

TOWN OF CARVER, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2020

TOWN OF CARVER, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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Independent Auditor's Report

To the Honorable Select Board
Town of Carver, Massachusetts

100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

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 Carver, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Carver, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carver, Massachusetts, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the Town of Carver, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Carver, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan LLC

March 30, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Carver (Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. We encourage readers to consider the information presented in this report.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, community preservation, COVID-19 and interest. The business-type activities include the activities of the North Carver Water District and the Cranberry Village Water enterprise funds.

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

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

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

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

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

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for the North Carver Water District and the Cranberry Village Water activities.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's budgetary basis of accounting, pension and other postemployment benefit liabilities.

COVID – 19. On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. As of June 30, 2020, the Town incurred COVID-19 related expenses totaling \$7,726. The Town anticipates being reimbursed for these costs through the Coronavirus Relief Fund and the Federal Emergency Management Agency.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Carver, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30.3 million at the close of 2020. Key components of the Town's financial position are listed below.

Net position of \$62.5 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$3.0 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals a deficit of \$35.2 million. This is due to the OPEB and pension liabilities of \$37.1 million and \$18.9 million, respectively.

The following information describes the governmental and business-type activities of the Town.

Governmental Activities

	2020	2019
Assets:		
Current assets.....	\$ 30,410,633	\$ 29,528,426
Capital assets, nondepreciable.....	67,352,615	64,636,644
Capital assets, net of accumulated depreciation....	27,765,439	28,025,948
Total assets.....	125,528,687	122,191,018
Deferred outflows of resources.....	3,779,304	6,510,205
Liabilities:		
Current liabilities (excluding debt).....	3,123,597	2,959,472
Noncurrent liabilities (excluding debt).....	57,152,801	59,532,986
Current debt.....	2,038,418	1,993,927
Noncurrent debt.....	36,011,523	38,183,823
Total liabilities.....	98,326,339	102,670,208
Deferred inflows of resources.....	3,516,470	2,515,454
Net position:		
Net investment in capital assets.....	61,810,060	59,229,314
Restricted.....	2,956,777	2,941,778
Unrestricted.....	(37,301,655)	(38,655,531)
Total net position.....	\$ 27,465,182	\$ 23,515,561
	2020	2019
Program Revenues:		
Charges for services.....	\$ 3,229,741	\$ 3,427,108
Operating grants and contributions.....	17,693,069	16,294,701
Capital grants and contributions.....	1,184,822	3,798,206
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	26,668,135	25,394,570
Tax and other liens.....	418,525	207,979
Motor vehicle and other excise taxes.....	1,884,251	1,892,178
Meals tax.....	138,221	130,509
Community preservation tax.....	519,386	499,086
Penalties and interest on taxes.....	127,637	198,192
Payments in lieu of taxes.....	110,646	95,959
Grants and contributions not restricted to specific programs.....	1,769,727	1,674,882
Unrestricted investment income.....	486,691	377,305
Total revenues.....	54,230,851	53,990,675
Expenses:		
General government.....	3,695,796	3,817,914
Public safety.....	6,734,377	7,434,014
Education.....	34,309,275	33,690,124
Public works.....	2,396,481	3,344,723
Health and human services.....	885,653	1,078,461
Culture and recreation.....	704,449	815,920
Community preservation.....	22,391	1,418,204
COVID-19.....	7,726	-
Interest.....	1,151,916	1,292,706
Total expenses.....	49,908,064	52,892,066
Excess (Deficiency) before transfers.....	4,322,787	1,098,609
Transfers.....	(373,166)	(296,063)
Change in net position.....	3,949,621	802,546
Net position, beginning of year.....	23,515,561	22,713,015
Net position, end of year.....	\$ 27,465,182	\$ 23,515,561

The Town of Carver's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27.5 million at the close of 2020.

The governmental activities net position increased by \$3.9 million during the current year. This is partially the result of capital grants received for the school building project, community preservation funds, and the timing of receipts exceeding expenses in the Town's special revenue funds.

Business-type Activities

For the Town's business-type activities, assets exceeded liabilities by \$2.8 million at the close of 2020. There was an overall increase of \$364,000 in net position reported in connection with the business-type activities. The following table provides a summary of the financial highlights of the enterprise funds for 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Assets:		
Current assets.....	\$ 1,076,542	\$ 904,808
Noncurrent assets (excluding capital).....	1,142,882	1,021,845
Capital assets, nondepreciable.....	1,370,390	1,370,390
Capital assets, net of accumulated depreciation....	<u>3,378,228</u>	<u>3,510,007</u>
Total assets.....	<u>6,968,042</u>	<u>6,807,050</u>
Liabilities:		
Current liabilities (excluding debt).....	82,409	106,668
Current debt.....	181,886	178,926
Noncurrent debt.....	<u>3,901,313</u>	<u>4,083,199</u>
Total liabilities.....	<u>4,165,608</u>	<u>4,368,793</u>
Net position:		
Net investment in capital assets.....	665,419	618,272
Unrestricted.....	<u>2,137,015</u>	<u>1,819,985</u>
Total net position.....	<u>\$ 2,802,434</u>	<u>\$ 2,438,257</u>
	<u>2020</u>	<u>2019</u>
Program Revenues:		
Charges for services.....	\$ 398,510	\$ 203,679
Capital grants and contributions.....	78,011	60,822
General Revenues:		
Unrestricted investment income.....	9,809	4,561
Miscellaneous.....	<u>30,983</u>	<u>-</u>
Total revenues.....	<u>517,313</u>	<u>269,062</u>
Expenses:		
North Carver Water District.....	471,395	433,655
Cranberry Village.....	54,907	42,718
Total expenses.....	<u>526,302</u>	<u>476,373</u>
Excess (Deficiency) before transfers.....	(8,989)	(207,311)
Transfers.....	<u>373,166</u>	<u>296,063</u>
Change in net position.....	364,177	88,752
Net position, beginning of year.....	<u>2,438,257</u>	<u>2,349,505</u>
Net position, end of year.....	<u>\$ 2,802,434</u>	<u>\$ 2,438,257</u>

The Town's business-type activities include the activities of the North Carver Water District and the Cranberry Village Water Activities.

The North Carver Water District's net position of \$654,000 represents the net investment in capital assets, while \$1.9 million is unrestricted. Net position increased by \$339,000 during fiscal year 2020.

The Cranberry Village enterprise fund's net position of \$12,000 represents the net investment in capital assets, while \$233,000 is unrestricted. Net position increased by \$25,000 during fiscal year 2020.

Financial Analysis of the Governmental Funds

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

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

At the end of the current year, governmental funds reported combined ending fund balances of \$25.1 million, an increase of \$1.3 million from the prior year. This is attributable the timing of receipts over expenditures in the nonmajor governmental funds. This includes the timing of gifts, grants, and receipts reserved for appropriation.

The general fund is the chief operating fund of the Town. At the end of the current year, unassigned fund balance of the general fund was \$5.6 million, while total fund balance equaled \$9.4 million. Included in unassigned fund balance are the Town's general stabilization fund and capital and debt stabilization funds of \$3.2 million and \$274,000, respectively. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.2% of total general fund expenditures, while total fund balance represents 20.5% of that same amount.

The decrease in the general fund was due to the budgeted use of free cash, partially offset by better than anticipated revenue collections and the turn back of unexpended appropriations.

The Community Preservation Fund is used to account for funds held for uses restricted by law for community preservation purposes. At June 30, 2020, the fund balance was \$1.7 million, a decrease of \$170,000. The fund received \$219,000 in state matching funds and \$519,000 in community preservation taxes. The fund reported \$968,000 in expenditures on debt service and community preservation projects.

