

**ROSELLI, CLARK & ASSOCIATES**  
Certified Public Accountants

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

Report on Examination of the  
Basic Financial Statements  
and Additional Information  
Year Ended June 30, 2021



# **TOWN OF BRIDGEWATER, MASSACHUSETTS**

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the Town Council  
Town of Bridgewater, 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 Bridgewater, Massachusetts, (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of those 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 purposes 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, and each major fund and the aggregate remaining fund information of the Town as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not 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 November 17, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over the financial reporting and compliance.



Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
November 17, 2021

## Management's Discussion and Analysis

As the management of the Town of Bridgewater, Massachusetts (The Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information found in this report.

### **Financial Highlights**

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by nearly \$26.5 million (*total net position*). Approximately \$15.9 million represented net position of the business-type activities and the net position of the governmental activities was approximately \$10.6 million.
- The government's total net position increased by approximately \$9.8 million. The governmental activities increased net position by approximately \$8.5 million while the business-type activities increased net position by nearly \$1.3 million.
- The Town's unassigned fund balance reported in the General Fund was approximately \$11.4 million (18.5% of General Fund expenditures). Total fund balance in the General Fund was approximately \$13.8 million (22.4% of General Fund expenditures). The Town reported a restricted fund balance of nearly \$2.8 million in the Community Preservation Fund, a restricted fund balance of nearly \$1.4 million in the Title V Program Fund, a total fund balance of nearly \$2.4 million in the Capital Project Fund and reported total fund balances of over \$3.2 million in the combined Nonmajor Governmental Funds.
- Regular scheduled maturities of debt were approximately \$1.8 million. Of this amount, \$1.2 million related to governmental activities and \$0.6 million to business-type activities. The Town issued \$400,000 of governmental activities long-term debt during the fiscal year for septic management purposes.

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

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

**Government-wide Financial Statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of position* presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported net as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

The government-wide financial statements consist of two classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*), and (2) those whose activities are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, fringe benefits, and debt service. The business-type activities of the Town consist of water, sewer, transfer station and municipal golf course activities.

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

Governmental funds distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Nonspendable—amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact
- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed—amounts constrained by a government using its highest level of decision-making authority
- Assigned—amounts a government intends to use for a particular purpose
- Unassigned—amounts that are not constrained at all will be reported in the general fund.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided in the financial statements to help the reader understand the differences, as indicated with the table of contents.

The Town maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community preservation fund, Title V program fund and capital project fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general fund and its enterprise funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

This schedule has been prepared as required supplementary information and can be found after the notes to the financial statements.

**Proprietary Funds** – Proprietary funds are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The Town utilizes the proprietary funds to report activities of its enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, transfer station and municipal golf course activities.

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

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which includes the schedules of the Town's proportionate share of the net pension liability, contributions to the pension plan, the funding progress and contribution funding of its obligation to provide other postemployment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

### Government-wide Financial Analysis

The condensed statement of net position is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<u><b>Assets</b></u>						
Current and other assets	\$ 35,709,109	\$ 31,392,147	\$ 15,449,533	\$ 11,384,333	\$ 51,158,642	\$ 42,776,480
Capital assets, net	57,200,012	48,639,543	30,217,110	22,321,859	87,417,122	70,961,402
<b>Total Assets</b>	<b>92,909,121</b>	<b>80,031,690</b>	<b>45,666,643</b>	<b>33,706,192</b>	<b>138,575,764</b>	<b>113,737,882</b>
<b>Deferred outflows of resources</b>	<b>8,772,857</b>	<b>6,427,988</b>	<b>1,247,998</b>	<b>902,715</b>	<b>10,020,855</b>	<b>7,330,703</b>
<u><b>Liabilities</b></u>						
Long-term liabilities	79,569,009	79,225,797	18,294,575	19,309,061	97,863,584	98,534,858
Other liabilities	6,597,211	2,466,585	12,042,573	304,945	18,639,784	2,771,530
<b>Total Liabilities</b>	<b>86,166,220</b>	<b>81,692,382</b>	<b>30,337,148</b>	<b>19,614,006</b>	<b>116,503,368</b>	<b>101,306,388</b>
<b>Deferred inflows of resources</b>	<b>4,941,070</b>	<b>2,683,789</b>	<b>695,383</b>	<b>379,847</b>	<b>5,636,453</b>	<b>3,063,636</b>
<u><b>Net Position</b></u>						
Net investment in capital assets	44,838,613	37,307,499	12,316,573	12,069,453	57,155,186	49,376,952
Restricted	8,602,043	8,192,127	-	-	8,602,043	8,192,127
Unrestricted	(42,865,968)	(43,416,119)	3,565,537	2,545,601	(39,300,431)	(40,870,518)
<b>Net Position</b>	<b>\$ 10,574,688</b>	<b>\$ 2,083,507</b>	<b>\$ 15,882,110</b>	<b>\$ 14,615,054</b>	<b>\$ 26,456,798</b>	<b>\$ 16,698,561</b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by nearly \$26.5 million (*total net position*). This was an increase of nearly \$9.8 million over the preceding year, net of beginning net position restatements. This was primarily the result of the contributed capital costs of \$7.3 million and positive results in the general fund of nearly \$1.3 million in the governmental activities and positive water and sewer business-type operations of over \$1.6 million.

By far the largest portion (approximately \$57.2 million) of the Town's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (approximately \$8.6 million) represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* reflects the remainder of net position, a deficit of approximately \$39.3 million. This is due to the recognition of the other postemployment benefits liability of approximately \$43.9 million as a result of the implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as previously discussed, and the implementation of GASB 68 in 2015, which has resulted in the recognition of almost \$28.2 million in net pension liabilities.

The condensed statement of changes in net position is as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b><u>Revenues</u></b>						
Program revenues:						
Charges for services	\$ 6,169,671	\$ 5,174,147	\$ 8,634,533	\$ 8,481,837	\$ 14,804,204	\$ 13,655,984
Operating grants and	2,807,378	1,198,770	-	-	2,807,378	1,198,770
Capital grants and contributions	8,538,389	3,894,893	15,286	19,184	8,553,675	3,914,077
General revenues:						
Property taxes	48,941,397	47,395,089	-	-	48,941,397	47,395,089
Intergovernmental	4,244,723	4,228,453	-	-	4,244,723	4,228,453
Other	5,208,486	5,288,860	-	-	5,208,486	5,288,860
<b>Total Revenues</b>	<b>75,910,044</b>	<b>67,180,212</b>	<b>8,649,819</b>	<b>8,501,021</b>	<b>84,559,863</b>	<b>75,681,233</b>
<b><u>Expenses</u></b>						
General government	7,334,690	5,028,475	-	-	7,334,690	5,028,475
Public safety	20,361,804	20,300,594	-	-	20,361,804	20,300,594
Education	33,271,997	32,145,178	-	-	33,271,997	32,145,178
Public works	3,349,808	3,252,550	-	-	3,349,808	3,252,550
Health and human services	956,389	1,037,400	-	-	956,389	1,037,400
Culture and recreation	2,511,660	1,843,664	-	-	2,511,660	1,843,664
Debt service	254,266	319,812	-	-	254,266	319,812
Water	-	-	2,917,036	2,900,594	2,917,036	2,900,594
Sewer	-	-	2,092,707	2,419,088	2,092,707	2,419,088
Transfer station	-	-	353,145	358,105	353,145	358,105
Golf	-	-	1,398,124	1,370,465	1,398,124	1,370,465
<b>Total Expenses</b>	<b>68,040,614</b>	<b>63,927,673</b>	<b>6,761,012</b>	<b>7,048,252</b>	<b>74,801,626</b>	<b>70,975,925</b>
Excess (deficiency) in net position before transfers	7,869,430	3,252,539	1,888,807	1,452,769	9,758,237	4,705,308
<b>Transfers</b>	<b>621,751</b>	<b>556,768</b>	<b>(621,751)</b>	<b>(556,768)</b>	<b>-</b>	<b>-</b>
Change in net position	8,491,181	3,809,307	1,267,056	896,001	9,758,237	4,705,308
Net position, beginning of year	2,083,507	(1,725,800)	14,615,054	13,719,053	16,698,561	11,993,253
<b>Net position, end of year</b>	<b>\$ 10,574,688</b>	<b>\$ 2,083,507</b>	<b>\$ 15,882,110</b>	<b>\$ 14,615,054</b>	<b>\$ 26,456,798</b>	<b>\$ 16,698,561</b>

**Governmental Activities** - The town relies significantly on property taxes, which, during 2021, made up approximately 64.5% of total revenues, down from 70.6% in the prior year. Actual revenues increased by 3%; however capital grants and contributions increased \$4.6 million which caused the percentage decrease. The contribution increase was related to the reacquisition of the Town's old High School property. No other revenues were greater than 10% of total revenues in 2021 or 2020.



Major expenditures were for education which continues to be an area that the town devotes significant resources. Education represented 48.9% of total expenses, down slightly from the prior year of 50.3%, but up in total due to rising regional school assessments. Public safety expenses represented 29.9% of total expenses, down slightly from the prior year of 31.8%. General government expenses represented 10.8% of total expenses, up from the prior year of 7.9% as a result of costs related to the pandemic recovery. No other expense types were greater than 10% of total expenses in 2021 or 2020.

**Business-type Activities** - Major revenue sources consist of revenue from user charges, which represented approximately 99.8% of total fiscal year 2021 and 2020 revenues. Water, sewer, transfer station and golf expenses represented 43.1%, 31.0%, 5.2% and 20.7% of total fiscal year 2021 business-type activities expenses, respectively, and 41.2%, 34.3%, 5.1% and 19.4% of total fiscal year 2020 business-type activities expenses, respectively. Sewer costs decreased over \$0.3 million, primarily from less non-capital maintenance costs. All others were consistent and within expectations and comparable to the prior year.

### **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 fiscal year.

As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of over \$23.5 million. This represents a decrease of nearly \$0.5 million over the previous year from revenues in excess of budget in the general fund offset by higher spending in the Community Preservation Act major fund, capital project major fund and certain pandemic recovery funds in the nonmajor governmental funds. Of the ending fund balance approximately \$9.6 million is *available for spending* at the government's discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$11.4 million, while total fund balance totaled over \$13.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 18.5% of total general fund expenditures, while total fund balance represents approximately 22.4% of that same amount.

The Community Preservation fund was used as a funding source for debt service and other capital spending. The balance of this fund decreased over \$0.4 million as the Town is funding several building and other projects.

The Title V Program fund was used as a funding source for the Town's septic management program. The balance of this fund increased approximately \$0.4 million as a result of a bond issuance.

The Capital Project fund was used as a funding source for building remodeling projects as well as roadway improvements during the year. As a result, this fund decreased by approximately \$0.9 million to a fund balance of approximately \$2.4 million as a result of operating transfers in the current year exceeding capital outlays.

The combined Nonmajor funds decreased from prior year by approximately \$0.8 million. Fund balances at year end were approximately \$3.2 million. This was mainly due to increase in pandemic related spending.

**Proprietary Funds** - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At June 30, 2021, net position of the water and sewer enterprise funds were approximately \$7.1 million and \$7.7 million, respectively. The transfer station and golf course enterprise funds had fund balances (deficits) of approximately (\$0.2 million) and \$1.3 million, respectively, at June 30, 2021. The Town's proprietary fund's net position increased by approximately \$1.3 million, primarily due to the positive operating results in the water fund of approximately \$1.1 million.

### **General Fund Budgetary Highlights**

The final amended budget was unchanged however the budgets for individual functions and transfers were affected by subsequent appropriations. The schedule of budgetary information, which summarizes these changes, is provided as *Required Supplementary Information*.

