%
Discount rate.....	7.75%
Inflation rate.....	3.00%
Projected salary increases.....	3.50% - 5.50%
Cost of living adjustments.....	3% of the first \$18,000 of retirement income.
Mortality rates.....	The RP-2014 Blue Collar Mortality Table adjusted with Scale with MP-2014

*Investment Policy*

The pension plan’s policy in regard to the allocation of invested assets is established by PRIT. 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 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2020, are summarized in the following page.

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

*Rate of Return*

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.93%. 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 7.75%. 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 following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
The Town's proportionate share of the net pension liability..... \$	<u>\$ 19,677,367</u>	<u>\$ 14,616,264</u>	<u>\$ 10,241,168</u>

*Changes in Assumptions Plan Provisions*

None.

*Changes in Plan Provisions*

None.

**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description*

The Town of Holbrook administers a single-employer defined benefit healthcare plan (Plan). The plan provides health, dental and life 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 Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy*

The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. Teachers retired prior to July 1, 2008, contribute 10% of the cost of premiums. All other retirees contribute 10% - 30% of the cost of premiums, based on the plan. The Town contributes the remaining cost of premiums for retired plan members and their spouses. For 2021, the Town’s age-adjusted contribution to the plan totaled \$2,550,805 million. For the year ended June 30, 2021, the Town’s average contribution rate was 12.67% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities.

During 2021, the Town pre-funded future OPEB liabilities by contributing \$350,000 to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2021, the balance of this fund totaled \$1,919,440.

*Employees Covered by Benefit Terms* – The following table represents the Plan’s membership at July 1, 2018:

Active members.....	300
Inactive employees or beneficiaries currently receiving benefits.....	<u>292</u>
Total.....	<u><u>592</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2021:

Total OPEB liability.....	\$ 69,938,406
Less: OPEB plan's fiduciary net position.....	<u>(1,919,440)</u>
Net OPEB liability.....	<u><u>\$ 68,018,966</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	2.74%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the July 1, 2020 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2021.

Valuation date.....	Actuarially Determined Contribution was calculated as of July 1, 2020
Actuarial cost method.....	Individual Entry Age Normal.
Asset valuation method.....	Market value of assets as of the measurement date, June 30, 2020.
Investment rate of return.....	5.93%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG).
Single equivalent discount rate.....	3.50%, net of OPEB plan investment expense, including inflation.
Inflation.....	2.50% as of June 30, 2021 and for future periods
Salary increases.....	3.00% annually as of June 30, 2021, and for future periods.
Healthcare cost trend rate.....	4.50%
Pre-Retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-Retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

*Rate of Return* – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 28.47%. 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 and subtracting expected investment expense and a risk margin.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	20.50%	4.42%
Domestic Equity - Small/Mid Cap.....	17.00%	4.81%
International Equity - Developed Market..	11.50%	4.91%
International Equity - Emerging Market..	7.75%	5.58%
Domestic Fixed Income.....	27.25%	1.00%
International Fixed Income.....	5.25%	1.04%
Alternatives.....	10.50%	5.98%
Cash & Cash Equivalents.....	0.25%	0.00%
Total.....	100.00%	

*Discount Rate*

The discount rate used to measure the total OPEB liability was 3.50% as of June 30, 2021. 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 not projected to be sufficient to make all projected benefit payments to current plan members for all future periods. Therefore, a blended rate of the Municipal Bond Index Rate for unfunded periods and the investment rate of return for funded periods was used.

*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, 2020.....	\$ 56,317,135	\$ 1,221,639	\$ 55,095,496
Changes for the year:			
Service cost.....	1,786,626	-	1,786,626
Interest.....	2,423,129	-	2,423,129
Changes in assumptions.....	14,578,994	-	14,578,994
Differences between expected and actual experience.	(2,966,673)	-	(2,966,673)
Employer contributions.....	-	2,550,805	(2,550,805)
Net investment income.....	-	347,801	(347,801)
Benefit payments.....	(2,200,805)	(2,200,805)	-
Net change.....	13,621,271	697,801	12,923,470
Balances at June 30, 2021.....	\$ 69,938,406	\$ 1,919,440	\$ 68,018,966

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

The following table presents the net OPEB liability, calculated using the discount rate of 3.50%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate.