The Highway Improvements Major Fund is used to account for construction, reconstruction and improvements of roadways, streets and sidewalks. During fiscal year 2020, the town expended \$183,000 on roadway maintenance which is reimbursable from state grants.

The Capital Projects Fund is used to account for the various capital projects within the Town. At the end of the year fund balance totaled \$7.0 million, an increase of \$435,000. This was due the receipt of \$1.5 million from the MSBA and net transfers in of \$1.7 million; offset by \$2.7 million expenditures for the elementary and middle/high school and public works projects.

General Fund Budgetary Highlights

The Town adopts an annual budget for the general fund. The original 2020 approved budget for the general fund authorized approximately \$49.8 million in appropriations and amounts carried forward. During 2020, Town Meeting also approved supplemental appropriations totaling \$1.7 million, most of which related to an increase in transfers out to capital project funds. The budget was balanced with the use of \$1.2 million in free cash. Actual budgetary expenditures exceeded receipts by \$76,000.

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, 2020, amounts to \$99.9 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, vehicles and infrastructure.

Major capital asset events during the current year included the Elementary School project, Middle/High School renovation and public safety vehicles.

Long-term debt. At the end of the current year, the Town had total bonded debt outstanding, inclusive of unamortized premiums, totaling \$38.0 million and \$4.1 million for the governmental and business-type activities, respectively. The Town retired \$2.2 million of debt in fiscal year 2020.

The Town maintains a "AA" bond rating from Standard & Poor's.

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

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 requests for additional financial information should be addressed to the Finance Director at Town Hall, 108 Main Street, Carver, Massachusetts 02330.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 22,947,093	\$ 1,005,490	\$ 23,952,583
Investments.....	3,875,071	-	3,875,071
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	776,799	-	776,799
Tax liens.....	467,106	-	467,106
Community preservation fund surtax.....	15,154	-	15,154
Motor vehicle and other excise taxes.....	294,089	-	294,089
User charges.....	-	31,801	31,801
Departmental and other.....	347,576	-	347,576
Intergovernmental.....	1,268,029	-	1,268,029
Community preservation state share.....	113,000	-	113,000
Special assessments.....	69,738	39,251	108,989
Loans.....	20,894	-	20,894
Tax foreclosures.....	216,084	-	216,084
Total current assets.....	<u>30,410,633</u>	<u>1,076,542</u>	<u>31,487,175</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	1,142,882	1,142,882
Capital assets, nondepreciable.....	67,352,615	1,370,390	68,723,005
Capital assets, net of accumulated depreciation.....	<u>27,765,439</u>	<u>3,378,228</u>	<u>31,143,667</u>
Total noncurrent assets.....	<u>95,118,054</u>	<u>5,891,500</u>	<u>101,009,554</u>
TOTAL ASSETS.....	<u>125,528,687</u>	<u>6,968,042</u>	<u>132,496,729</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	2,532,564	-	2,532,564
Deferred outflows related to other postemployment benefits....	<u>1,246,740</u>	<u>-</u>	<u>1,246,740</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>3,779,304</u>	<u>-</u>	<u>3,779,304</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	1,196,195	-	1,196,195
Accrued payroll.....	191,936	-	191,936
Tax refunds payable.....	189,000	-	189,000
Accrued interest.....	383,622	82,409	466,031
Other liabilities.....	420,052	-	420,052
Customer deposits.....	158,176	-	158,176
Capital lease obligations.....	46,518	-	46,518
Landfill closure.....	90,000	-	90,000
Unearned Revenue.....	4,274	-	4,274
Compensated absences.....	443,824	-	443,824
Bonds payable.....	<u>2,038,418</u>	<u>181,886</u>	<u>2,220,304</u>
Total current liabilities.....	<u>5,162,015</u>	<u>264,295</u>	<u>5,426,310</u>
NONCURRENT:			
Landfill closure.....	630,000	-	630,000
Compensated absences.....	573,893	-	573,893
Net pension liability.....	18,859,725	-	18,859,725
Net other postemployment benefits liability.....	37,089,183	-	37,089,183
Bonds payable.....	<u>36,011,523</u>	<u>3,901,313</u>	<u>39,912,836</u>
Total noncurrent liabilities.....	<u>93,164,324</u>	<u>3,901,313</u>	<u>97,065,637</u>
TOTAL LIABILITIES.....	<u>98,326,339</u>	<u>4,165,608</u>	<u>102,491,947</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	1,050,272	-	1,050,272
Deferred inflows related to other postemployment benefits.....	<u>2,466,198</u>	<u>-</u>	<u>2,466,198</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>3,516,470</u>	<u>-</u>	<u>3,516,470</u>
NET POSITION			
Net investment in capital assets.....	61,810,060	665,419	62,475,479
Restricted for:			
Permanent funds:			
Expendable.....	1,088,406	-	1,088,406
Community preservation.....	1,868,371	-	1,868,371
Unrestricted.....	<u>(37,301,655)</u>	<u>2,137,015</u>	<u>(35,164,640)</u>
TOTAL NET POSITION.....	<u>\$ 27,465,182</u>	<u>\$ 2,802,434</u>	<u>\$ 30,267,616</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 3,695,796	\$ 883,336	\$ 215,203	\$ -	\$ (2,597,257)
Public safety.....	6,734,377	1,126,513	203,794	-	(5,404,070)
Education.....	34,309,275	660,906	16,928,983	924,082	(15,795,304)
Public works.....	2,396,481	221,004	77,423	41,527	(2,056,527)
Health and human services.....	885,653	318,675	235,216	-	(331,762)
Culture and recreation.....	704,449	19,307	24,724	-	(660,418)
Community preservation.....	22,391	-	-	219,213	196,822
COVID-19.....	7,726	-	7,726	-	-
Interest.....	1,151,916	-	-	-	(1,151,916)
Total Governmental Activities.....	49,908,064	3,229,741	17,693,069	1,184,822	(27,800,432)
<i>Business-Type Activities:</i>					
North Carver Water District.....	471,395	398,510	-	-	(72,885)
Cranberry Village.....	54,907	-	-	78,011	23,104
Total Business-Type Activities.....	526,302	398,510	-	78,011	(49,781)
Total Primary Government.....	\$ 50,434,366	\$ 3,628,251	\$ 17,693,069	\$ 1,262,833	\$ (27,850,213)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(27,800,432)	(49,781)	(27,850,213)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	26,668,135	-	26,668,135
Tax and other liens.....	418,525	-	418,525
Motor vehicle and other excise taxes.....	1,884,251	-	1,884,251
Meals tax.....	138,221	-	138,221
Community preservation tax.....	519,386	-	519,386
Penalties and interest on taxes.....	127,637	-	127,637
Payments in lieu of taxes.....	110,646	-	110,646
Grants and contributions not restricted to specific programs.....	1,769,727	-	1,769,727
Unrestricted investment income.....	486,691	9,809	496,500
Miscellaneous.....	-	30,983	30,983
<i>Transfers, net</i>	(373,166)	373,166	-
Total general revenues and transfers.....	31,750,053	413,958	32,164,011
Change in net position.....	3,949,621	364,177	4,313,798
<i>Net position:</i>			
Beginning of year.....	23,515,561	2,438,257	25,953,818
End of year..... \$	27,465,182	2,802,434	30,267,616