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

**Capital Assets** - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to approximately \$87.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment and vehicles and reflects an increase of approximately \$16.5 million due to capital additions exceeding annual depreciation.

The Town has undergone significant capital improvements over the past several years. These include major improvements to its town hall, roads and water infrastructure as well as acquisition of land and buildings.

Additional information on the Town capital assets can be found Note II. Subsection C of this report.

**Long-term Debt** - At the end of the current fiscal year, the Town had total bonded debt outstanding of approximately \$20.8 million. Of this amount approximately \$12.4 million represents debt of the governmental activities and approximately \$8.4 million represents general obligation bonds of business-type activities.

The Town's total long-term debt experienced a decrease of approximately \$1.6 million during the fiscal year as the result of bond proceeds of approximately \$0.4 million offset by regular scheduled pay downs of approximately \$2.0 million.

The Town maintains a bond rating of "Aa3" as set by Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0% percent of its total assessed valuation. The current debt limitation for the Town is approximately \$170 million, which is significantly in excess of the Town's outstanding general obligation debt.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town's boundaries. The debt service from such arrangements is assessed annually to the Town.

Additional information on the Town's debt can be found in Notes II. Subsection F, G and H of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- The Town's real estate tax base is made up predominantly of residential taxes, which comprise nearly 87% of the Town's real estate tax base. The Town also relies to a much lesser extent on its commercial and industrial real estate tax base, which in aggregate comprise approximately 10% of the Town's real estate tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy. This limit may be exceeded through a majority vote at Town Council along with ballot approval.
- The Town's property values have been steadily increasing over the past several years. Property values are at all-time highs in many Town neighborhoods and the Town's equalized valuation is over \$3.4 billion.
- The Town's unemployment rate remains stable, however unemployment rates throughout the Commonwealth and the nation are near historic highs due to the impact of the COVID-19 pandemic.
- The Town anticipates receiving approximately \$0.2 million more state aid for 2022 as in the previous fiscal year based on state budget estimates.

The above items were considered when the Town developed its budget for fiscal year 2022.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director, 66 Central Square, Bridgewater, Massachusetts 02324.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 26,987,211	\$ 9,034,144	\$ 36,021,355
Investments	2,158,729	-	2,158,729
Receivables (net):			
Property taxes	1,116,357	-	1,116,357
Excise taxes	634,573	-	634,573
User fees	-	1,744,385	1,744,385
Unapportioned assessments	568,972	247,792	816,764
Departmental and other	2,899,307	59,701	2,959,008
Intergovernmental	340,872	4,348,315	4,689,187
Tax foreclosures	620,970	-	620,970
Inventory	-	15,196	15,196
Prepaid items	382,118	-	382,118
Capital assets, not being depreciated	12,243,537	9,591,109	21,834,646
Capital assets, net of accumulated depreciation	44,956,475	20,626,001	65,582,476
<b>Total Assets</b>	<b>92,909,121</b>	<b>45,666,643</b>	<b>138,575,764</b>
<b>Deferred Outflows of Resources</b>			
Related to net other postemployment benefits liability	6,387,433	918,301	7,305,734
Related to net pension liability	2,385,424	329,697	2,715,121
<b>Total Deferred Outflows of Resources</b>	<b>8,772,857</b>	<b>1,247,998</b>	<b>10,020,855</b>
<b>Liabilities</b>			
Warrants and accounts payable	140,208	2,033,449	2,173,657
Accrued payroll and withholdings	419,505	39,771	459,276
Retainage payable	125,208	321,243	446,451
Accrued interest expense	-	128,973	128,973
Unearned revenue	1,445,420	96,531	1,541,951
Other liabilities	3,336,870	11,140	3,348,010
Due to other governments	630,000	-	630,000
Bond anticipation notes payable	500,000	9,411,466	9,911,466
Long-term liabilities:			
Due within one year	1,304,894	1,329,007	2,633,901
Due in more than one year	78,264,115	16,965,568	95,229,683
<b>Total Liabilities</b>	<b>86,166,220</b>	<b>30,337,148</b>	<b>116,503,368</b>
<b>Deferred Inflows of Resources</b>			
Related to net other postemployment benefits liability	2,244,331	322,661	2,566,992
Related to net pension liability	2,696,739	372,722	3,069,461
<b>Total Deferred Inflows of Resources</b>	<b>4,941,070</b>	<b>695,383</b>	<b>5,636,453</b>
<b>Net Position</b>			
Net investment in capital assets	44,838,613	12,316,573	57,155,186
Restricted:			
Nonexpendable permanent funds	113,385	-	113,385
Expendable permanent funds	707,578	-	707,578
Community preservation	2,794,397	-	2,794,397
Title V	551,534	-	551,534
Other purposes	4,435,149	-	4,435,149
Unrestricted	(42,865,968)	3,565,537	(39,300,431)
<b>Total Net Position</b>	<b>\$ 10,574,688</b>	<b>\$ 15,882,110</b>	<b>\$ 26,456,798</b>

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Primary Government:</u>							
<i>Governmental Activities</i>							
General government	\$ 7,334,690	\$ 953,740	\$ 1,390,366	\$ 675,650	\$ (4,314,934)		\$ (4,314,934)
Public safety	20,361,804	3,928,515	733,776	-	(15,699,513)		(15,699,513)
Education	33,271,997	64,917	76,038	7,300,000	(25,831,042)		(25,831,042)
Public works	3,349,808	849,855	18,333	365,281	(2,116,339)		(2,116,339)
Health and human services	956,389	276,388	172,669	-	(507,332)		(507,332)
Culture and recreation	2,511,660	96,256	416,196	197,458	(1,801,750)		(1,801,750)
Debt service	254,266	-	-	-	(254,266)		(254,266)
Total Governmental Activities	68,040,614	6,169,671	2,807,378	8,538,389	(50,525,176)		(50,525,176)
<i>Business-Type Activities:</i>							
Water	2,917,036	4,052,694	-	-		\$ 1,135,658	1,135,658
Sewer	2,092,707	2,544,447	-	15,286		467,026	467,026
Transfer Station	353,145	376,673	-	-		23,528	23,528
Golf	1,398,124	1,660,719	-	-		262,595	262,595
Total Business-Type Activities	6,761,012	8,634,533	-	15,286		1,888,807	1,888,807
Total Primary Government	<u>\$ 74,801,626</u>	<u>\$ 14,804,204</u>	<u>\$ 2,807,378</u>	<u>\$ 8,553,675</u>	(50,525,176)	1,888,807	(48,636,369)
<u>General Revenues:</u>							
					48,941,397	-	48,941,397
					4,396,154	-	4,396,154
					368,828	-	368,828
					4,244,723	-	4,244,723
					151,217	-	151,217
					292,287	-	292,287
<u>Transfers (net):</u>					621,751	(621,751)	-
Total General Revenues and Transfers					59,016,357	(621,751)	58,394,606
Change in Net Position					8,491,181	1,267,056	9,758,237
<u>Net Position:</u>							
Beginning of year					2,083,507	14,615,054	16,698,561
End of year					<u>\$ 10,574,688</u>	<u>\$ 15,882,110</u>	<u>\$ 26,456,798</u>

See accompanying notes to basic financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2021**

	General Fund	Community Preservation Act Fund	Title V Program	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 15,927,479	\$ 2,462,873	\$ 1,359,864	\$ 3,014,409	\$ 4,222,586	\$ 26,987,211
Investments	2,087,484	-	-	-	71,245	2,158,729
Receivables, net of allowance for uncollectibles:						
Property taxes	1,101,867	14,490	-	-	-	1,116,357
Excise taxes	634,573	-	-	-	-	634,573
Departmental and other	1,668,444	12,145	562,152	-	656,566	2,899,307
Intergovernmental	-	315,007	-	-	25,865	340,872
Unapportioned assessments	-	-	-	-	568,972	568,972
Tax foreclosures	620,970	-	-	-	-	620,970
Prepaid items	-	-	-	-	382,118	382,118
<b>Total Assets</b>	<u>22,040,817</u>	<u>2,804,515</u>	<u>1,922,016</u>	<u>3,014,409</u>	<u>5,927,352</u>	<u>35,709,109</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 22,040,817</u>	<u>\$ 2,804,515</u>	<u>\$ 1,922,016</u>	<u>\$ 3,014,409</u>	<u>\$ 5,927,352</u>	<u>\$ 35,709,109</u>
<b>Liabilities:</b>						
Warrants and accounts payable	\$ 89,932	\$ -	\$ -	\$ 24,351	\$ 25,925	\$ 140,208
Accrued payroll and withholdings	403,907	-	-	-	15,598	419,505
Retainage payable	-	-	-	125,208	-	125,208
Other liabilities	651,365	10,118	-	-	-	661,483
Deposits	2,675,387	-	-	-	-	2,675,387
Unearned revenues	-	-	-	-	1,445,420	1,445,420
Due to other governments	630,000	-	-	-	-	630,000
Bond anticipation notes payable	-	-	-	500,000	-	500,000
<b>Total Liabilities</b>	<u>4,450,591</u>	<u>10,118</u>	<u>-</u>	<u>649,559</u>	<u>1,486,943</u>	<u>6,597,211</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenues - property taxes	844,338	14,490	-	-	-	858,828
Unavailable revenues - excise taxes	634,573	-	-	-	-	634,573
Unavailable revenues - other	2,289,414	12,145	562,152	-	1,211,922	4,075,633
<b>Total Deferred Inflows of Resources</b>	<u>3,768,325</u>	<u>26,635</u>	<u>562,152</u>	<u>-</u>	<u>1,211,922</u>	<u>5,569,034</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	495,503	495,503
Restricted	44,512	2,767,762	1,359,864	2,986,293	3,930,805	11,089,236
Committed	2,213,340	-	-	-	-	2,213,340
Assigned	148,890	-	-	-	-	148,890
Unassigned	11,415,159	-	-	(621,443)	(1,197,821)	9,595,895
<b>Total Fund Balances</b>	<u>13,821,901</u>	<u>2,767,762</u>	<u>1,359,864</u>	<u>2,364,850</u>	<u>3,228,487</u>	<u>23,542,864</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 22,040,817</u>	<u>\$ 2,804,515</u>	<u>\$ 1,922,016</u>	<u>\$ 3,014,409</u>	<u>\$ 5,927,352</u>	<u>\$ 35,709,109</u>

See accompanying notes to basic financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

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<b>Total Governmental Fund Balances</b>	<b>\$ 23,542,864</b>
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	57,200,012
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	5,569,034
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Deferred outflows and inflows of resources to be recognized in future fiscal years are not available resources and, therefore, are not reported in the funds:	
Deferred outflows related to other postemployment benefits	6,387,433
Deferred outflows related to pensions	2,385,424
Deferred inflows related to other postemployment benefits	(2,244,331)
Deferred inflows related to pensions	(2,696,739)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds:	
Bonds and notes payable	(12,352,482)
Less: Unamortized bond premiums	(714,179)
Capital leases	(769,053)
Compensated absences	(2,607,175)
Net pension liability	(24,757,007)
Net other postemployment benefits liability	<u>(38,369,113)</u>

<b>Net Position of Governmental Activities</b>	<b><u>\$ 10,574,688</u></b>
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See accompanying notes to basic financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2021**