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability.....	\$ 80,695,149	\$ 68,018,966	\$ 58,068,301

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

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 57,098,259	\$ 68,018,966	\$ 82,268,412

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2021, the Town recognized OPEB expense of \$6,912,961. At June 30, 2021, the Town reported deferred outflows and (inflows) of resources related to OPEB related to the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (2,559,195)	\$ (2,559,195)
Net difference between projected and actual earnings.....	-	(216,325)	(216,325)
Changes of assumptions.....	14,746,494	-	14,746,494
Total deferred outflows/(inflows) of resources.....	\$ 14,746,494	\$ (2,775,520)	\$ 11,970,974

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense in the following periods:

<u>Reporting year ended June 30:</u>	
2022.....	\$ 2,785,877
2023.....	2,790,799
2024.....	2,514,408
2025.....	1,864,529
2026.....	1,919,392
Thereafter.....	<u>95,969</u>
 Total.....	 <u>\$ 11,970,974</u>

*Changes of Assumptions*

None.

*Changes in Plan Provisions*

None.

**NOTE 13 – COMMITMENTS AND 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, 2021, 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 the Town expects such amounts, if any, to be immaterial.

Various legal actions and claims are pending against the Town. 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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

The general fund has various commitments for goods and services related to encumbrances totaling \$213,000.

*HRECC Project*

The Holbrook Regional Emergency Communications Center completed construction and technological outfitting of the 6,000 sq. ft. state of the art mission critical facility in January of 2021. The new regional emergency communications center that is designed for future growth and expansion. This facility houses the Telecommunicators of the HRECC who answer 911 calls and dispatch responders from the Towns of Holbrook, Sharon, Canton, Whitman, Abington and Rockland. Additionally, Norfolk County Control is housed in the facility as the control point for Fire District Four.

Since occupying the facility, the Abington Police Department has become a partner agency of the center with a go-live date that occurred on January 3<sup>rd</sup> 2022. Since the partnership with APD, HRECC leadership has met with several other agencies who have expressed interest in becoming potential partner agencies. The FY23 Development application has been submitted to the MA State 911 Department for review and includes a new community that will be onboarded in January of 2023 if approved.

This project has been funded entirely by grant funds received through the Executive Office of Public Safety and Security and the MA State 911 Department's Regional Public Safety Answering Point and Regional Secondary Public Safety Answering Point and Regional Emergency Communication Center Development Grant. The grant itself is funded through the 911 cell phone surcharge that is presently set to \$1.50 per device. The center continues to apply for and receive grant funding to further develop and support this operation.

The cost of the entire project was \$8 million which includes: Architectural services, OPM services, General Contractor and all filed sub bidders, upgrade to radio infrastructure and procurement and installation of all physical items required to occupy the center (phones, cameras, computers, radios, console furniture, chairs etc.) The project came in under budget.

In FY22, the HRECC received a combined total of \$2,740,072 in grant funding. These funds are derived from four grant opportunities to continue developing the center, new and continuous training of the team and partnering with various communities.

#### *Water Treatment Plant Project*

The Town has authorized \$12.2 million of debt related to a new Tri Town Water Treatment Plant. This is a project between Holbrook, Randolph, and Braintree. This will replace two existing plants and will provide drinking water for all three towns. The total cost of the project is \$70 million. Holbrook will be responsible for 16% of the construction costs (\$11 million). Holbrook will also be responsible for 16% of the operating costs going forward. Design is underway and is about 98% complete. The Town anticipates going out to bid in May 2022 and construction to start in the Fall of 2022. The project is still on target to be completed in 2024.

#### **NOTE 14 – 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 the CARES Act, on March 11, 2021, the United States Federal Government established the American Rescue Plan (ARP) Act to enhance the United States’ recovery from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used to cover costs related to; public health; negative economic impacts; services to disproportionately impacted communities; premium pay; infrastructure; revenue replacement; or administration. These funds can only be used to cover costs incurred between March 3, 2021, and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to funding from the CARES Act and the ARP Act, there are several other federal and state grants available to assist with funding costs related to the pandemic; however, the full extent of the financial impact cannot be determined as of the date of the financial statements. In addition to funding from the CARES Act, there are several other federal and state grants available.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 16, 2022, which is the date the financial statements were available to be issued.