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	General	Community Preservation	Highway Improvements	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 10,328,504	\$ 1,780,330	\$ -	\$ 7,642,069	\$ 3,196,190	\$ 22,947,093
Investments.....	265,879	-	-	-	3,609,192	3,875,071
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	776,799	-	-	-	-	776,799
Tax liens.....	460,477	6,629	-	-	-	467,106
Community preservation fund surtax.....	-	15,154	-	-	-	15,154
Motor vehicle and other excise taxes.....	294,089	-	-	-	-	294,089
Departmental and other.....	23,251	-	-	-	324,325	347,576
Intergovernmental.....	203,851	-	893,810	-	170,368	1,268,029
Community preservation state share.....	-	113,000	-	-	-	113,000
Special assessments.....	-	-	-	-	69,738	69,738
Loans.....	-	-	-	-	20,894	20,894
Tax foreclosures.....	213,821	2,263	-	-	-	216,084
TOTAL ASSETS.....	\$ 12,566,671	\$ 1,917,376	\$ 893,810	\$ 7,642,069	\$ 7,390,707	\$ 30,410,633
LIABILITIES						
Warrants payable.....	\$ 484,723	\$ 48,661	\$ -	\$ 629,373	\$ 33,438	\$ 1,196,195
Accrued payroll.....	150,704	344	-	-	40,888	191,936
Other liabilities.....	420,052	-	-	-	-	420,052
Customer deposits.....	158,176	-	-	-	-	158,176
Tax refunds payable.....	189,000	-	-	-	-	189,000
Unearned revenue.....	-	-	-	-	4,274	4,274
TOTAL LIABILITIES.....	1,402,655	49,005	-	629,373	78,600	2,159,633
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	1,722,792	137,046	893,810	-	414,958	3,168,606
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,722,792	137,046	893,810	-	414,958	3,168,606
FUND BALANCES						
Nonspendable.....	-	-	-	-	165,464	165,464
Restricted.....	-	1,731,325	-	7,012,696	6,731,685	15,475,706
Committed.....	3,187,357	-	-	-	-	3,187,357
Assigned.....	632,322	-	-	-	-	632,322
Unassigned.....	5,621,545	-	-	-	-	5,621,545
TOTAL FUND BALANCES.....	9,441,224	1,731,325	-	7,012,696	6,897,149	25,082,394
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 12,566,671	\$ 1,917,376	\$ 893,810	\$ 7,642,069	\$ 7,390,707	\$ 30,410,633

See notes to basic financial statements.

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

JUNE 30, 2020

Total governmental fund balances.....		\$ 25,082,394
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		95,118,054
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		3,168,606
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		262,834
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(383,622)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(38,049,941)	
Net pension liability.....	(18,859,725)	
Net other postemployment benefits liability.....	(37,089,183)	
Landfill closure.....	(720,000)	
Capital lease obligations.....	(46,518)	
Compensated absences.....	<u>(1,017,717)</u>	
Net effect of reporting long-term liabilities.....		<u>(95,783,084)</u>
Net position of governmental activities.....		<u>\$ 27,465,182</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	General	Community Preservation	Highway Improvements	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 26,470,722	\$ -	\$ -	\$ -	\$ -	\$ 26,470,722
Tax liens.....	539,433	2,208	-	-	-	541,641
Motor vehicle and other excise taxes.....	1,797,060	-	-	-	-	1,797,060
Meals tax.....	138,221	-	-	-	-	138,221
Penalties and interest on taxes.....	125,842	1,775	-	-	20	127,637
Fees and rentals.....	263,326	-	-	-	-	263,326
Payments in lieu of taxes.....	110,646	-	-	-	-	110,646
Licenses and permits.....	217,967	-	-	-	-	217,967
Fines and forfeitures.....	28,036	-	-	-	-	28,036
Intergovernmental.....	17,297,049	-	182,928	1,462,313	1,952,947	20,895,237
Intergovernmental - COVID-19 relief.....	-	-	-	-	7,726	7,726
Departmental and other.....	55,733	-	-	-	2,828,973	2,884,706
Community preservation taxes.....	-	519,386	-	-	-	519,386
Community preservation state match.....	-	219,213	-	-	-	219,213
Contributions and donations.....	-	-	-	-	60,675	60,675
Investment income.....	445,120	15,480	-	-	26,091	486,691
Miscellaneous.....	-	-	-	-	30,628	30,628
TOTAL REVENUES.....	47,489,155	758,062	182,928	1,462,313	4,907,060	54,799,518
EXPENDITURES:						
Current:						
General government.....	2,335,315	-	-	-	642,099	2,977,414
Public safety.....	4,387,574	-	-	2,505,278	282,636	7,175,488
Education.....	25,110,788	-	-	240,674	1,796,024	27,147,486
Public works.....	1,605,372	-	182,928	-	163,319	1,951,619
Health and human services.....	469,518	-	-	-	198,857	668,375
Culture and recreation.....	390,785	-	-	-	42,767	433,552
Community preservation.....	-	638,060	-	-	-	638,060
COVID-19.....	-	-	-	-	7,726	7,726
Pension benefits.....	6,285,324	-	-	-	-	6,285,324
Employee benefits.....	1,436,118	-	-	-	-	1,436,118
State and county charges.....	1,177,435	-	-	-	-	1,177,435
Debt service:						
Principal.....	1,525,000	205,000	-	-	-	1,730,000
Interest.....	1,327,756	124,525	-	-	-	1,452,281
TOTAL EXPENDITURES.....	46,050,985	967,585	182,928	2,745,952	3,133,428	53,080,878
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,438,170	(209,523)	-	(1,283,639)	1,773,632	1,718,640
OTHER FINANCING SOURCES (USES):						
Transfers in.....	1,637,713	40,000	-	2,586,710	605,043	4,869,466
Transfers out.....	(3,604,919)	-	-	(867,611)	(770,102)	(5,242,632)
TOTAL OTHER FINANCING SOURCES (USES)...	(1,967,206)	40,000	-	1,719,099	(165,059)	(373,166)
NET CHANGE IN FUND BALANCES.....	(529,036)	(169,523)	-	435,460	1,608,573	1,345,474
FUND BALANCES AT BEGINNING OF YEAR.....	9,970,260	1,900,848	-	6,577,236	5,288,576	23,736,920
FUND BALANCES AT END OF YEAR.....	\$ 9,441,224	\$ 1,731,325	\$ -	\$ 7,012,696	\$ 6,897,149	\$ 25,082,394