	General Fund	Community Preservation Act Fund	Title V Program	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Real estate and personal property taxes, net	\$ 48,374,529	\$ 720,085	\$ -	\$ -	\$ -	\$ 49,094,614
Intergovernmental	4,390,935	512,465	-	365,281	2,302,286	7,570,967
Motor vehicle and other excises	4,420,661	-	-	-	-	4,420,661
Departmental and other revenue	1,807,467	2,089	168,784	-	2,982,089	4,960,429
Licenses and permits	1,177,256	-	-	-	-	1,177,256
Penalties and interest on taxes	368,828	-	-	-	-	368,828
Fines and forfeitures	31,971	-	-	-	77,413	109,384
Investment income	88,479	1,885	-	-	60,853	151,217
Contributions and donations	-	-	-	7,300,000	93,873	7,393,873
<b>Total Revenues</b>	<u>60,660,126</u>	<u>1,236,524</u>	<u>168,784</u>	<u>7,665,281</u>	<u>5,516,514</u>	<u>75,247,229</u>
<b>Expenditures:</b>						
Current:						
General government	3,963,013	-	-	-	2,563,267	6,526,280
Public safety	13,175,218	-	-	-	1,086,068	14,261,286
Education	33,808,511	-	-	7,300,000	-	41,108,511
Public works	1,788,039	-	-	1,896,338	28,541	3,712,918
Health and human services	451,741	-	107,470	-	101,201	660,412
Culture and recreation	704,825	1,252,686	-	-	179,481	2,136,992
Pensions and other fringes	6,966,083	-	-	-	-	6,966,083
State and county tax assessments	400,874	-	-	-	-	400,874
Debt service:						
Principal	375,542	274,000	-	-	-	649,542
Interest	191,101	131,460	-	-	-	322,561
<b>Total Expenditures</b>	<u>61,824,947</u>	<u>1,658,146</u>	<u>107,470</u>	<u>9,196,338</u>	<u>3,958,558</u>	<u>76,745,459</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,164,821)</u>	<u>(421,622)</u>	<u>61,314</u>	<u>(1,531,057)</u>	<u>1,557,956</u>	<u>(1,498,230)</u>
<b>Other Financing Sources (Uses):</b>						
Issuance of long-term debt	-	-	400,000	-	-	400,000
Transfers in	3,270,731	885	-	750,000	312,617	4,334,233
Transfers out	(813,502)	-	(110,793)	(94,650)	(2,693,537)	(3,712,482)
<b>Total Other Financing Sources (Uses)</b>	<u>2,457,229</u>	<u>885</u>	<u>289,207</u>	<u>655,350</u>	<u>(2,380,920)</u>	<u>1,021,751</u>
<b>Net Change in Fund Balances</b>	<u>1,292,408</u>	<u>(420,737)</u>	<u>350,521</u>	<u>(875,707)</u>	<u>(822,964)</u>	<u>(476,479)</u>
Fund Balances - Beginning	<u>12,529,493</u>	<u>\$ 3,188,499</u>	<u>1,009,343</u>	<u>3,240,557</u>	<u>4,051,451</u>	<u>24,019,343</u>
Fund Balances - Ending	<u>\$ 13,821,901</u>	<u>\$ 2,767,762</u>	<u>\$ 1,359,864</u>	<u>\$ 2,364,850</u>	<u>\$ 3,228,487</u>	<u>\$ 23,542,864</u>

See accompanying notes to basic financial statements.



**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**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 Fund Balances** **\$ (476,479)**

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. The net amounts are reflected here as reconciling items:

Capital outlays	10,591,636	
Depreciation expense	<u>(2,031,167)</u>	
Net effect of reporting capital assets		8,560,469

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 has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:

Repayments of debt	649,542	
Repayments of capital lease obligations	356,675	
Amortization of premiums from issuance of bonds and notes	68,295	
Issuance of bonds and notes	<u>(400,000)</u>	
Net effect of reporting long-term debt		674,512

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 revenues for various types of accounts receivable differ between the two statements. The amount presented represents the following differences derived from unavailable revenue.

662,815

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:

Compensated absences	(173,524)	
Pension benefits	1,145,153	
Other postemployment benefits	<u>(1,901,765)</u>	
Net effect of reporting long-term liabilities		<u>(930,136)</u>

**Change in Net Position of Governmental Activities** **\$ 8,491,181**

See accompanying notes to basic financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Water</b>	<b>Sewer</b>	<b>Transfer Station</b>	<b>Golf Course</b>	<b>Totals</b>
<b>Assets:</b>					
Current Assets:					
Cash and cash equivalents	\$ 2,257,707	\$ 6,204,542	\$ 140,806	\$ 431,089	\$ 9,034,144
Receivables, net of allowance for uncollectibles:					
User charges	1,157,904	586,481	-	-	1,744,385
Intergovernmental	4,348,315	-	-	-	4,348,315
Other	40,939	18,762	-	-	59,701
Inventory	-	-	-	15,196	15,196
<b>Total Current Assets</b>	<b>7,804,865</b>	<b>6,809,785</b>	<b>140,806</b>	<b>446,285</b>	<b>15,201,741</b>
Noncurrent assets:					
Receivables - unapportioned assessments	-	247,792	-	-	247,792
Capital assets, not being depreciated	8,810,558	780,551	-	-	9,591,109
Capital assets, net of accumulated depreciation	11,205,967	6,651,482	39,491	2,729,061	20,626,001
<b>Total Noncurrent Assets</b>	<b>20,016,525</b>	<b>7,679,825</b>	<b>39,491</b>	<b>2,729,061</b>	<b>30,466,902</b>
<b>Total Assets</b>	<b>27,821,390</b>	<b>14,489,610</b>	<b>180,297</b>	<b>3,175,346</b>	<b>45,666,643</b>
<b>Deferred Outflows of Resources:</b>					
Related to net other postemployment benefits liability	461,028	297,362	28,204	131,707	918,301
Related to net pension liability	128,676	126,835	15,864	58,322	329,697
<b>Total Deferred Outflows of Resources</b>	<b>589,704</b>	<b>424,197</b>	<b>44,068</b>	<b>190,029</b>	<b>1,247,998</b>
<b>Liabilities:</b>					
Current Liabilities:					
Warrants and accounts payable	1,346,643	665,292	20,133	1,381	2,033,449
Accrued payroll and withholdings	12,385	12,416	1,163	13,807	39,771
Retainage payable	321,243	-	-	-	321,243
Accrued interest	104,956	19,110	-	4,907	128,973
Unearned revenue	-	-	-	96,531	96,531
Other liabilities	-	-	-	11,140	11,140
Bond anticipation notes payable	8,611,466	800,000	-	-	9,411,466
Bonds and notes payable	983,597	256,211	-	56,000	1,295,808
Capital lease obligations	-	-	-	9,162	9,162
Compensated absences	3,628	2,990	-	17,419	24,037
<b>Total Current Liabilities</b>	<b>11,383,918</b>	<b>1,756,019</b>	<b>21,296</b>	<b>210,347</b>	<b>13,371,580</b>
Noncurrent Liabilities:					
Bonds and notes payable	5,516,594	2,084,131	-	173,000	7,773,725
Capital lease obligations	-	-	-	37,582	37,582
Compensated absences	32,649	26,905	-	156,768	216,322
Net other postemployment benefits liability	2,769,381	1,786,244	169,421	791,162	5,516,208
Net pension liability	1,335,460	1,316,348	164,636	605,287	3,421,731
<b>Total Noncurrent Liabilities</b>	<b>9,654,084</b>	<b>5,213,628</b>	<b>334,057</b>	<b>1,763,799</b>	<b>16,965,568</b>
<b>Total Liabilities</b>	<b>21,038,002</b>	<b>6,969,647</b>	<b>355,353</b>	<b>1,974,146</b>	<b>30,337,148</b>
<b>Deferred Inflows of Resources:</b>					
Related to net other postemployment benefits liability	161,990	104,483	9,910	46,278	322,661
Related to net pension liability	145,469	143,387	17,934	65,932	372,722
<b>Total Deferred Inflows of Resources</b>	<b>307,459</b>	<b>247,870</b>	<b>27,844</b>	<b>112,210</b>	<b>695,383</b>
<b>Net Position:</b>					
Net investment in capital assets	5,506,319	4,317,446	39,491	2,453,317	12,316,573
Unrestricted	1,559,314	3,378,844	(198,323)	(1,174,298)	3,565,537
<b>Total Net Position</b>	<b>\$ 7,065,633</b>	<b>\$ 7,696,290</b>	<b>\$ (158,832)</b>	<b>\$ 1,279,019</b>	<b>\$ 15,882,110</b>

See accompanying notes to basic financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Totals</b>
	<b>Water</b>	<b>Sewer</b>	<b>Transfer Station</b>	<b>Golf Course</b>	
<b>Operating Revenues:</b>					
Charges for services	\$ 3,525,639	\$ 2,115,547	\$ 376,673	\$ 1,660,719	\$ 7,678,578
Other operating income	527,055	428,900	-	-	955,955
<b>Total Operating Revenues</b>	<b>4,052,694</b>	<b>2,544,447</b>	<b>376,673</b>	<b>1,660,719</b>	<b>8,634,533</b>
<b>Operating Expenses:</b>					
Operating costs	2,143,733	1,515,721	351,499	1,220,199	5,231,152
Depreciation	584,501	542,408	1,646	166,556	1,295,111
<b>Total Operating Expenses</b>	<b>2,728,234</b>	<b>2,058,129</b>	<b>353,145</b>	<b>1,386,755</b>	<b>6,526,263</b>
<b>Operating Income (Loss)</b>	<b>1,324,460</b>	<b>486,318</b>	<b>23,528</b>	<b>273,964</b>	<b>2,108,270</b>
<b>Nonoperating Revenues (Expenses):</b>					
Betterments	-	15,286	-	-	15,286
Interest expense	(188,802)	(34,578)	-	(11,369)	(234,749)
<b>Total Nonoperating Revenues (Expenses), net</b>	<b>(188,802)</b>	<b>(19,292)</b>	<b>-</b>	<b>(11,369)</b>	<b>(219,463)</b>
<b>Income (Loss) Before Transfers</b>	<b>1,135,658</b>	<b>467,026</b>	<b>23,528</b>	<b>262,595</b>	<b>1,888,807</b>
Transfers in	231,805	-	-	-	231,805
Transfers out	(275,525)	(401,511)	(34,744)	(141,776)	(853,556)
<b>Change in Net Position</b>	<b>1,091,938</b>	<b>65,515</b>	<b>(11,216)</b>	<b>120,819</b>	<b>1,267,056</b>
Net Position - Beginning	5,973,695	7,630,775	(147,616)	1,158,200	14,615,054
Net Position - Ending	<b>\$ 7,065,633</b>	<b>\$ 7,696,290</b>	<b>\$ (158,832)</b>	<b>\$ 1,279,019</b>	<b>\$ 15,882,110</b>