**NOTE 16 – REVISION OF NET POSITION PREVIOUSLY REPORTED**

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #84, *Fiduciary Activities*. To reflect this change, the Town is reporting certain funds which had previously been reported as Agency Funds as Governmental Funds. Beginning net position of the solid waste enterprise fund has been revised to reflect a change in the method for estimating unbilled revenue at year end. These changes have resulted in the restatements and revisions of the June 30, 2020, balances as follows:

	06/30/2020 Previously Reported Balances	Revision/ Restatement	06/30/2020 Revised/ Restated Balances
<b>Government-Wide Financial Statements</b>			
Governmental activities.....	\$ 18,040,850	\$ 90,595	\$ 18,131,445
Business-type activities.....	<u>28,617,145</u>	<u>(143,805)</u>	<u>28,473,340</u>
Total government-wide net position.....	<u>\$ 18,040,850</u>	<u>\$ 90,595</u>	<u>\$ 18,131,445</u>
<b>Governmental Funds</b>			
Nonmajor governmental funds.....	<u>\$ 2,972,472</u>	<u>\$ 90,595</u>	<u>\$ 3,063,067</u>
<b>Proprietary Funds</b>			
Solid waste enterprise fund.....	<u>\$ 322,269</u>	<u>\$ (143,805)</u>	<u>\$ 178,464</u>

**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the basic financial statements.
- GASB Statement #98, *The Annual Comprehensive Financial Report*. This pronouncement did not impact the basic financial statements.
- GASB issued Statement #99, *Omnibus 2022*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- 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 #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*, which is required to be implemented in 2022.

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

***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

The General Fund is the general operating fund of the Town. It is used to account for all of the Town's 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, 2021

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 28,307,702	\$ 28,307,702	\$ 28,131,463	\$ 28,272,401	\$ -	\$ 140,938
Tax liens.....	-	-	-	-	454,760	-	454,760
Motor vehicle and other excise taxes.....	-	1,354,231	1,354,231	1,354,231	1,465,161	-	110,930
Charges for services.....	-	1,012,391	1,012,391	1,012,391	1,016,421	-	4,030
Penalties and interest on taxes.....	-	241,000	241,000	241,000	427,066	-	186,066
Fees and rentals.....	-	84,500	84,500	84,500	95,206	-	10,706
Payments in lieu of taxes.....	-	1,618	1,618	1,618	4,916	-	3,298
Licenses and permits.....	-	244,000	244,000	244,000	650,202	-	406,202
Fines and forfeitures.....	-	12,600	12,600	12,600	3,570	-	(9,030)
Intergovernmental.....	-	9,628,366	9,628,366	9,628,366	9,691,439	-	63,073
Departmental and other.....	-	-	-	-	187,239	-	187,239
Investment income.....	-	27,000	27,000	27,000	26,811	-	(189)
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>40,913,408</b>	<b>40,913,408</b>	<b>40,737,169</b>	<b>42,295,192</b>	<b>-</b>	<b>1,558,023</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....	14,400	696,110	710,510	776,625	695,401	1,995	79,229
Financial services.....	8,046	1,082,282	1,090,328	882,371	781,843	-	100,528
Inspectional services.....	-	356,335	356,335	366,932	308,519	-	58,413
Public safety.....	730	6,990,998	6,991,728	7,306,673	7,126,901	135	179,637
Education.....	65,389	17,767,727	17,833,116	17,512,367	17,341,758	108,907	61,702
Public works.....	20,394	1,699,392	1,719,786	1,822,613	1,571,142	102,032	149,439
Public services.....	-	683,306	683,306	683,510	535,435	-	148,075
Insurance.....	-	721,394	721,394	696,852	696,852	-	-
Employee benefits.....	18,739	7,950,099	7,968,838	7,988,310	7,328,968	-	659,342
State and county charges.....	-	1,051,563	1,051,563	1,051,563	1,156,970	-	(105,407)
Debt service:	-	-	-	-	-	-	-
Principal.....	-	1,966,000	1,966,000	1,966,000	1,966,000	-	-
Interest.....	-	1,276,281	1,276,281	1,276,285	1,252,171	-	24,114
<b>TOTAL EXPENDITURES.....</b>	<b>127,698</b>	<b>42,241,487</b>	<b>42,369,185</b>	<b>42,330,101</b>	<b>40,761,960</b>	<b>213,069</b>	<b>1,355,072</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(127,698)	(1,328,079)	(1,455,777)	(1,592,932)	1,533,232	(213,069)	2,913,095
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from the sale of capital assets.....	-	-	-	-	510	-	510
Transfers in.....	-	2,130,027	2,130,027	2,134,916	2,333,977	-	199,061
Transfers out.....	-	(1,155,948)	(1,155,948)	(2,986,823)	(2,986,823)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>974,079</b>	<b>974,079</b>	<b>(851,907)</b>	<b>(652,336)</b>	<b>-</b>	<b>199,571</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(127,698)</b>	<b>(354,000)</b>	<b>(481,698)</b>	<b>(2,444,839)</b>	<b>880,896</b>	<b>(213,069)</b>	<b>3,112,666</b>
BUDGETARY FUND BALANCE, Beginning of year.....	-	4,282,648	4,282,648	4,282,648	4,282,648	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (127,698)	\$ 3,928,648	\$ 3,800,950	\$ 1,837,809	\$ 5,163,544	\$ (213,069)	\$ 3,112,666