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds.....	\$	1,345,474
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	4,929,713	
Depreciation expense.....	<u>(2,474,251)</u>	
Net effect of reporting capital assets.....		2,455,462
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(568,667)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Principal payments and interest on capital leases.....	70,946	
Net amortization of premium from issuance of bonds.....	280,345	
Debt service principal payments.....	<u>1,730,000</u>	
Net effect of reporting long-term debt.....		2,081,291
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(61,659)	
Net change in accrued interest on long-term debt.....	23,989	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(3,210,556)	
Net change in net pension liability.....	2,466,468	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(521,361)	
Net change in net other postemployment benefits liability.....	(150,820)	
Net change in landfill closure.....	<u>90,000</u>	
Net effect of recording long-term liabilities.....		<u>(1,363,939)</u>
Change in net position of governmental activities.....	\$	<u><u>3,949,621</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	North Carver Water District	Cranberry Village	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 789,336	\$ 216,154	\$ 1,005,490
Receivables, net of allowance for uncollectibles:			
User charges.....	14,541	17,260	31,801
Special assessments.....	39,251	-	39,251
Total current assets.....	<u>843,128</u>	<u>233,414</u>	<u>1,076,542</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	1,142,882	-	1,142,882
Capital assets, nondepreciable.....	1,370,390	-	1,370,390
Capital assets, net of accumulated depreciation.....	<u>3,366,515</u>	<u>11,713</u>	<u>3,378,228</u>
Total noncurrent assets.....	<u>5,879,787</u>	<u>11,713</u>	<u>5,891,500</u>
TOTAL ASSETS.....	<u>6,722,915</u>	<u>245,127</u>	<u>6,968,042</u>
LIABILITIES			
CURRENT:			
Accrued interest.....	82,409	-	82,409
Bonds payable.....	<u>181,886</u>	<u>-</u>	<u>181,886</u>
Total current liabilities.....	264,295	-	264,295
NONCURRENT:			
Bonds payable.....	<u>3,901,313</u>	<u>-</u>	<u>3,901,313</u>
TOTAL LIABILITIES.....	<u>4,165,608</u>	<u>-</u>	<u>4,165,608</u>
NET POSITION			
Net investment in capital assets.....	653,706	11,713	665,419
Unrestricted.....	<u>1,903,601</u>	<u>233,414</u>	<u>2,137,015</u>
TOTAL NET POSITION.....	<u>\$ 2,557,307</u>	<u>\$ 245,127</u>	<u>\$ 2,802,434</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	North Carver Water District	Cranberry Village	Total
OPERATING REVENUES:			
Charges for services.....	\$ 357,645	\$ 78,011	\$ 435,656
Other operating revenues.....	30,983	-	30,983
TOTAL OPERATING REVENUES	388,628	78,011	466,639
OPERATING EXPENSES:			
Cost of services and administration.....	186,991	52,304	239,295
Depreciation.....	129,176	2,603	131,779
TOTAL OPERATING EXPENSES.....	316,167	54,907	371,074
OPERATING INCOME (LOSS).....	72,461	23,104	95,565
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	8,101	1,708	9,809
Interest expense.....	(155,228)	-	(155,228)
Intergovernmental - other.....	40,865	-	40,865
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(106,262)	1,708	(104,554)
INCOME (LOSS) BEFORE TRANSFERS.....	(33,801)	24,812	(8,989)
TRANSFERS:			
Transfers in.....	373,166	-	373,166
CHANGE IN NET POSITION.....	339,365	24,812	364,177
NET POSITION AT BEGINNING OF YEAR.....	2,217,942	220,315	2,438,257
NET POSITION AT END OF YEAR.....	\$ 2,557,307	\$ 245,127	\$ 2,802,434

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	North Carver Water District	Cranberry Village	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 386,548	\$ 68,495	\$ 455,043
Payments to vendors.....	(203,596)	(56,855)	(260,451)
NET CASH FROM OPERATING ACTIVITIES.....	182,952	11,640	194,592
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	373,166	-	373,166
Intergovernmental.....	40,865	-	40,865
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	414,031	-	414,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Special assessments.....	(115,782)	-	(115,782)
Acquisition and construction of capital assets.....	-	-	-
Principal payments on bonds and notes.....	(178,926)	-	(178,926)
Interest expense.....	(158,331)	-	(158,331)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(453,039)	-	(453,039)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....	8,101	1,708	9,809
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	152,045	13,348	165,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	637,291	202,806	840,097
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 789,336	\$ 216,154	\$ 1,005,490
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH			
FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 72,461	\$ 23,104	\$ 95,565
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	129,176	2,603	131,779
Changes in assets and liabilities:			
User charges.....	(2,080)	(9,516)	(11,596)
Warrants payable.....	(16,605)	(4,551)	(21,156)
Total adjustments.....	110,491	(11,464)	99,027
NET CASH FROM OPERATING ACTIVITIES.....	\$ 182,952	\$ 11,640	\$ 194,592

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ -	\$ 93,325
Investments:		
Public Agency Retirement Services (PARS) investments....	1,456,951	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	132,855
TOTAL ASSETS.....	1,456,951	226,180
LIABILITIES		
Warrants payable.....	-	3,400
Accrued payroll.....	-	18,324
Liabilities due depositors.....	-	204,456
TOTAL LIABILITIES.....	-	226,180
NET POSITION		
Restricted for other postemployment benefits.....	\$ 1,456,951	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Other Postemployment Benefit Trust Fund
<u>ADDITIONS:</u>	
Contributions:	
Employer contributions to trust.....	\$ 245,799
Employer contributions for other postemployment benefit payments....	1,776,875
Total contributions.....	2,022,674
Net investment income:	
Investment income.....	36,675
TOTAL ADDITIONS.....	2,059,349
<u>DEDUCTIONS:</u>	
Other postemployment benefit payments.....	1,776,875
NET INCREASE (DECREASE) IN NET POSITION.....	282,474
NET POSITION AT BEGINNING OF YEAR.....	1,174,477
NET POSITION AT END OF YEAR.....	\$ 1,456,951

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Carver, Massachusetts is a municipal corporation that is governed by an elected Select Board.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. It has been determined that the Town has no component units that require inclusion in these basic financial statements.

Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in several ventures with other municipalities to pool resources and share costs, risks and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific recipients. Shown below is a listing of the Town's joint ventures, their purpose, and the annual assessment paid by the Town in 2020.

<u>Name</u>	<u>Purpose</u>	<u>2020 Assessment</u>
Gateway Health Group Carver Town Hall, Carver MA	Employee and retiree health Insurance	\$ 2,785,238
Old Colony Regional Vocational Technical High School 476 North Avenue, Rochester, MA	To provide educational services	\$ 1,219,241
Massachusetts Bay Regional Transit Authority 45 High Street, Boston, MA	Regional transportation services	\$ 79,588

The Town is indirectly liable for debt and other expenditures and is assessed annually for its share of operating and capital costs.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *community preservation fund* is a special revenue fund used to account for funds held for uses restricted by law for community preservation purposes. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 3% surcharge on property taxes and to receive matching state grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

The *highway improvements fund* is used to account for financial activities associated with highway and road repair projects funded by the State's Chapter 90 highway program.

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

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The *North Carver Water District* and *Cranberry Village funds* are used to account for the construction and operation of the Town's water system.

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

The following fiduciary funds are reported:

The *other postemployment benefit trust fund* is used to account for the activities of the Town's defined benefit healthcare plan, which accumulates resources to provide OPEB benefits to eligible retirees and their beneficiaries.

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed by the fourth quarter of every year on delinquent properties and are recorded as receivables in the year they are processed.

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

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

Motor Vehicle Excise

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

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

Community Preservation

Community Preservation surcharges are billed with the real estate and personal property tax levy and are 3% of the total real estate tax bill. These surcharges are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. The surcharges are recorded as receivables in the year of the levy.

Community Preservation surcharge liens are processed by the fourth quarter of every year on delinquent properties and are recorded as receivables in the year they are processed.

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

User Charges

User charges are based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user charges are estimated at year-end and are recorded as revenue in the current period.

Departmental and Other

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

Intergovernmental

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

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

Loans

The Town administers septic loans to qualifying residents in relation to septic system repairs. Upon issuance, a receivable is recorded for the principal amount of the loan.

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, buildings and facilities, improvements other than building, machinery and equipment, vehicles, drainage and water systems, infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements.

Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and facilities.....	25-50
Machinery and equipment.....	3-20
Vehicles.....	5
Infrastructure.....	25-50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of 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 reported deferred outflows of resources related to pensions and OPEB in this category.

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

Net position has been “restricted for” the following:

“Permanent funds - expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

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

Fund Financial Statements (Fund Balances)

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

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

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

M. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Plymouth County Retirement Association and the Massachusetts Teachers Retirement System (the Systems) and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Investment Income

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

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets

and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

The Town maintains a cash and investment pool that is available for use by all funds, except the Trust Funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents". The deposits and investments of the Trust Funds are held separately from those of other Town funds.