See accompanying notes to basic financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>				
	Water	Sewer	Transfer Station	Golf Course	Totals
<b>Cash Flows from Operating Activities:</b>					
Receipts from users	\$ 3,524,932	\$ 2,722,132	\$ 376,673	\$ 1,673,213	\$ 8,296,950
Other receipts	527,055	428,900	-	-	955,955
Payments to employees	(674,393)	(615,459)	(60,684)	(525,024)	(1,875,560)
Payments to vendors	(1,377,774)	(947,017)	(291,573)	(620,932)	(3,237,296)
Net Cash Provided by (Used For) Operating Activities	1,999,820	1,588,556	24,416	527,257	4,140,049
<b>Cash Flows from Noncapital Related Financing Activities:</b>					
Transfers in	231,805	-	-	-	231,805
Transfers out	(275,525)	(401,511)	(34,744)	(141,776)	(853,556)
Net Cash Provided by (Used For) Noncapital Related Financing Activities	(43,720)	(401,511)	(34,744)	(141,776)	(621,751)
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from betterment principal	-	85,026	-	-	85,026
Proceeds from issuance of bond and note debt	4,263,151	800,000	-	-	5,063,151
Acquisition and construction of capital assets	(6,679,184)	(186,028)	-	-	(6,865,212)
Principal payments on bonds and notes	(849,473)	(258,909)	-	(61,000)	(1,169,382)
Principal payments on capital leases	-	-	-	(2,345)	(2,345)
Interest expense	(186,522)	(35,709)	-	(12,212)	(234,443)
Net Cash (Used For) Capital and Related Financing Activities	(3,452,028)	404,380	-	(75,557)	(3,123,205)
<b>Cash Flows from Investing Activities:</b>					
Investment income	-	-	-	-	-
Net Cash Provided by Investing Activities	-	-	-	-	-
<b>Net Change in Cash and Cash Equivalents</b>	(1,495,928)	1,591,425	(10,328)	309,924	395,093
<b>Cash and Cash Equivalents:</b>					
Beginning of year	3,753,635	4,613,117	151,134	121,165	8,639,051
End of year	\$ 2,257,707	\$ 6,204,542	\$ 140,806	\$ 431,089	\$ 9,034,144
<b>Reconciliation of Operating Income to Net Cash Provided By (Used For) for Operating Activities:</b>					
Operating income (loss)	\$ 1,324,460	\$ 486,318	\$ 23,528	\$ 273,964	\$ 2,108,270
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	584,501	542,408	1,646	166,556	1,295,111
Changes in assets and liabilities:					
Receivables	(707)	606,585	-	-	605,878
Inventory	-	-	-	2,590	2,590
Deferred outflows	(196,059)	(99,436)	(7,069)	(42,719)	(345,283)
Accounts payable and accrued expenses	10,983	(60,808)	(1,540)	3,902	(47,463)
Unearned income	-	-	-	12,494	12,494
Compensated absences	5,094	(13,592)	-	55,440	46,942
Net other postemployment benefits liability	366,481	236,380	22,420	104,697	729,978
Net pension liability	(228,357)	(225,089)	(28,152)	(103,501)	(585,099)
Deferred inflows	133,424	115,790	13,583	52,739	315,536
Other liabilities	-	-	-	1,095	1,095
<b>Net Cash Provided By (Used For) Operating Activities</b>	\$ 1,999,820	\$ 1,588,556	\$ 24,416	\$ 527,257	\$ 4,140,049

See accompanying notes to basic financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
<b>Assets:</b>		
Cash and cash equivalents	\$ 2,233	\$ 24,828
Investments:		
Common stock	-	138,533
Equity mutual funds	577,338	-
Bond mutual funds	270,657	-
	<u>850,228</u>	<u>163,361</u>
<b>Total Assets</b>	<u>850,228</u>	<u>163,361</u>
<b>Liabilities:</b>		
Warrants and accounts payable	-	-
Accrued payroll and withholdings	-	-
Planning and performance bonds	-	-
Other liabilities	-	-
	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
<b>Net Position:</b>		
Restricted for other postemployment benefits	850,228	-
Held in trust for other purposes	-	163,361
	<u>-</u>	<u>163,361</u>
<b>Total Net Position</b>	<u><u>\$ 850,228</u></u>	<u><u>\$ 163,361</u></u>

See accompanying notes to basic financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2021**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
<b>Additions:</b>		
Investment income	\$ 150,908	\$ 31,189
Employer contributions	1,477,093	-
<b>Total Additions</b>	1,628,001	31,189
<b>Deductions:</b>		
Retiree benefits	1,367,093	-
Scholarships	-	2,200
<b>Total Deductions</b>	1,367,093	2,200
<b>Change in Net Position</b>	260,908	28,989
Net Position - Beginning	589,320	134,372
Net Position - Ending	<b>\$ 850,228</b>	<b>\$ 163,361</b>

See accompanying notes to basic financial statements.

## TOWN OF BRIDGEWATER, MASSACHUSETTS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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#### **I. Summary of Significant Accounting Policies**

The basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the Town:

##### **A. Reporting Entity**

The Town of Bridgewater is located in Plymouth County and was incorporated as a town in 1656. An elected nine-member Town Council governs the Town with an appointed Town Manager. Each Town Council member serves three-year terms. The Town provides governmental services for the territory within its boundaries, including police and fire protection, highway services, water and sewer, waste management through a transfer station, street maintenance, parks and recreational facilities. Water, sewer, transfer station and recreational (golf) services are funded almost entirely with user charges.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements.

The Town is a member community of the Bridgewater-Raynham Regional School District that provides educational services to the two member communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2021, the Town's share of the operating and debt service expenses was \$31,235,961. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District's administrative office located at 166 Mt. Prospect Street, Bridgewater, MA 02324.

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

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

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 government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five 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.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when payment is due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.



The government reports the following major governmental funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Community Preservation Act Fund – is used to account for funds received in accordance with the Massachusetts Community Preservation Act. Funds are used to acquire or develop open space, recreational facilities, historic resources and affordable housing.

Title V Program Fund – is used to account for specific activities related to providing financial assistance in the form of loans and betterments to individuals in the community who are required to maintain septic systems in compliance with statutory Title V regulations.

Capital Project Fund – is a legislatively created fund used by the Town to accumulate funds appropriated from any available source including funds received by the Town from the Commonwealth for mitigation of prison expansion. Accumulated funds may be appropriated, by a special or annual Town meeting vote, for any purpose for which the Town would be authorized to borrow money under section 7 or 8 of chapter 44 of the general laws of Massachusetts.

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:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Permanent Funds – are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary funds:

Water Enterprise Fund – is used to account for user charges collected to finance costs associated with operating and maintaining the Town’s water utility.

Sewer Enterprise Fund – is used to account for user charges collected to finance costs associated with operating and maintaining the Town’s sewer utility.

Transfer Station Enterprise Fund – is used to account for user fees collected to finance the operations of the Town’s “pay-as-you-throw” waste disposal activities.

Golf Course Enterprise Fund – is used to account for user charges collected to finance costs associated with operating and maintaining the Olde Scotland Links golf course, a municipal golf course.

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

The government reports the following fiduciary funds:

Other Postemployment Benefits Trust Fund – is used to accumulate funds for future payments of other postemployment benefits for retirees such as health and life insurance.

Private-Purpose Trust Funds – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is used for educational scholarships.

#### **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity**

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the Town are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are due in four installments on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. The Town is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand of delinquent taxes. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes, Title V loans, and water and sewer user fees and betterments may be secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts for these receivables is not reported. All personal property tax and excise tax receivables are shown net of an allowance for uncollectible accounts comprised of those outstanding amounts greater than five years old. Departmental and other receivables are shown net of an allowance for uncollectible accounts comprised of those outstanding amounts greater than ninety days old.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles, library materials and infrastructure (e.g. roads, water mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Net interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	40 years
Machinery, equipment and vehicles	5-10 years
Infrastructure	40 years

**Interfund Balances** – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

**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 in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

**Investment Income** – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds is retained in the respective funds.

**Compensated Absences** – It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

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

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

*Deferred Outflows/Inflows of Resources* – 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. The Town has two types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability and the other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

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 or resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items, which qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, excise taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts became available. The other types of items that qualify for reporting as a deferred inflow are reported on the government-wide statement of net position. This relates to inflows from changes in the net pension liability which will be recognized in pension expense in future years as more fully described in Note III subsection A and inflows from the changes in the net other postemployment benefits liability which will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

*Net Position* – In the government-wide financial statements, 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 related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted* for the following:

*Nonexpendable permanent funds* represent the endowment portion of donor restricted trusts that support governmental programs.

*Expendable permanent funds* represent amounts held in trust whereby expenditures are subject to various trust agreements.

*Community preservation* represents assets that are restricted by state law for the purposes of acquiring or developing open space, recreational facilities, historic resources and affordable housing associated with the Massachusetts Community Preservation Act.

*Title V* represents assets that are restricted by the state for the purposes of providing financial assistance in the form of loans and betterments to individuals in the community who are required to maintain septic systems in compliance with statutory Title V regulations.

*Other purposes* represent assets that are restricted by grantors, donors and state laws for specific governmental programs and uses.

***Fund Equity*** – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

*Nonspendable* represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

*Restricted* represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which consists of the Town Council members through Town Council Orders. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (through Town Council Orders) it employed previously to commit those amounts.

*Assigned* represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town has by ordinance authorized the Town Manager to assign fund balance. The Town Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*Unassigned* represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed. The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

**Stabilization Fund** – The Town maintains a general stabilization fund and a one-time revenue stabilization fund under MGL Chapter 40, Section 5B which may be used for any municipal purpose upon a two-thirds vote of the Town Council. The balance of the fund general and one-time stabilization funds total \$6,004,779 and \$194,156, respectively, at June 30, 2021 and are reported as unassigned fund balance in the General Fund.

The Town maintains a capital stabilization fund under MGL Chapter 40, Section 5B which may be used for any capital purpose upon a two-thirds vote of the Town Council. The balance of the fund totals \$696,933 at June 30, 2021 and is reported as unassigned fund balance in the General Fund.

**Encumbrances** - The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Manager and Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Council as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately. The Town reports \$148,890 of encumbrances from normal purchasing activity in the general fund as assigned and \$2,213,340 of encumbrances from Town Council Orders in the general fund as committed. There are no encumbrances reported in any other fund.

The following table reflects the Town's fund equity categorizations:

	General	Community Preservation	Title V Program	Capital Project Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Perpetual permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 113,385	\$ 113,385
Prepaid items	-	-	-	-	382,118	382,118
Restricted:						
General government	-	-	-	-	435,178	435,178
Ambulance	-	-	-	-	2,476,847	2,476,847
Other public safety	-	-	-	-	288,080	288,080
Public works	-	-	-	-	141,946	141,946
Health and human services	-	-	1,359,864	-	161,895	1,521,759
Culture and recreation	-	-	-	-	426,859	426,859
Community preservation	-	2,767,762	-	-	-	2,767,762
Capital outlay	-	-	-	2,986,293	-	2,986,293
Debt service	44,512	-	-	-	-	44,512
Committed:						
Capital outlay	2,213,340	-	-	-	-	2,213,340
Assigned:						
Purchase orders	148,890	-	-	-	-	148,890
Unassigned	11,415,159	-	-	(621,443)	(1,197,821)	9,595,895
	<u>\$13,821,901</u>	<u>\$2,767,762</u>	<u>\$1,359,864</u>	<u>\$2,364,850</u>	<u>\$ 3,228,487</u>	<u>\$23,542,864</u>

#### **D. Excess of Expenditures Over Appropriations and Deficits**

During the fiscal year ended, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$389,855. This over-expenditure will be funded through available funds during fiscal year 2022.

The Town incurred individual fund deficits totaling \$621,443 in the Capital Project major fund and deficits totaling \$1,197,821 in the nonmajor governmental funds. These deficits will be funded through grants, bond proceeds and available funds in future fiscal years.

#### **E. Use of Estimates**

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

## **II. Detailed Notes to All Funds**

### **A. Deposits 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 trust funds are held separately from those of other funds.

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool ("the Pool"). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust ("the 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 government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings.

At year-end, the carrying amount of the Town's deposits was \$36,048,416 and the bank balance was \$36,619,671. Of the Town's bank balance, \$15,821,080 was covered by either federal depository insurance or by the depositors' insurance fund; and the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk: Investments* – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings.

The Town's investments in U.S. governmental obligations, corporate fixed income securities and mutual funds are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The Town's common stock investments totaling are not exposed to custodial credit risk because they are held with the Town. The Town's

investments in negotiable certificates of deposit are fully insured by federal depository insurance. The Town does not have a formal investment policy related to custodial credit risk.