See notes to required supplementary information.

# ***Pension Plan Schedules***

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

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

The Schedule of Special Funding Amounts of the Net Pension Liability related to the Teachers Retirement System presents trend information that discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town teachers; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

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  
NORFOLK COUNTY 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, 2020.....	2.86%	\$ 14,616,264	\$ 9,210,462	158.69%	70.20%
December 31, 2019.....	2.86%	16,782,049	8,898,997	188.58%	64.60%
December 31, 2018.....	2.96%	19,271,741	8,700,167	221.51%	58.30%
December 31, 2017.....	2.96%	16,355,657	8,405,958	194.57%	63.50%
December 31, 2016.....	3.02%	15,765,083	8,342,746	188.97%	61.60%
December 31, 2015.....	3.02%	16,405,143	8,057,288	203.61%	58.60%
December 31, 2014.....	3.16%	16,385,437	7,937,661	206.43%	60.10%

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**  
**NORFOLK COUNTY 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, 2021.....	\$ 2,291,969	\$ (2,291,969)	-	\$ 9,210,462	24.88%
June 30, 2020.....	2,140,930	(2,140,930)	-	9,076,977	23.59%
June 30, 2019.....	2,071,187	(2,071,187)	-	8,874,170	23.34%
June 30, 2018.....	1,893,166	(1,893,166)	-	8,574,077	22.08%
June 30, 2017.....	1,831,085	(1,831,085)	-	8,509,601	21.52%
June 30, 2016.....	1,662,447	(1,662,447)	-	8,218,434	20.23%
June 30, 2015.....	1,528,629	(1,528,629)	-	8,096,414	18.88%

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

See notes to required supplementary information.

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

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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
2021.....	\$ 33,540,496	\$ 4,142,732	50.67%
2020.....	29,416,324	3,567,240	53.95%
2019.....	27,277,562	2,764,186	54.84%
2018.....	26,317,584	2,746,843	54.25%
2017.....	25,323,200	2,583,132	52.73%
2016.....	22,679,076	1,839,475	55.38%
2015.....	18,946,387	1,316,296	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 Benefit Plan Schedules***