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

It is the Town's policy to invest public funds in a manner which will provide the maximum security with the highest investment return while meeting the daily cash flow demands of the Town. The Town follows the policies established under Massachusetts General Laws. The Commonwealth's statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the Pool.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in event of a bank failure, the government's deposits may not be returned to it. The Town has adopted a formal policy to limit custodial credit risk of deposits. At year-end, the carrying amount of deposits totaled \$24,045,908 and the bank balance totaled \$26,506,562. Of the bank balance, \$2,297,659 was covered by Federal Depository Insurance, \$19,485,130 was covered by the Depositors Insurance Fund, and \$4,723,773 was collateralized.

Investments

As of June 30, 2020, the Town had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 757,776	\$ 356,931	\$ 400,845
Government sponsored enterprises.....	687,485	-	602,353
Corporate bonds.....	2,072,380	501,168	1,571,212
Total debt securities.....	3,517,641	\$ 858,099	\$ 2,574,410
<u>Other investments:</u>			
Equity securities.....	357,430		
PARS.....	1,456,951		
Total investments.....	\$ 5,332,022		

Custodial Credit Risk - Investments

For an investment, is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town’s investments subject to custodial credit risk include \$757,776 in U.S. treasury notes, \$687,485 in government sponsored enterprises, \$2,072,380 in corporate bonds, \$357,430 in equity securities, and PARS investments of \$1,456,951. The Town’s total custodial credit risk exposure totals \$5,332,022 because the related securities are uninsured, unregistered and held by the counterparty. The Town has adopted a formal policy to limit custodial credit risk by restricting investment only in institutions with proven financial strength, the capital adequacy of the firm and overall affirmative reputation in the municipal industry.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. The Town does have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to credit risk. As of June 30, 2020, Standard & Poor’s Investors Service rated the Town’s investments as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ -	\$ 55,419
AA+.....	687,485	-
A+.....	-	178,065
A-.....	-	704,249
BBB+.....	-	623,208
BBB.....	-	511,439
Total.....	\$ 687,485	\$ 2,072,380

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. More than 5 percent of the Town’s investments of \$5,332,022 are in the following securities:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Bank of America Corp.....	7%

Fair Market Value of Investments

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

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

<u>Investment Type</u>	June 30, 2020	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Observable Inputs (Level 3)</u>
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 757,776	\$ 757,776	\$ -	-
Government sponsored enterprises.....	687,485	687,485	-	-
Corporate bonds.....	2,072,380	-	2,072,380	-
Total debt securities.....	3,517,641	1,445,261	2,072,380	-
<u>Other investments:</u>				
Equity securities.....	357,430	357,430	-	-
PARS.....	1,456,951	1,456,951	-	-
Total other investments.....	1,814,381	1,814,381	-	-
Total investments measured at fair value... \$	5,332,022	3,259,642	2,072,380	-

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

NOTE 3 – RECEIVABLES

At June 30, 2020, receivables for the individual major, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 789,874	\$ (13,075)	\$ 776,799
Tax liens.....	467,106	-	467,106
Community preservation fund surtax.....	15,154	-	15,154
Motor vehicle and other excise taxes.....	300,988	(6,899)	294,089
Departmental and other.....	347,576	-	347,576
Intergovernmental.....	1,268,029	-	1,268,029
Community preservation state share.....	113,000	-	113,000
Special assessments.....	69,738	-	69,738
Loans.....	20,894	-	20,894
Total.....	<u>\$ 3,392,359</u>	<u>\$ (19,974)</u>	<u>\$ 3,372,385</u>

At June 30, 2020, receivables for the North Carver Water District and Cranberry Village enterprise funds consist of user fees and special assessments, all of which are deemed collectible.

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

At the end of the current year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 527,303	\$ -	\$ 527,303
Tax liens and foreclosures.....	460,477	6,629	467,106
Community preservation fund surtax.....	-	128,154	128,154
Motor vehicle and other excise taxes.....	294,089	-	294,089
Departmental and other.....	23,251	324,325	347,576
Intergovernmental.....	203,851	893,811	1,097,662
Special assessments.....	-	69,738	69,738
Loans.....	-	20,894	20,894
Tax foreclosures.....	213,821	2,263	216,084
Total.....	<u>\$ 1,722,792</u>	<u>\$ 1,445,814</u>	<u>\$ 3,168,606</u>

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 5,030,726	\$ -	\$ -	\$ 5,030,726
Construction in progress.....	59,605,918	2,728,284	(12,313)	62,321,889
Total capital assets not being depreciated....	<u>64,636,644</u>	<u>2,728,284</u>	<u>(12,313)</u>	<u>67,352,615</u>
<u>Capital assets being depreciated:</u>				
Buildings and facilities.....	52,769,406	24,888	-	52,794,294
Machinery and equipment.....	3,988,578	464,086	(205,110)	4,247,554
Vehicles.....	7,560,526	907,686	(989,926)	7,478,286
Infrastructure.....	15,649,567	817,082	(181,572)	16,285,077
Total capital assets being depreciated.....	<u>79,968,077</u>	<u>2,213,742</u>	<u>(1,376,608)</u>	<u>80,805,211</u>
<u>Less accumulated depreciation for:</u>				
Buildings and facilities.....	(32,956,416)	(1,230,912)	-	(34,187,328)
Machinery and equipment.....	(2,346,303)	(456,664)	205,110	(2,597,857)
Vehicles.....	(4,649,843)	(491,037)	989,926	(4,150,954)
Infrastructure.....	(11,989,567)	(295,638)	181,572	(12,103,633)
Total accumulated depreciation.....	<u>(51,942,129)</u>	<u>(2,474,251)</u>	<u>1,376,608</u>	<u>(53,039,772)</u>
Total capital assets being depreciated, net.....	<u>28,025,948</u>	<u>(260,509)</u>	<u>-</u>	<u>27,765,439</u>
Total governmental activities capital assets, net.....	<u>\$ 92,662,592</u>	<u>\$ 2,467,775</u>	<u>\$ (12,313)</u>	<u>\$ 95,118,054</u>
	Beginning Balance	Increases	Decreases	Ending Balance
North Carver Water District				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,370,390	\$ -	\$ -	\$ 1,370,390
<u>Capital assets being depreciated:</u>				
Buildings and facilities.....	3,069,330	-	-	3,069,330
Machinery and equipment.....	791,484	-	-	791,484
Vehicles.....	52,465	-	-	52,465
Infrastructure.....	633,513	-	-	633,513
Total capital assets being depreciated.....	<u>4,546,792</u>	<u>-</u>	<u>-</u>	<u>4,546,792</u>
<u>Less accumulated depreciation for:</u>				
Buildings and facilities.....	(595,315)	(74,414)	-	(669,729)
Machinery and equipment.....	(296,808)	(39,574)	-	(336,382)
Vehicles.....	(52,465)	-	-	(52,465)
Infrastructure.....	(106,513)	(15,188)	-	(121,701)
Total accumulated depreciation.....	<u>(1,051,101)</u>	<u>(129,176)</u>	<u>-</u>	<u>(1,180,277)</u>
Total capital assets being depreciated, net.....	<u>3,495,691</u>	<u>(129,176)</u>	<u>-</u>	<u>3,366,515</u>
Total North Carver Water District capital assets, net.....	<u>\$ 4,866,081</u>	<u>\$ (129,176)</u>	<u>\$ -</u>	<u>\$ 4,736,905</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Cranberry Village				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 26,030	\$ -	\$ -	\$ 26,030
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(11,714)	(2,603)	-	(14,317)
Total Cranberry Village capital assets, net.....	<u>\$ 14,316</u>	<u>\$ (2,603)</u>	<u>\$ -</u>	<u>\$ 11,713</u>