*Fair Value of Investments* – The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- *Level 3* – Inputs reflect the Town's best estimate of what market participants would use in pricing the investment at the measurement date.

The following table presents the Town's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2021:

		Fair Value Measurements Using		
	Fair value	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. Government obligations	\$ 663,572	\$ 450,369	\$ 213,203	\$ -
Corporate fixed income securities	1,070,279	-	1,070,279	-
Negotiable certificates of deposit	178,780	-	178,780	-
Bond mutual funds	445,510	-	445,510	-
Total debt securities	2,358,141	450,369	1,907,772	-
Equity securities:				
Common stock	209,778	209,778	-	-
Equity mutual funds	577,338	-	577,338	-
Total equity securities	787,116	209,778	577,338	-
Total investments by fair value level	\$ 3,145,257	\$ 660,147	\$ 2,485,110	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. U.S. governmental obligations, corporate fixed income securities, negotiable certificates of deposit and mutual funds classified in Level 2 are valued using matrix pricing based on the securities' relationship to benchmark quoted prices.



*Interest Rate Risk* – The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

At June 30, 2021, the Town had the following investments with maturities:

Investments	Fair value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
U.S. Government obligations	\$ 663,572	\$ 230,261	\$ 433,311	\$ -
Corporate fixed income securities	1,070,279	-	942,067	128,212
Negotiable certificates of deposit	178,780	-	178,780	-
Bond mutual funds	445,510	445,510	-	-
Total investments with maturities	<u>\$ 2,358,141</u>	<u>\$ 675,771</u>	<u>\$ 1,554,158</u>	<u>\$ 128,212</u>

*Concentration of Credit Risk* – The Town does not place a limit on the amount that may be invested in any one issuer.

*Credit Risk* – The Town has not adopted a formal policy related to credit risk.

At June 30, 2021, the credit quality ratings of investments were as follows:

Quality Ratings (Moody's)	U.S. Government Obligations	Corporate Fixed Income	Totals
AAA	\$ 663,572	\$ -	\$ 663,572
AA3	-	76,470	76,470
A1	-	129,648	129,648
A2	-	365,057	365,057
BAA1	-	246,740	246,740
BAA2	-	252,364	252,364
Totals - All	<u>\$ 663,572</u>	<u>\$ 1,070,279</u>	<u>\$ 1,733,851</u>

The Town's investments in negotiable certificates of deposit and bond mutual funds are not rated.

## B. Receivables

Receivables as of year-end for the Town's individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 1,101,867	\$ -	\$ 1,101,867
Community preservation surcharges	14,490	-	14,490
Excise	634,573	-	634,573
Tax liens and deferrals	1,680,589	-	1,680,589
Title V loans	562,152	-	562,152
Ambulance fees	1,561,948	(918,998)	642,950
Departmental and other	13,616	-	13,616
Betterments/assessments	568,972	-	568,972
Intergovernmental	340,872	-	340,872
Total	<u>\$ 6,479,079</u>	<u>\$ (918,998)</u>	<u>\$ 5,560,081</u>

Receivables as of year-end for Town's proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water - user fees	\$ 1,131,034	\$ -	\$ 1,131,034
Water - liens	14,934	-	14,934
Water - other	52,875	-	52,875
Water - intergovernmental	4,348,315	-	4,348,315
Sewer - user fees	517,029	-	517,029
Sewer - liens	7,983	-	7,983
Sewer - connections	77,425	-	77,425
Sewer - betterments	250,598	-	250,598
Total	<u>\$ 6,400,193</u>	<u>\$ -</u>	<u>\$ 6,400,193</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental Funds	Total
Receivable and other asset type:			
Real estate and personal property taxes	\$ 844,338	\$ -	\$ 844,338
Community preservation surcharges	-	14,490	14,490
Excise	634,573	-	634,573
Tax liens and deferrals	1,668,444	12,145	1,680,589
Title V loans	-	562,152	562,152
Betterments/assessments	-	568,972	568,972
Ambulance fees	-	642,950	642,950
Foreclosures	620,970	-	620,970
Total	<u>\$ 3,768,325</u>	<u>\$ 1,800,709</u>	<u>\$ 5,569,034</u>

## C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 11,035,833	\$ 700,000	\$ -	\$ 11,735,833
Construction in process	5,626,945	275,159	(5,394,400)	507,704
Total capital assets not being depreciated	16,662,778	975,159	(5,394,400)	12,243,537
Capital assets being depreciated:				
Buildings and improvements	29,438,292	7,300,000	(91,500)	36,646,792
Improvements other than buildings	1,598,238	21,962	-	1,620,200
Infrastructure	37,160,620	6,628,313	-	43,788,933
Machinery, equipment and vehicles	18,308,293	1,060,602	-	19,368,895
Total capital assets being depreciated	86,505,443	15,010,877	(91,500)	101,424,820
Less accumulated depreciation for:				
Buildings and improvements	(17,332,338)	(553,190)	91,500	(17,794,028)
Improvements other than buildings	(910,469)	(33,858)	-	(944,327)
Infrastructure	(21,487,136)	(809,625)	-	(22,296,761)
Machinery, equipment and vehicles	(14,798,735)	(634,494)	-	(15,433,229)
Total accumulated depreciation	(54,528,678)	(2,031,167)	91,500	(56,468,345)
Total capital assets being depreciated, net	31,976,765	12,979,710	-	44,956,475
Total governmental activities capital assets, net	<u>\$ 48,639,543</u>	<u>\$ 13,954,869</u>	<u>\$ (5,394,400)</u>	<u>\$ 57,200,012</u>
<i><u>Business-Type Activities:</u></i>				
Capital assets not being depreciated:				
Construction in process	\$ 904,985	\$ 8,686,124	\$ -	\$ 9,591,109
Total capital assets not being depreciated	904,985	8,686,124	-	9,591,109
Capital assets being depreciated:				
Buildings and improvements	\$ 6,240,600	\$ -	\$ -	\$ 6,240,600
Improvements other than buildings	801,000	-	-	801,000
Infrastructure	37,117,347	406,823	-	37,524,170
Machinery, equipment and vehicles	11,320,354	97,415	-	11,417,769
Total capital assets being depreciated	55,479,301	504,238	-	55,983,539
Less accumulated depreciation for:				
Buildings and improvements	(4,505,847)	(134,271)	-	(4,640,118)
Improvements other than buildings	(801,000)	-	-	(801,000)
Infrastructure	(21,572,309)	(863,182)	-	(22,435,491)
Machinery, equipment and vehicles	(7,183,271)	(297,658)	-	(7,480,929)
Total accumulated depreciation	(34,062,427)	(1,295,111)	-	(35,357,538)
Total capital assets being depreciated, net	21,416,874	(790,873)	-	20,626,001
Total business-type activities capital assets, net	<u>\$ 22,321,859</u>	<u>\$ 7,895,251</u>	<u>\$ -</u>	<u>\$ 30,217,110</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u><i>Business-type Activities: Water</i></u>				
Capital assets not being depreciated:				
Construction in process	\$ 904,985	\$ 7,905,573	\$ -	\$ 8,810,558
Total capital assets not being depreciated	904,985	7,905,573	-	8,810,558
Capital assets being depreciated:				
Buildings and improvements	\$ 1,624,400	\$ -	\$ -	\$ 1,624,400
Infrastructure	22,063,939	406,823	-	22,470,762
Machinery, equipment and vehicles	5,405,991	-	-	5,405,991
Total capital assets being depreciated	29,094,330	406,823	-	29,501,153
Less accumulated depreciation for:				
Buildings and improvements	(1,295,669)	(19,063)	-	(1,314,732)
Infrastructure	(14,642,381)	(352,098)	-	(14,994,479)
Machinery, equipment and vehicles	(1,772,635)	(213,340)	-	(1,985,975)
Total accumulated depreciation	(17,710,685)	(584,501)	-	(18,295,186)
Total capital assets being depreciated, net	11,383,645	(177,678)	-	11,205,967
Total Water capital assets, net	<u>\$ 12,288,630</u>	<u>\$ 7,727,895</u>	<u>\$ -</u>	<u>\$ 20,016,525</u>
<u><i>Business-type Activities: Sewer</i></u>				
Capital assets not being depreciated:				
Construction in process	\$ -	\$ 780,551	\$ -	\$ 780,551
Total capital assets not being depreciated	-	780,551	-	780,551
Capital assets being depreciated:				
Buildings and improvements	\$ 3,387,900	\$ -	\$ -	\$ 3,387,900
Infrastructure	9,952,367	-	-	9,952,367
Machinery, equipment and vehicles	4,260,056	48,326	-	4,308,382
Total capital assets being depreciated	17,600,323	48,326	-	17,648,649
Less accumulated depreciation for:				
Buildings and improvements	(2,687,617)	(84,698)	-	(2,772,315)
Infrastructure	(4,003,650)	(384,063)	-	(4,387,713)
Machinery, equipment and vehicles	(3,763,492)	(73,647)	-	(3,837,139)
Total accumulated depreciation	(10,454,759)	(542,408)	-	(10,997,167)
Total Sewer capital assets being depreciated, net	\$ 7,145,564	\$ (494,082)	\$ -	\$ 6,651,482
Total Sewer capital assets, net	<u>\$ 7,145,564</u>	<u>\$ 286,469</u>	<u>\$ -</u>	<u>\$ 7,432,033</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u><i>Business-type Activities: Transfer Station</i></u>				
Capital assets being depreciated:				
Buildings and improvements	\$ 7,900	\$ -	\$ -	\$ 7,900
Infrastructure	65,819	-	-	65,819
Machinery, equipment and vehicles	104,600	-	-	104,600
Total capital assets being depreciated	<u>178,319</u>	<u>-</u>	<u>-</u>	<u>178,319</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,900)	-	-	(7,900)
Infrastructure	(24,682)	(1,646)	-	(26,328)
Machinery, equipment and vehicles	(104,600)	-	-	(104,600)
Total accumulated depreciation	<u>(137,182)</u>	<u>(1,646)</u>	<u>-</u>	<u>(138,828)</u>
Total Transfer Station capital assets being depreciated, net	<u>\$ 41,137</u>	<u>\$ (1,646)</u>	<u>\$ -</u>	<u>\$ 39,491</u>
<u><i>Business-type Activities: Golf</i></u>				
Capital assets being depreciated:				
Buildings and improvements	\$ 1,220,400	\$ -	\$ -	\$ 1,220,400
Improvements other than buildings	801,000	-	-	801,000
Infrastructure	5,035,222	-	-	5,035,222
Machinery, equipment and vehicles	1,549,707	49,089	-	1,598,796
Total capital assets being depreciated	<u>8,606,329</u>	<u>49,089</u>	<u>-</u>	<u>8,655,418</u>
Less accumulated depreciation for:				
Buildings and improvements	(514,661)	(30,510)	-	(545,171)
Improvements other than buildings	(801,000)	-	-	(801,000)
Infrastructure	(2,901,596)	(125,375)	-	(3,026,971)
Machinery, equipment and vehicles	(1,542,544)	(10,671)	-	(1,553,215)
Total accumulated depreciation	<u>(5,759,801)</u>	<u>(166,556)</u>	<u>-</u>	<u>(5,926,357)</u>
Total Golf capital assets being depreciated, net	<u>\$ 2,846,528</u>	<u>\$ (117,467)</u>	<u>\$ -</u>	<u>\$ 2,729,061</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government	\$ 314,893
Public safety	506,512
Education	142,258
Public works	987,950
Health and human services	28,546
Culture and recreation	51,008
	<u>\$ 2,031,167</u>

**Business-Type Activities:**

Water	\$ 584,501
Sewer	542,408
Transfer station	1,646
Golf	166,556
	<u>\$ 1,295,111</u>

## D. Interfund Receivables, Payables and Transfers

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

Transfers Out	Transfers In					Total	
	General Fund	Community Preservation Act Fund	Capital Project Fund	Nonmajor Governmental Funds	Water Enterprise Fund		
General Fund	\$ -	\$ 885	\$ 500,000	\$ 312,617	\$ -	\$ 813,502	(1)
Title V Program Fund	110,793	-	-	-	-	110,793	(2)
Capital Project Fund	94,650	-	-	-	-	94,650	(2)
Nonmajor Governmental Funds	2,443,537	-	250,000	-	-	2,693,537	(2)
Water Enterprise Fund	275,525	-	-	-	-	275,525	(3)
Sewer Enterprise Fund	169,706	-	-	-	231,805	401,511	(3)
Transfer Station Enterprise Fund	34,744	-	-	-	-	34,744	(3)
Golf Enterprise Fund	141,776	-	-	-	-	141,776	(3)
Total	<u>\$ 3,270,731</u>	<u>\$ 885</u>	<u>\$ 750,000</u>	<u>\$ 312,617</u>	<u>\$ 231,805</u>	<u>\$ 4,566,038</u>	

(1) Transfers to CPA fund for project surplus, transfer to capital project fund for infrastructure and transfers to nonmajor funds for reserves and capital outlays.