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
<b>Total OPEB Liability</b>					
Service Cost.....	\$ 1,145,467	\$ 1,075,692	\$ 1,591,699	\$ 1,691,718	\$ 1,786,626
Interest.....	1,714,365	1,905,468	2,278,290	2,340,183	2,423,129
Differences between expected and actual experience.....	-	-	(152,171)	(14,932)	(2,966,673)
Changes of assumptions.....	-	-	5,365,092	-	14,578,994
Benefit payments.....	(1,658,616)	(1,646,135)	(2,071,599)	(2,120,417)	(2,200,805)
Net change in total OPEB liability.....	1,201,216	1,335,025	7,011,311	1,896,552	13,621,271
Total OPEB liability - beginning.....	44,873,031	46,074,247	47,409,272	54,420,583	56,317,135
Total OPEB liability - ending (a).....	<u>\$ 46,074,247</u>	<u>\$ 47,409,272</u>	<u>\$ 54,420,583</u>	<u>\$ 56,317,135</u>	<u>\$ 69,938,406</u>
<b>Plan fiduciary net position</b>					
Employer contributions.....	\$ 153,582	\$ 415,017	\$ 185,000	\$ 305,000	\$ 350,000
Employer contributions for OPEB payments.....	1,658,616	1,646,135	2,071,599	2,120,417	2,200,805
Net investment income.....	12,906	4,810	41,812	20,810	347,801
Benefit payments.....	(1,658,616)	(1,646,135)	(2,071,599)	(2,120,417)	(2,200,805)
Net change in plan fiduciary net position.....	166,488	419,827	226,812	325,810	697,801
Plan fiduciary net position - beginning of year.....	82,702	249,190	669,017	895,829	1,221,639
Plan fiduciary net position - end of year (b).....	<u>\$ 249,190</u>	<u>\$ 669,017</u>	<u>\$ 895,829</u>	<u>\$ 1,221,639</u>	<u>\$ 1,919,440</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u>\$ 45,825,057</u>	<u>\$ 46,740,255</u>	<u>\$ 53,524,754</u>	<u>\$ 55,095,496</u>	<u>\$ 68,018,966</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.54%	1.41%	1.65%	2.17%	2.74%
Covered-employee payroll.....	\$ 19,220,954	\$ 18,661,120	\$ 26,626,735	\$ 27,425,537	\$ 20,139,742
Net OPEB liability as a percentage of covered-employee payroll.....	238.41%	250.47%	201.02%	200.89%	337.74%

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2021.....	\$ 4,216,718	\$ (2,550,805)	\$ 1,665,913	\$ 20,139,742	12.67%
June 30, 2020.....	4,841,449	(2,425,417)	2,416,032	27,425,537	8.84%
June 30, 2019.....	4,651,633	(2,256,599)	2,395,034	26,626,735	8.47%
June 30, 2018.....	3,543,519	(2,061,152)	1,482,367	18,661,120	11.05%
June 30, 2017.....	3,455,639	(1,812,198)	1,643,441	19,220,954	9.43%

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**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2021.....	28.47%
June 30, 2020.....	1.94%
June 30, 2019.....	5.58%
June 30, 2018.....	1.18%
June 30, 2017.....	10.79%

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

See notes to required supplementary information.

**NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a Special Town Meeting.

The majority of the Town’s 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.

Generally, expenditures may not exceed the legal level of spending 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 Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2021 budget includes approximately \$43.4 million in appropriations and other amounts to be raised and \$128,000 in encumbrances and appropriations carried over from previous years. During 2021, Town Meeting approved supplemental appropriations totaling \$1.8 million, primarily for the voted use of free cash for transfers to the Stabilization and OPEB trust funds and to reduce the tax rate.

The Town Accountant has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the Town’s accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2021, is presented below:

Net change in fund balance - budgetary basis.....	\$ 880,896
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	658,618
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(20,390)
Net change in recording 60 day receipts.....	(132,631)
Recognition of revenue for on-behalf payments.....	4,142,732
Recognition of expenditures for on-behalf payments.....	<u>(4,142,732)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 1,386,493</u>

C. Appropriation Deficits

Expenditures exceeded appropriations for state and county assessments. State and county assessments are based on state assessments for which deficits are not required to be raised.

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

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

B. Schedule of Town's Contributions

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

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

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

D. Changes in Assumptions

None.

E. Changes in Plan Provisions

None.

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (“The Retiree Health Plan”). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members, including teachers.

***The Other Postemployment Benefit Plan***

A. Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

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

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contributions 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 payroll. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	Actuarially Determined Contribution was calculated as of July 1, 2020
Actuarial cost method.....	Individual Entry Age Normal.
Asset valuation method.....	Market value of assets as of the measurement date, June 30, 2020.
Investment rate of return.....	5.93%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG).
Single equivalent discount rate.....	3.50%, net of OPEB plan investment expense, including inflation.
Inflation.....	2.50% as of June 30, 2021 and for future periods
Salary increases.....	3.00% annually as of June 30, 2021, and for future periods.
Healthcare cost trend rate.....	4.50%

Pre-Retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-Retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

C. Schedule of Investment Returns

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

D. Changes of Assumptions

None.

E. Changes in Plan Provisions

None.