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

Governmental Activities:	
General government.....	\$ 75,242
Public safety.....	743,241
Education.....	1,156,502
Public works.....	354,740
Health and human services.....	26,653
Culture and recreation.....	106,786
Community preservation.....	11,087
Total depreciation expense - governmental activities.....	<u>\$ 2,474,251</u>
Business-Type Activities:	
North Carver Water District.....	\$ 129,176
Cranberry Village.....	2,603
Total depreciation expense - business-type activities.....	<u>\$ 131,779</u>

NOTE 5 – CAPITAL LEASES

The Town has entered into non-cancelable long-term lease agreements for the purchase of certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The following identifies the assets acquired through capital lease agreements:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment.....	\$ 390,000
Less: accumulated depreciation...	<u>(331,500)</u>
Total.....	<u>\$ 58,500</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Years ending June 30:	Governmental Activities
2021.....	\$ 48,545
Less: amounts representing interest.....	<u>(2,027)</u>
Present value of minimum lease payments...	<u>\$ 46,518</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

There were no receivables or payables between funds at June 30, 2020. Interfund transfers for the year ended June 30, 2020, are summarized as follows:

Transfers Out:	Transfers In:						Total
	General fund	Community Preservation	Capital Projects	Nonmajor governmental funds	North Carver Water District		
General fund.....	\$ -	\$ 40,000	\$ 2,586,710	\$ 605,043	\$ 373,166	\$ 3,604,919	
Capital Projects.....	867,611	-	-	-	-	867,611	
Nonmajor governmental funds.....	<u>770,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>770,102</u>	
Total.....	<u>\$ 1,637,713</u>	<u>\$ 40,000</u>	<u>\$ 2,586,710</u>	<u>\$ 605,043</u>	<u>\$ 373,166</u>	<u>\$ 5,242,632</u>	

Budgeted transfers from the general fund; the transfer of unused bond premiums from the capital project funds to be reserved and amortized in the general fund; and budgeted transfers from the nonmajor governmental funds to the general fund. The \$373,166 represents subsidies from the general fund to the North Carver Water District.

NOTE 7 – SHORT-TERM FINANCING

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

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

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise fund, respectively. The Town had no short-term debt activity for the year ended June 30, 2020.

NOTE 8 – LONG-TERM DEBT

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

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

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Municipal Purpose Bonds of 2016 - Fire Station.....	2036	\$ 8,230,000	3.00 - 5.00	\$ 6,570,000
Municipal Purpose Bonds of 2016 - Fire Engines.....	2026	1,770,000	5.00	1,050,000
Municipal Purpose Bonds of 2016 - Elementary School.....	2041	20,000,000	3.25 - 5.00	17,985,000
Municipal Purpose Bonds of 2018 - Police Station, Land, School....	2033	10,900,000	3.00 - 5.00	10,305,000
Subtotal General Obligation Bonds Payable.....				35,910,000
Add: Unamortized premium on bonds.....				2,139,941
Total Bonds Payable, net.....				\$ 38,049,941

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2021.....	\$ 1,780,000	\$ 1,364,850	\$ 3,144,850
2022.....	1,840,000	1,275,100	3,115,100
2023.....	1,900,000	1,182,226	3,082,226
2024.....	1,965,000	1,086,351	3,051,351
2025.....	2,040,000	987,100	3,027,100
2026.....	2,110,000	884,225	2,994,225
2027.....	2,005,000	777,850	2,782,850
2028.....	2,075,000	699,750	2,774,750
2029.....	2,145,000	618,676	2,763,676
2030.....	1,880,000	546,175	2,426,175
2031.....	1,920,000	486,349	2,406,349
2032.....	1,970,000	428,375	2,398,375
2033.....	2,015,000	368,538	2,383,538
2034.....	2,065,000	306,447	2,371,447
2035.....	1,370,000	254,400	1,624,400
2036.....	1,400,000	213,300	1,613,300
2037.....	1,020,000	171,300	1,191,300
2038.....	1,050,000	140,700	1,190,700
2039.....	1,085,000	109,200	1,194,200
2040.....	1,120,000	73,938	1,193,938
2041.....	1,155,000	37,537	1,192,537
	\$ 35,910,000	\$ 12,012,387	\$ 47,922,387

The debt service for the land acquisition is paid for by the Community Preservation Fund.

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Water System Bond.....	2021	\$ 500,000	4.00 - 6.00	\$ 100,000
Water System Bond.....	2047	1,700,000	3.75	1,457,681
RZED Water Bond.....	2049	2,900,000	3.75	2,525,518
Total General Obligation Bonds Payable.....				<u>\$ 4,083,199</u>

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2021.....\$	181,886	\$ 151,370	\$ 333,256
2022.....	84,956	146,300	231,256
2023.....	88,143	143,113	231,256
2024.....	91,448	139,808	231,256
2025.....	94,877	136,379	231,256
2026.....	98,435	132,821	231,256
2027.....	102,126	129,130	231,256
2028.....	105,956	125,300	231,256
2029.....	109,929	121,327	231,256
2030.....	114,052	117,204	231,256
2031.....	118,329	112,927	231,256
2032.....	122,767	108,489	231,256
2033.....	127,370	103,886	231,256
2034.....	132,146	99,110	231,256
2035.....	137,102	94,154	231,256
2036.....	142,243	89,013	231,256
2037.....	147,577	83,679	231,256
2038.....	153,111	78,145	231,256
2039.....	158,853	72,403	231,256
2040.....	164,810	66,446	231,256
2041.....	170,991	60,265	231,256
2042.....	177,402	53,854	231,256
2043.....	184,055	47,201	231,256
2044.....	190,957	40,299	231,256
2045.....	198,119	33,138	231,257
2046.....	205,548	25,709	231,257
2047.....	210,750	17,997	228,747
2048.....	134,323	10,097	144,420
2049.....	134,938	5,058	139,996
Total..... \$	<u>4,083,199</u>	<u>\$ 2,544,622</u>	<u>\$ 6,627,821</u>

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2020, the Town did not have any authorized and unissued debt.

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 37,640,000	\$ -	\$ (1,730,000)	\$ -	\$ -	\$ 35,910,000	\$ 1,780,000
Add: Unamortized premium on bonds.....	2,420,286	-	(280,345)	-	-	2,139,941	258,418
Total bonds payable.....	40,060,286	-	(2,010,345)	-	-	38,049,941	2,038,418
Capital lease obligations.....	117,464	-	-	-	(70,946)	46,518	46,518
Landfill closure.....	810,000	-	-	-	(90,000)	720,000	90,000
Compensated absences.....	956,058	-	-	469,287	(407,628)	1,017,717	443,824
Net pension liability.....	21,326,193	-	-	2,784,148	(5,250,616)	18,859,725	-
Other postemployment benefits.....	36,938,363	-	-	-	150,820	37,089,183	-
Total governmental activity long-term liabilities.....	\$ 100,208,364	\$ -	\$ (2,010,345)	\$ 3,253,435	\$ (5,668,370)	\$ 95,783,084	\$ 2,618,760
Business-Type Activities:							
Long-term bonds payable.....	\$ 4,262,125	\$ -	\$ (178,926)	\$ -	\$ -	\$ 4,083,199	\$ 181,886