(2) Transfers to general fund to supplement operating budgets and capital purposes and transfers to capital project fund for capital outlays.

(3) Transfers to general fund for indirect costs and transfers to water enterprise for capital outlays and debt service.

## E. Capital Leases

The Town has entered into non-cancelable leases for the purchase of an ambulance, sweeper and golf club cars and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

Assets acquired through capital leases are as follows:

	Amount
<i>Asset:</i>	
Sweeper	252,450
Freightliner (2)	432,560
Ambulance (2)	596,403
Sidewalk Tractor	154,546
Pumper Fire Truck	641,672
Compact Utility Truck	49,089
Less: accumulated depreciation	<u>(1,304,650)</u>
Total	<u>\$ 822,070</u>

The future minimum lease payments and the present value of the minimum lease payments at June 30, 2021, are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 351,389
2023	310,169
2024	195,214
2025	10,758
2026	8,069
Total minimum lease payments	875,599
Less: amounts representing interest	(59,802)
Present value of minimum lease payments	<u>\$ 815,797</u>

#### F. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary debt are accounted for in the general fund and enterprise funds, respectively.

Temporary notes outstanding at June 30, 2021, are payable as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
BAN	1.25%	Matured	\$ 750,000	\$ -	\$ (750,000)	\$ -
BAN	0.59%	06/24/22	-	500,000	-	500,000
Total Governmental Notes			<u>750,000</u>	<u>500,000</u>	<u>(750,000)</u>	<u>500,000</u>
BAN	1.00%	06/24/22	-	2,700,000	-	2,700,000
MCWT	0.00%	12/31/21	-	6,711,466	-	6,711,466
Total Business-Type Notes			<u>-</u>	<u>9,411,466</u>	<u>-</u>	<u>9,411,466</u>
Total Temporary Notes Payable			<u>\$ 750,000</u>	<u>\$ 9,911,466</u>	<u>\$ (750,000)</u>	<u>\$ 9,911,466</u>

Governmental activities BAN's outstanding at year-end were issued for roadway construction and business-type activities BAN's were issued for water (\$1,900,000) and sewer (\$800,000) projects.

The Town is eligible for interim loan financing from the MCWT in anticipation of permanent financing through MCWT for costs related to the Town's water system improvements. Short-term MCWT loans totaling \$6,711,466 are reported in the water enterprise fund.

## G. Long-Term Obligations

The following reflects the current year activity in the Town's long-term liability accounts:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 11,521,000	\$ -	\$ (539,000)	\$ 10,982,000	\$ 539,000
Unamortized bond premium	782,474	-	(68,295)	714,179	84,485
Notes from direct borrowings and placements	1,081,024	400,000	(110,542)	1,370,482	110,794
Capital lease obligations	1,125,728	-	(356,675)	769,053	309,897
Compensated absences	2,433,651	416,889	(243,365)	2,607,175	260,718
Net pension liability	28,990,334	4,635,302	(8,868,629)	24,757,007	-
Net other postemployment benefits liability	33,291,586	9,580,626	(4,503,099)	38,369,113	-
<b>Total Governmental Activities</b>	<b>\$ 79,225,797</b>	<b>\$ 15,032,817</b>	<b>\$ (14,689,605)</b>	<b>\$ 79,569,009</b>	<b>\$ 1,304,894</b>
<u>Business-type Activities: Water</u>					
General obligation bonds	\$ 6,037,000	\$ -	\$ (798,000)	\$ 5,239,000	\$ 798,000
Unamortized bond premium	709,388	-	(83,669)	625,719	133,050
Notes from direct borrowings and placements	686,945	-	(51,473)	635,472	52,547
Compensated absences	31,183	8,212	(3,118)	36,277	3,628
Net pension liability	1,563,817	250,041	(478,398)	1,335,460	-
Net other postemployment benefits liability	2,402,900	691,504	(325,023)	2,769,381	-
<b>Total Business-type Activities: Water</b>	<b>11,431,233</b>	<b>949,757</b>	<b>(1,739,681)</b>	<b>10,641,309</b>	<b>987,225</b>
<u>Business-type Activities: Sewer</u>					
General obligation bonds	449,000	-	(153,000)	296,000	148,000
Notes from direct borrowings and placements	2,150,251	-	(105,909)	2,044,342	108,211
Compensated absences	43,487	4,349	(17,941)	29,895	2,990
Net pension liability	1,541,437	246,463	(471,552)	1,316,348	-
Net other postemployment benefits liability	1,549,864	446,019	(209,639)	1,786,244	-
<b>Total Business-type Activities: Sewer</b>	<b>5,734,039</b>	<b>696,831</b>	<b>(958,041)</b>	<b>5,472,829</b>	<b>259,201</b>
<u>Business-type Activities: Transfer Station</u>					
Net pension liability	192,788	30,824	(58,976)	164,636	-
Net other postemployment benefits liability	147,001	42,304	(19,884)	169,421	-
<b>Total Business-type Activities: Transfer</b>	<b>339,789</b>	<b>73,128</b>	<b>(78,860)</b>	<b>334,057</b>	<b>-</b>
<u>Business-type Activities: Golf</u>					
General obligation bonds	108,000	-	(35,000)	73,000	30,000
Notes from direct borrowings and placements	182,000	-	(26,000)	156,000	26,000
Capital lease obligations	-	49,135	(2,391)	46,744	9,162
Compensated absences	118,747	67,315	(11,875)	174,187	17,419
Net pension liability	708,788	113,329	(216,830)	605,287	-
Net other postemployment benefits liability	686,465	197,551	(92,854)	791,162	-
<b>Total Business-type Activities: Golf</b>	<b>1,804,000</b>	<b>427,330</b>	<b>(384,950)</b>	<b>1,846,380</b>	<b>82,581</b>
<b>Total Business-type Activities</b>	<b>\$ 19,309,061</b>	<b>\$ 2,147,046</b>	<b>\$ (3,161,532)</b>	<b>\$ 18,294,575</b>	<b>\$ 1,329,007</b>

The governmental activities will be liquidated by the general fund. The business-type activities liabilities will be liquidated by the water, sewer, transfer station and golf enterprise funds.



## H. Long-Term Debt

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

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

The following is a summary of outstanding long-term debt obligations as of June 30, 2021:

Description of Issue	Interest Rate	Beginning Balance	Issuances	Maturities	Ending Balance
<i><u>Governmental Activities:</u></i>					
General Obligation Bonds	2.00 - 5.00%	\$ 11,521,000	\$ -	\$ (539,000)	\$ 10,982,000
Total General Obligation Bonds		11,521,000	-	(539,000)	10,982,000
Add: Unamortized bond premium		782,474	-	(68,295)	714,179
Total General Obligation Bonds, net		12,303,474	-	(607,295)	11,696,179
Massachusetts Clean Water Trust	0.00%	1,081,024	400,000	(110,542)	1,370,482
Total notes from direct borrowings and placements		1,081,024	400,000	(110,542)	1,370,482
Total Governmental Activities debt		\$ 13,384,498	\$ 400,000	\$ (717,837)	\$ 13,066,661
<i><u>Business-Type Activities - Water</u></i>					
General Obligation Bonds	2.00 - 5.00%	\$ 6,037,000	\$ -	\$ (798,000)	\$ 5,239,000
Total General Obligation Bonds		6,037,000	-	(798,000)	5,239,000
Add: Unamortized bond premium		709,388	-	(83,669)	625,719
Total General Obligation Bonds, net		6,746,388	-	(881,669)	5,864,719
Massachusetts Clean Water Trust	2.00%	686,945	-	(51,473)	635,472
Total notes from direct borrowings and placements		686,945	-	(51,473)	635,472
Total Water debt		\$ 7,433,333	\$ -	\$ (933,142)	\$ 6,500,191
<i><u>Business-Type Activities - Sewer</u></i>					
General Obligation Bonds	2.00 - 3.00%	\$ 99,000	\$ -	\$ (33,000)	\$ 66,000
Refunding Bonds	2.00 - 3.00%	350,000	-	(120,000)	230,000
Total General Obligation Bonds		449,000	-	(153,000)	296,000
Massachusetts Clean Water Trust	2.00%	2,150,251	-	(105,909)	2,044,342
Total notes from direct borrowings and placements		2,150,251	-	(105,909)	2,044,342
Total Sewer debt		\$ 2,599,251	\$ -	\$ (258,909)	\$ 2,340,342
<i><u>Business-Type Activities - Golf</u></i>					
General Obligation Bonds	2.00 - 2.30%	\$ 108,000	\$ -	\$ (35,000)	\$ 73,000
Total General Obligation Bonds		108,000	-	(35,000)	73,000
State House Note	6.50%	182,000	-	(26,000)	156,000
Total notes from direct borrowings and placements		182,000	-	(26,000)	156,000
Total Golf debt		\$ 290,000	\$ -	\$ (61,000)	\$ 229,000
Total Business-Type Activities		\$ 10,322,584	\$ -	\$ (1,253,051)	\$ 9,069,533

Payments on long-term debt due in future years consist of the following:

Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
<i><u>Governmental Activities</u></i>				
2022	\$ 539,000	\$ 353,665	\$ 110,794	\$ 2,734
2023	526,000	334,416	130,824	8,045
2024	774,000	315,188	121,066	7,400
2025	769,000	283,323	121,096	7,000
2026	744,000	256,238	121,126	6,600
2027-2031	3,330,000	903,460	425,034	27,000
2032-2036	3,300,000	366,862	220,542	17,000
2037-2041	1,000,000	52,814	100,000	7,000
2042	-	-	20,000	200
Total	<u>\$ 10,982,000</u>	<u>\$ 2,865,966</u>	<u>\$ 1,370,482</u>	<u>\$ 82,979</u>
<i><u>Business-Type Activities: Water</u></i>				
2022	\$ 798,000	\$ 235,202	\$ 52,547	\$ 12,184
2023	796,000	199,310	53,641	11,123
2024	680,000	163,480	54,761	10,039
2025	680,000	131,230	55,901	8,931
2026	680,000	98,980	57,068	7,801
2027-2031	1,155,000	149,564	303,694	21,222
2032-2036	250,000	36,712	57,860	1,163
2037-2040	200,000	10,562	-	-
Total	<u>\$ 5,239,000</u>	<u>\$ 1,025,040</u>	<u>\$ 635,472</u>	<u>\$ 72,463</u>
<i><u>Business-Type Activities: Sewer</u></i>				
2022	\$ 148,000	\$ 8,880	\$ 108,211	\$ 40,887
2023	148,000	4,440	110,562	38,723
2024	-	-	112,965	36,511
2025	-	-	115,421	34,252
2026	-	-	117,929	31,944
2027-2031	-	-	629,222	123,298
2032-2036	-	-	700,637	57,580
2037-2041	-	-	149,394	14,940
Total	<u>\$ 296,000</u>	<u>\$ 13,320</u>	<u>\$ 2,044,341</u>	<u>\$ 378,135</u>
<i><u>Business-Type Activities: Golf</u></i>				
2022	\$ 30,000	\$ 1,922	\$ 26,000	\$ 10,140
2023	30,000	1,053	26,000	8,450
2024	6,000	225	26,000	6,760
2025	6,000	90	26,000	5,070
2026	1,000	12	26,000	3,380
2027	-	-	26,000	1,690
Total	<u>\$ 73,000</u>	<u>\$ 3,302</u>	<u>\$ 156,000</u>	<u>\$ 35,490</u>
<i><u>All - Business Type Activities</u></i>				
2022	\$ 976,000	\$ 246,004	\$ 186,758	\$ 63,211
2023	974,000	204,803	190,203	58,296
2024	686,000	163,705	193,726	53,310
2025	686,000	131,320	197,322	48,253
2026	681,000	98,992	200,997	43,125
2027-2031	1,155,000	149,564	958,916	146,210
2032-2036	250,000	36,712	758,497	58,743
2037-2041	200,000	10,562	149,394	14,940
Totals	<u>\$ 5,608,000</u>	<u>\$ 1,041,662</u>	<u>\$ 2,835,813</u>	<u>\$ 486,088</u>

### Massachusetts Clean Water Trust (MCWT)

The Town has seven outstanding notes from direct borrowings and placements issued to the MCWT reported in the governmental activities that are payable without interest in annual payments through January 15, 2035. These notes were issued for community septic loans. The Town has three outstanding notes from direct borrowings and placements issued to the MCWT reported in the business-type activities with interest payable at 2% and annual payments through January 15, 2037. These notes were issued for various water and sewer projects.

The financing agreements with the MCWT contain a provision that in the event of default, outstanding amounts due and payable shall be paid from any undisbursed proceeds on account or be deducted from any state local aid distributions owed to the Town. This provision also allows the MCWT to declare the entire outstanding principal amounts due immediately.

### State House Notes

The Town has issued debt for Golf clubhouse construction costs through the Commonwealth's State House Notes program reported in the business-type activities with interest payable at 6.5% and semi-annual payments through January 25, 2027. State house notes are certified by the Director of Accounts of the state Department of Revenue's Division of Local Services. They are in the form of a series of notes that have the same date of issue with each note maturing in a consecutive year.

Authorized and Unissued Debt - At June 30, 2021, the Town had authorized and unissued debt as follows:

<u>Project</u>	<u>Amount</u>
First Street reconstruction	\$ 700,000
Wastewater treatment facility	31,200,000
MCWT water projects	14,100,000
Curve Street water mains	979,000
Total authorized and unissued	<u>\$ 46,979,000</u>

## **III. Other Information**

### **A. Retirement System**

Pension Plan Description – The Town contributes to the Plymouth County Retirement Association (the System), a cost-sharing multiple-employer defined benefit pension plan. The System was established under Chapter 32 of Massachusetts General Laws. The System is administered by the Plymouth County Retirement Association Board of Directors (the "Retirement Board"). Stand-alone audited financial statements for the year ended December 31, 2020 were issued and are available by submitting a request to the System at 10 Cordage Park Circle, Suite 234, Plymouth, MA 02360.

Current membership in the System for all employers as of December 31, 2020 was as follows:

Retirees and beneficiaries receiving benefits	4,436
Active plan members	5,695
Inactive plan members	1,773
Total	<u>11,904</u>

**Benefit Terms** – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the System do not participate in the Federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the System include normal retirement, disability retirement and survivor benefits.

Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status.

Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the System.

**Contributions Requirements** – The Town has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The Town contributed \$3,864,267 to the System in fiscal year 2021, which equaled the actuarially-determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 28% in fiscal year 2021.

Net Pension Liability – At June 30, 2021, the Town reported a liability of \$28,178,738 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all employers. The Town's proportion was approximately 4.81% at December 31, 2020.

Fiduciary Net Position – The elements of the System's basic financial statements (that is, all information about the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the System's full financial statements as of and for the year ended December 31, 2020, which can be obtained by contacting the Retirement Board.

The System's fiduciary net position was determined using the accrual basis of accounting. The System's accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by the Massachusetts Public Employee Retirement Administration Commission, or PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Town recognized \$2,560,839 in pension expense in the statement of activities in fiscal year 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,349,089	\$ -
Net differences between projected and actual earnings on pension plan investments	-	2,796,201
Changes of assumptions	294,667	-
Changes in proportion and differences between employers' contributions and proportionate share of contributions	71,364	273,261
Total	<u>\$ 2,715,120</u>	<u>\$ 3,069,462</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town's pension expense as follows:

<u>Year ended June 30,</u>		
2022	\$	663,837
2023		833,340
2024		(1,293,199)
2025		<u>(558,320)</u>
Total	\$	<u><u>(354,342)</u></u>

Actuarial Valuation – The measurement of the System's total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2020. The significant actuarial assumptions used in the January 1, 2020 actuarial valuation included:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value. The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Investment rate of return	7.875% nominal rate, net of investment expenses
Projected salary increases	3.75% per year
Cost of living adjustments	3.0% of the first \$16,000 of retirement income.
Mortality rates:	
Pre-retirement	RP-2014 Blue Collar Mortality Table with Scale MP-2016, fully generational
Post-retirement	For group 1 and 2, RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational
	For group 4, RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational
Disabled retiree	For group 1 and 2, RP-2000 Mortality Table set forward six years For group 4, RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of returns (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 rates of return by the target asset allocation percentage and by adding

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27.0%	6.8%
International developed equity	4.0%	7.1%
Emerging markets equity	10.0%	8.1%
Global equity	11.0%	7.1%
Core bonds	9.0%	1.8%
Value-added fixed income	9.0%	4.0%
Hedge funds	6.0%	4.3%
Real estate	9.0%	6.9%
Private equity	8.0%	9.1%
Real assets	6.0%	8.1%
Cash and cash equivalents	1.0%	0.0%

**Discount Rate** – The discount rate used to measure the total pension liability in the January 1, 2020 actuarial valuation report was 7.875%, which represents a decrease from the 8% used in the prior actuarial valuation. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially-determined contribution rates and the member rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity Analysis** – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.875% as well as the Town's proportionate share of the net pension liability using a discount rate that is one percentage point lower (6.875%) or one percentage point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
Town's proportionate share of net pension liability	\$ 38,978,302	\$ 28,178,738	\$ 20,558,212

### C. Other Postemployment Benefits (OPEB)

The Town administers a single employer defined benefit healthcare plan (the “OPEB Plan”). The OPEB Plan provides health, dental and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. All benefits are provided through the Town’s premium-based insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Town’s financial statements.

With respect to OPEB plan reporting, GASB issued GASB Statement No.’s 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, and Statement No, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Reporting requirements for governments who administer an OPEB plan as defined under the accounting standard are required to present disclosures under both GASB 74 and GASB 75.

GASB 74 requires specific disclosures and required supplementary information that relate directly to the fiduciary fund in which the OPEB Plan is recorded. GASB 75 address disclosures related to the net OPEB liability required to be recorded by the government in its applicable financial statements. A number of these disclosures are identical, especially if measurement date used for GASB 75 is the same as the plan year-end date. When the measurement date and plan year-end date are different, differences in assumptions and calculations will result.

This footnote disclosure separately presents the required disclosures into two sections:

#### **GASB Statement No. 75**

OPEB Plan disclosures that impact the Town’s net OPEB liability using a measurement date of June 30, 2021 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2021:

Active employees	179
Inactive employees	<u>198</u>
Total	<u><u>377</u></u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 10 - 25% of the set premium for medical, dental and life insurance plans. The remainder of the cost is funded by general revenues of the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2021, the Town’s average contribution rate was approximately 9.9% of covered payroll.



Net OPEB Liability – The Town’s net OPEB liability was measured as of June 30, 2021 using an actuarial valuation as of July 1, 2020. The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB Liability	\$ 44,735,550
Plan fiduciary net position	<u>(850,228)</u>
Net OPEB liability	<u>\$ 43,885,322</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.9%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.18%, net of OPEB plan investment expense, including inflation.
Municipal bond rate	2.18% as of June 30, 2021
Discount Rate	3.50%, net of OPEB plan investment expense including inflation.
Inflation	2.50% annually as of June 30, 2021 and for future periods
Health Care Trend Rate	4.50%
Salary Increases	3.00% annually as of June 30, 2021 and for future periods
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
Actuarial Cost Method	Individual Entry Age Normal

Changes in assumptions from the prior year include the discount rate:

- The discount rate changed from 3.75% to 3.50%

Long Term Expected Rate of Return – 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 OPEB 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.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic Equity - Large Cap	25.75%	4.90%
Domestic Equity - Small/Mid Cap	18.50%	5.40%
International Equity - Developed Market	10.75%	5.32%
International Equity - Emerging Market	5.50%	6.26%
Domestic Fixed Income	29.25%	1.40%
International Fixed Income	5.75%	1.30%
Alternatives	4.25%	6.32%
Cash	0.25%	6.25%
	<u>100.00%</u>	
Real rate of return		3.93%
Inflation assumption		2.50%
Total nominal rate of return		6.43%
Investment expense		<u>-0.25%</u>
Net investment return		<u>6.18%</u>

Sensitivity Analyses – The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate			
	Current Rate	1% Decrease	At Current Rate	1% Increase
Net OPEB liability	3.50%	\$51,819,620	\$ 43,885,322	\$ 36,560,381

  

	Health Care Trend Rate			
	4.50%	\$37,127,704	\$ 43,885,322	\$ 52,629,899
Net OPEB liability				

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2021:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 38,667,134	\$ 589,320	\$ 38,077,814
Changes for the year:			
Service cost	1,160,030	-	1,160,030
Interest	1,468,122	-	1,468,122
Change in assumptions	6,360,695	-	6,360,695
Difference between expected and actual experience	(1,553,338)	-	(1,553,338)
Net investment income	-	150,908	(150,908)
Employer contributions	-	1,477,093	(1,477,093)
Benefit payments withdrawn from trust	-	(1,367,093)	1,367,093
Benefit payments	(1,367,093)	-	(1,367,093)
Net changes	6,068,416	260,908	5,807,508
Balances at June 30, 2021	<u>\$ 44,735,550</u>	<u>\$ 850,228</u>	<u>\$ 43,885,322</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the Town recognized OPEB expense of \$3,193,193. Deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2021 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 7,305,735	\$ -
Differences between expected and actual earnings	-	72,241
Differences between actual and expected experience	-	2,494,750
	<u>\$ 7,305,735</u>	<u>\$ 2,566,991</u>

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

June 30	
2022	\$ 1,063,882
2023	1,061,476
2024	1,350,129
2025	858,240
2026	405,017
	<u>\$ 4,738,744</u>

#### **GASB Statement No. 74**

OPEB Plan disclosures that impact the Town's net OPEB liability using a measurement date of June 30, 2021 are summarized in this section except disclosures under GASB 74 that are identical to GASB 75 are not repeated.