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

	General	Community Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 165,464	\$ 165,464
Restricted for:					
Community preservation.....	-	1,731,325	-	-	1,731,325
Capital projects.....	-	-	7,012,696	-	7,012,696
Town gifts and grants.....	-	-	-	934,895	934,895
School lunch.....	-	-	-	65,021	65,021
School gifts and grants.....	-	-	-	515,543	515,543
Receipts reserved for appropriation...	-	-	-	1,476,318	1,476,318
Other special revenue funds.....	-	-	-	2,816,966	2,816,966
Expendable trust funds.....	-	-	-	922,942	922,942
Committed to:					
Reserve for debt service.....	867,611	-	-	-	867,611
Articles and continuing appropriations:					
General government.....	771,248	-	-	-	771,248
Public safety.....	79,585	-	-	-	79,585
Education.....	228,377	-	-	-	228,377
Public works.....	521,736	-	-	-	521,736
Health and human services.....	19,814	-	-	-	19,814
Culture and recreation.....	2,500	-	-	-	2,500
Employee benefits.....	696,486	-	-	-	696,486
Assigned to:					
Encumbrances:					
General government.....	108,581	-	-	-	108,581
Public safety.....	1,639	-	-	-	1,639
Education.....	370	-	-	-	370
Public works.....	4,408	-	-	-	4,408
Culture and recreation.....	824	-	-	-	824
Free cash used for subsequent year's budget.....					
.....	516,500	-	-	-	516,500
Unassigned.....	5,621,545	-	-	-	5,621,545
Total Fund Balances.....	\$ 9,441,224	\$ 1,731,325	\$ 7,012,696	\$ 6,897,149	\$ 25,082,394

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end the balance of the general stabilization fund and capital and debt stabilization fund totaled \$3.2 million and \$274,000, respectively. These funds are reported as unassigned fund balance within the general fund.

NOTE 10 – 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 Town participates in a health insurance risk pool trust administered by Gateway Municipal Health Group (Group), a non-profit organization, to obtain health insurance for member governments at costs eligible for larger groups. The Group offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the Group. The Town is obligated to

pay the group its required premiums and, in the event the Group is terminated, its pro-rata share of a deficit should one exist.

The Town also participates in a premium-based workers' compensation insurance plan for its employees, except for police officers and firefighters for which the Town is self-insured. The Town's incurred but not reported claims for workers' compensation are not material at June 30, 2020, and therefore are not reported.

NOTE 11 – PENSION PLAN

Plan Description

The Town contributes to the Plymouth County Retirement Association (Association), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 61 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$5,027,617 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$41,458,944 as of the measurement date.

Benefits Provided

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

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

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

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the Association a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town’s proportionate share of the required contribution, which equaled its actual contribution, for the year ended June 30, 2020, \$2,040,060, 25.1% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2020, the Town reported a liability of \$18,859,725 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Town’s proportion was 2.8%, a change from its proportion measured at December 31, 2018 of 2.9%.

Pension Expense

For the year ended June 30, 2020, the Town recognized pension expense of \$2,784,148. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to pensions of \$2,532,564 and \$1,050,272, respectively.

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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 2,136,245	\$ -	\$ 2,136,245
Difference between projected and actual earnings, net.....	-	(395,918)	(395,918)
Changes in assumptions.....	294,160	(61,308)	232,852
Changes in proportion and proportionate share of contributions...	102,159	(593,046)	(490,887)
Total deferred outflows/(inflows) of resources.....	\$ 2,532,564	\$ (1,050,272)	\$ 1,482,292

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

Year ended June 30:	
2021.....	\$ 699,627
2022.....	569,596
2023.....	671,654
2024.....	<u>(458,585)</u>
 Total.....	 \$ <u>1,482,292</u>

Actuarial Assumptions

The total pension liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as of December 31, 2019:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Discount rate.....	7.875%
Projected salary increases.....	3.75% per year
Cost of living adjustments.....	3.0% of the first \$16,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates:	
Pre-Retirement and beneficiary.....	The RP-2014 Blue Collar Mortality Table with Scale MP-2016 fully generational.
Healthy Retiree.....	Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females. fully generational. Group 4 is represented by the RP-2014 Blue Collar mortality table set forward three years for males and six years for females, fully generational.
Disabled Retiree.....	Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

Investment Policy

The Association’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2019, are summarized in the following table:

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

Rate of Return

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

Discount Rate

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

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

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

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
	<u> </u>	<u> </u>	<u> </u>
The Town's proportionate share of the net pension liability.....	\$ 23,886,789	\$ 18,859,725	\$ 14,481,037

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their premium costs. For 2020, contributions to the plan totaled \$2,022,674, which represents 8.16% of covered-payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the District to establish a postemployment benefit trust fund and to enable the District to begin pre-funding its OPEB liabilities. The Trust is managed by then Plymouth County OPEB Trust Program.

During 2020, the District pre-funded future OPEB liabilities \$245,799 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2020, the balance of this fund totaled \$1,456,951.

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Measurement Date – GASB #75 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at June 30, 2019:

Active members.....	276
Inactive members currently receiving benefits.....	<u>293</u>
Total.....	<u><u>569</u></u>

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

Total OPEB liability.....	\$ 38,546,134
Less: OPEB plan’s fiduciary net position.....	<u>(1,456,951)</u>
Net OPEB liability.....	<u><u>\$ 37,089,183</u></u>
The OPEB plan’s fiduciary net position	
as a percentage of the total OPEB liability.....	3.78%

Significant Actuarial Assumptions – The total other postemployment benefit liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	July 1, 2019
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets as of reporting date, June 30, 2020
Investment rate of return.....	6.79%, net of plan investment expense, including inflation.
Municipal bond rate.....	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG
Discount rate.....	6.50%, net of OPEB plan investment expense, including inflation
Inflation.....	2.50% as of June 30, 2020 and for future periods
Salary increases.....	3.00% annually as of June 30, 2020 and for future periods

Mortality rates:

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

Rate of Return - For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of 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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The District’s expected future real rate of return of 4.54% is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 7.04%. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of July 1, 2019 are summarized in the following table.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap.....	30.00%	4.80%
Domestic equity - small/mid cap.....	20.00%	5.29%
International equity - developed market..	16.00%	5.45%
International equity - emerging market...	7.00%	6.42%
Domestic fixed income.....	23.00%	2.05%
International fixed income.....	0.00%	3.00%
Alternatives.....	0.00%	6.50%
Real estate.....	4.00%	6.25%
Total.....	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2019.....	\$ 38,112,840	\$ 1,174,477	\$ 36,938,363
Changes for the year:			
Service cost.....	615,870	-	615,870
Interest.....	2,365,859	-	2,365,859
Differences between expected and actual experience.	(1,036,413)	-	(1,036,413)
Changes in assumptions and other inputs.....	264,853	-	264,853
Net investment income.....	-	36,675	(36,675)
Employer contributions to the trust.....	-	2,022,674	(2,022,674)
Benefit payments.....	(1,776,875)	(1,776,875)	-
Net change.....	433,294	282,474	150,820
Balances at June 30, 2020.....	\$ 38,546,134	\$ 1,456,951	\$ 37,089,183

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 6.50%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability.....	\$ 41,946,780	\$ 37,089,183	\$ 32,728,056

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 5.0%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Net OPEB liability.....	\$ 32,708,679	\$ 37,089,183	\$ 42,380,933

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$672,181. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown on the following table.

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 994,634	\$ (829,130)	\$ 165,504
Difference between projected and actual earnings, net.....	40,224	-	40,224
Changes in assumptions.....	211,882	(1,637,068)	(1,425,186)
Total deferred outflows/(inflows) of resources.....	\$ 1,246,740	\$ (2,466,198)	\$ (1,219,458)

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

Measurement date year ended June 30:

2021.....	\$ (194,713)
2022.....	(194,714)
2023.....	(686,817)
2024.....	(143,214)
Total.....	\$ (1,219,458)

Change in Assumptions:

- The discount rate has been changed from 6.25% to 6.50%
- Based on the recommendations by PERAC, the mortality table has been updated from the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females
- The expected long-term medical trend has been updated to 4.50%
- Based on recent research by the Society of Actuaries, we updated the assumption for morbidity or age-related costs of medical care

Changes in Plan Provisions: None

NOTE 13 – COMMITMENTS

There was no authorized and unissued debt as of June 30, 2020.