**Investment Custody** – In accordance with Massachusetts General Laws, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

**Investment Rate of Return** – For the year ended June 30, 2021 the annual money-weighted rate of return on investments, net of investment expense, was 23.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **D. Risk Financing**

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town participates in a health insurance risk pool administered by the Mayflower Municipal Health Group (the Group). The Group offers a variety of premium based health plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. In the event the Group is terminated, the Town would be obligated to pay its proportionate share of a deficit, should one exist.

The Town also participates in a public-entity risk-pool administered by the Massachusetts Inter-local Insurance Association, Inc. (MIIA). Through this pool, the Town participates in two insurance programs; the Worker's compensation group that provides coverage for worker's compensation to Town employees who are not police officers or fire fighters, and the Property and Casualty Group that provides the Town with property and casualty insurance.

The Town is self-insured for workers' compensation claims for its police and firefighters and unemployment insurance compensation. Claim expenses are recorded in the general fund when incurred. Estimated liabilities for these risks are not included in the general fund as the liabilities were not material at June 30, 2021.

#### **E. Commitments and Contingencies**

The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2021.

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

The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The amount of penalties, if any, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

## **F. Implementation of GASB Pronouncements**

### *Current Year Implementations –*

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement was to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this Statement became effective for the Town in fiscal year 2021. In connection with the adoption of this accounting standard, certain previously reported agency balances are now reported in the governmental funds and government-wide financial statements. The adoption of this standard did not have a material impact on the Town's financial statements.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement was to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement became effective for the Town in fiscal year 2021. The adoption of this standard did not have an impact on the Town's financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. In addition to accounting and financial reporting implications that result from the replacement of an interbank offered rate (which become effective in fiscal year 2022), this Statement eliminated the use of LIBOR as an appropriate benchmark interest rate for derivative instruments that hedge interest rate risk of taxable debt for reporting periods effective fiscal year 2021. The adoption of this standard did not have an impact on the Town's financial statements.

### *Future Implementations –*

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest costs incurred before the end of a construction period. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2020 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. The reporting provisions of this Statement are effective for financial reporting periods beginning after June 15, 2020 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issued related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**  
**YEAR ENDED JUNE 30, 2021**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

*(dollar amounts are in thousands)*

	2021	2020	Year Ended June 30,		2017	2016
			2019	2018		
Town's proportion of the net pension liability (asset)	4.81%	4.84%	4.88%	4.83%	4.94%	4.89%
Town's proportionate share of the net pension liability (asset)	\$ 28,179	\$ 32,997	\$ 35,916	\$ 25,975	\$ 31,316	\$ 31,007
Town's covered payroll	\$ 13,857	\$ 14,211	\$ 13,506	\$ 12,843	\$ 12,349	\$ 10,272
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	203.4%	232.2%	265.9%	202.3%	253.6%	301.9%
Plan fiduciary net position as a percentage of the total pension liability	67.9%	61.6%	56.1%	65.6%	58.3%	56.8%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN**

*(dollar amounts are in thousands)*

	2021	2020	Year Ended June 30,		2017	2016
			2019	2018		
Actuarially determined contribution	\$ 3,864	\$ 3,569	\$ 3,551	\$ 3,301	\$ 3,187	\$ 3,115
Contributions in relation to the actuarially determined contribution	<u>3,864</u>	<u>3,569</u>	<u>3,551</u>	<u>3,301</u>	<u>3,187</u>	<u>3,115</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 13,857	\$ 14,211	\$ 13,506	\$ 12,843	\$ 12,349	\$ 10,272
Contributions as a percentage of covered payroll	27.9%	25.1%	26.3%	25.7%	25.8%	30.3%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF BRIDGEWATER, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	\$ 1,160,030	\$ 1,129,713	\$ 960,320	\$ 956,016	\$ 1,336,757
Interest	1,468,122	1,503,915	1,592,077	1,858,273	1,304,934
Difference between expected and actual plan experience	(1,553,338)	(33,016)	(3,015,240)	-	-
Changes of assumptions	6,360,695	2,470,422	1,569,350	(7,548,219)	-
Benefit payments	(1,367,093)	(1,307,265)	(1,231,077)	(1,141,665)	(1,097,641)
Net change in total OPEB liability	6,068,416	3,763,769	(124,570)	(5,875,595)	1,544,050
Total OPEB liability - beginning of year	38,667,134	34,903,365	35,027,935	40,903,530	39,359,480
Total OPEB liability - end of year (a)	<u>\$ 44,735,550</u>	<u>\$ 38,667,134</u>	<u>\$ 34,903,365</u>	<u>\$ 35,027,935</u>	<u>\$ 40,903,530</u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,477,093	\$ 1,417,265	\$ 1,346,077	\$ 1,241,665	\$ 1,197,641
Net investment income	150,908	12,942	23,616	1,197	-
Benefit payments	(1,367,093)	(1,307,265)	(1,231,077)	(1,141,665)	(1,097,641)
Net change in Plan fiduciary net position	260,908	122,942	138,616	101,197	100,000
Plan fiduciary net position - beginning of year	589,320	466,378	327,762	226,565	126,565
Plan fiduciary net position - end of year (b)	<u>\$ 850,228</u>	<u>\$ 589,320</u>	<u>\$ 466,378</u>	<u>\$ 327,762</u>	<u>\$ 226,565</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 43,885,322</u>	<u>\$ 38,077,814</u>	<u>\$ 34,436,987</u>	<u>\$ 34,700,173</u>	<u>\$ 40,676,965</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.90%	1.52%	1.34%	0.94%	0.55%
Covered payroll	\$ 14,847,433	\$ 13,981,407	\$ 13,574,182	\$ 13,334,197	\$ 12,945,822
Net OPEB liability as a percentage of covered payroll	295.58%	272.35%	253.69%	260.23%	314.21%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditors' report.



**TOWN OF BRIDGEWATER, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2021**

**SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS**

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 2,727,907	\$ 3,188,213	\$ 2,929,034	\$ 3,345,700	\$ 3,338,554
Contributions in relation to the actuarially-determined contribution	(1,477,093)	(1,417,265)	(1,346,077)	(1,241,665)	(1,197,641)
Contribution deficiency (excess)	<u>\$ 1,250,814</u>	<u>\$ 1,770,948</u>	<u>\$ 1,582,957</u>	<u>\$ 2,104,035</u>	<u>\$ 2,140,913</u>
Covered payroll	\$ 14,847,433	\$ 13,981,407	\$ 13,574,182	\$ 13,334,197	\$ 12,945,822
Contribution as a percentage of covered payroll	9.9%	10.1%	9.9%	9.3%	9.3%
Valuation Date	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016
Amortization Period	30 years	30 years	30 years	30 years	30 years
Investment rate of return	6.18%	6.72%	6.82%	6.87%	2.75%
Municipal Bond Rate	2.18%	2.66%	2.79%	3.45%	3.13%
Single Equivalent Discount Rate	3.50%	3.75%	4.25%	4.50%	3.25%
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%
Healthcare cost trend rates	4.50%	4.50%	4.50%	5.00%	5.00%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%
Actuarial Cost Method	Individual Entry Age Normal (for all years presented)				
Asset Valuation Method	Market Value of Assets as of Reporting Date (for all years presented)				

**SCHEDULE OF INVESTMENT RETURNS  
LAST 10 FISCAL YEARS**

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	23.07%	2.43%	5.85%	0.43%	0.00%

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditors' report.

## TOWN OF BRIDGEWATER, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary		Budgetary	Positive
	Budget	Budget	Amounts	Encumbrances	Adjusted	(Negative)
<b>Revenues</b>						
Real estate and personal property taxes, net	\$ 48,047,896	\$ 48,047,896	\$ 48,277,932	\$ -	\$ 48,277,932	\$ 230,036
Intergovernmental	4,432,601	4,432,601	4,390,935	-	4,390,935	(41,666)
Motor vehicle and other excises	2,830,500	2,830,500	4,420,661	-	4,420,661	1,590,161
Departmental and other revenue	554,855	554,855	889,530	-	889,530	334,675
Licenses and permits	330,556	330,556	1,177,256	-	1,177,256	846,700
Penalties and interest on taxes	249,000	249,000	368,828	-	368,828	119,828
Fines and forfeitures	39,000	39,000	31,971	-	31,971	(7,029)
Investment income	60,254	60,254	72,453	-	72,453	12,199
<b>Total Revenues</b>	<b>56,544,662</b>	<b>56,544,662</b>	<b>59,629,566</b>	<b>-</b>	<b>59,629,566</b>	<b>3,084,904</b>
<b>Expenditures</b>						
General government	5,320,761	5,172,994	3,963,013	1,025,996	4,989,009	183,985
Public safety	14,353,380	13,915,986	13,175,218	572,642	13,747,860	168,126
Education	33,259,290	33,649,373	33,178,511	470,862	33,649,373	-
Public works	2,898,870	1,980,515	1,788,039	116,613	1,904,652	75,863
Health and human services	646,814	635,045	451,741	119,590	571,331	63,714
Culture and recreation	863,135	797,874	704,825	56,527	761,352	36,522
Pensions and fringe benefits	7,072,849	7,171,899	6,866,083	-	6,866,083	305,816
State and county tax assessments	400,874	400,874	400,874	-	400,874	-
Debt service	576,072	576,072	566,643	-	566,643	9,429
<b>Total Expenditures</b>	<b>65,392,045</b>	<b>64,300,632</b>	<b>61,094,947</b>	<b>\$ 2,362,230</b>	<b>63,457,177</b>	<b>843,455</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	4,784,129	6,250,094	6,250,094		6,250,094	-
Transfers out	(316,124)	(2,873,502)	(2,873,502)		(2,873,502)	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,468,005</b>	<b>3,376,592</b>	<b>3,376,592</b>		<b>3,376,592</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
Of Prior Year Budgetary Fund Balance	(4,379,378)	(4,379,378)	\$ 1,911,211		\$ (451,019)	\$ 3,928,359
<b>Other Budgetary Items</b>						
Use of free cash (unassigned fund balance)	2,205,366	2,205,366				
Prior year encumbrances	2,399,127	2,399,127				
Prior year appropriation deficits	(225,115)	(225,115)				
	\$ -	\$ -				

See notes to the required supplementary information of this schedule.

See accompanying independent auditors' report.

# TOWN OF BRIDGEWATER, MASSACHUSETTS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

### I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Town Manager and approved by the Town Council. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town Council approval, appropriation balances from one expenditure account to another within their department or budget. Town Council, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unassigned fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2021, Town Council approved subsequent changes between appropriations that did not impact the total budget. The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted by Town Council. Budgetary control is exercised through the Town's accounting system.

Budgetary-to-GAAP Reconciliation – The Town's general fund is prepared on a basis of accounting other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2021, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 59,629,566
Stabilization revenues	\$ -	\$ 933,963	933,963
60 day accrual	96,597	-	96,597
Revenues on a GAAP basis	<u>\$ 96,597</u>	<u>\$ 933,963</u>	<u>\$ 60,660,126</u>
Expenditures on a budgetary basis			\$ 61,094,947
OPEB transfer	\$ -	\$ 100,000	100,000
Expenditure accruals	630,000	-	630,000
Expenditures on a GAAP basis	<u>\$ 630,000</u>	<u>\$ 100,000</u>	<u>\$ 61,824,947</u>
Net other financing sources (uses)			
on a budgetary basis			\$ 3,376,592
Stabilization transfers	\$ -	\$ (1,019,363)	(1,019,363)
OPEB transfer	-	100,000	100,000
Net other financing sources (uses)			
on a GAAP basis	<u>\$ -</u>	<u>\$ (919,363)</u>	<u>\$ 2,457,229</u>

Excess of Expenditures Over Appropriations – During the fiscal year ended, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$389,855. This over-expenditure will be funded through available funds during fiscal year 2022.