NOTE 14 – CONTINGENCIES

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

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

NOTE 15 – COVID-19

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

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

On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most

recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 30, 2021, which is the date the financial statements were available to be issued.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

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

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of*

GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, in which certain paragraphs are required to be implemented in 2021 and 2022.

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

Required Supplementary Information

General Fund Budgetary Schedule

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

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			
	Amounts	Current Year		
	Carried Forward From Prior Year	Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 26,829,835	\$ 26,829,835	\$ 26,829,835
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	1,857,418	1,857,418	1,857,418
Meals tax.....	-	124,687	124,687	124,687
Penalties and interest on taxes.....	-	170,167	170,167	170,167
Fees and rentals.....	-	249,134	249,134	249,134
Payments in lieu of taxes.....	-	28,589	28,589	28,589
Licenses and permits.....	-	227,326	227,326	227,326
Fines and forfeitures.....	-	24,573	24,573	24,573
Intergovernmental.....	-	12,208,918	12,208,918	12,208,918
Departmental and other.....	-	-	-	-
Investment income.....	-	55,678	55,678	55,678
TOTAL REVENUES.....	-	41,776,325	41,776,325	41,776,325
EXPENDITURES:				
Current:				
General government.....	2,302,078	2,706,496	5,008,574	3,388,918
Public safety.....	82,325	4,438,402	4,520,727	4,539,612
Education.....	226,138	25,377,175	25,603,313	25,517,416
Public works.....	442,295	1,827,342	2,269,637	2,373,695
Health and human services.....	25,000	480,921	505,921	511,411
Culture and recreation.....	332	464,284	464,616	472,251
Pension benefits.....	-	1,262,434	1,262,434	1,262,434
Employee benefits.....	631,899	1,575,887	2,207,786	2,273,419
State and county charges.....	-	1,233,796	1,233,796	1,233,796
Debt service:				
Principal.....	-	1,525,000	1,525,000	1,525,000
Interest.....	-	1,377,575	1,377,575	1,327,756
TOTAL EXPENDITURES.....	3,710,067	42,269,312	45,979,379	44,425,708
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,710,067)	(492,987)	(4,203,054)	(2,649,383)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	4,015,507	4,015,507	4,830,059
Transfers out.....	-	(3,836,020)	(3,836,020)	(7,042,773)
TOTAL OTHER FINANCING SOURCES (USES).....	-	179,487	179,487	(2,212,714)
NET CHANGE IN FUND BALANCE.....	(3,710,067)	(313,500)	(4,023,567)	(4,862,097)
BUDGETARY FUND BALANCE, Beginning of year.....	-	5,970,907	5,970,907	5,970,907
BUDGETARY FUND BALANCE, End of year.....	\$ (3,710,067)	\$ 5,657,407	\$ 1,947,340	\$ 1,108,810

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	26,445,494	\$ -	\$ (384,341)
	539,433	-	539,433
	1,797,060	-	(60,358)
	138,221	-	13,534
	125,842	-	(44,325)
	263,326	-	14,192
	110,646	-	82,057
	217,967	-	(9,359)
	28,036	-	3,463
	12,269,432	-	60,514
	55,733	-	55,733
	368,899	-	313,221
	<u>42,360,089</u>	<u>-</u>	<u>583,764</u>
	2,386,464	879,829	122,625
	4,387,574	81,224	70,814
	25,110,788	228,747	177,881
	1,605,372	526,144	242,179
	469,518	19,814	22,079
	390,785	3,324	78,142
	1,257,707	-	4,727
	1,452,534	696,486	124,399
	1,177,435	-	56,361
	1,525,000	-	-
	1,327,756	-	-
	<u>41,090,933</u>	<u>2,435,568</u>	<u>899,207</u>
	<u>1,269,156</u>	<u>(2,435,568)</u>	<u>1,482,971</u>
	5,697,670	-	867,611
	<u>(7,042,773)</u>	<u>-</u>	<u>-</u>
	<u>(1,345,103)</u>	<u>-</u>	<u>867,611</u>
	(75,947)	(2,435,568)	2,350,582
	<u>5,970,907</u>	<u>-</u>	<u>-</u>
\$	<u>5,894,960</u>	<u>(2,435,568)</u>	<u>2,350,582</u>

Pension Plan Schedules

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- payroll	Net pension liability as a percentage of covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	2.76%	\$ 18,859,725	\$ 8,122,215	232.20%	61.61%
December 31, 2018.....	2.90%	21,326,193	7,271,380	293.29%	54.84%
December 31, 2017.....	2.91%	15,652,446	7,087,175	220.86%	65.56%
December 31, 2016.....	2.94%	18,595,425	6,814,591	272.88%	58.32%
December 31, 2015.....	2.73%	17,316,474	6,889,118	251.36%	56.80%
December 31, 2014.....	2.73%	15,915,317	6,641,114	239.65%	58.90%

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

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
PLYMOUTH COUNTY RETIREMENT ASSOCIATION

Year	Statutorily determined contribution	Contributions in relation to the statutorily determined contribution	Contribution deficiency (excess)	Covered- payroll	Contributions as a percentage of covered- payroll
June 30, 2020.....	\$ 2,040,060	\$ (2,040,060)	-	\$ 8,284,659	24.62%
June 30, 2019.....	2,108,507	(2,108,507)	-	7,416,808	28.43%
June 30, 2018.....	1,989,254	(1,989,254)	-	7,228,919	27.52%
June 30, 2017.....	1,924,823	(1,924,823)	-	6,950,883	27.69%
June 30, 2016.....	1,840,130	(1,804,375)	35,755	7,026,900	25.68%
June 30, 2015.....	1,705,207	(1,705,207)	-	6,773,936	25.17%

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 41,458,944	\$ 5,027,617	53.95%
2019.....	36,167,616	3,969,071	54.84%
2018.....	39,851,233	4,159,389	54.25%
2017.....	39,169,513	3,995,547	52.73%
2016.....	34,967,234	2,836,154	55.38%
2015.....	28,953,522	2,011,540	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability presents multi-year trend information on the Plan's net other postemployment benefit liability and related ratios.

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 1,000,864	\$ 752,085	\$ 711,554	\$ 615,870
Interest.....	1,944,725	2,174,269	2,449,233	2,365,859
Differences between expected and actual experience....	2,486,585	(1,333,254)	-	(1,036,413)
Changes of assumptions.....	-	-	(2,728,448)	264,853
Benefit payments.....	<u>(1,334,545)</u>	<u>(1,458,728)</u>	<u>(1,567,600)</u>	<u>(1,776,875)</u>
Net change in total OPEB liability.....	4,097,629	134,372	(1,135,261)	433,294
Total OPEB liability - beginning.....	<u>35,016,100</u>	<u>39,113,729</u>	<u>39,248,101</u>	<u>38,112,840</u>
Total OPEB liability - ending (a).....	<u>\$ 39,113,729</u>	<u>\$ 39,248,101</u>	<u>\$ 38,112,840</u>	<u>\$ 38,546,134</u>
Plan fiduciary net position				
Employer contributions.....	\$ 345,799	\$ 170,799	\$ 220,709	\$ 245,799
Employer contributions for OPEB payments.....	1,334,545	1,458,728	1,567,690	1,776,875
Net investment income.....	53,964	86,565	58,053	36,675
Benefit payments.....	<u>(1,334,545)</u>	<u>(1,458,728)</u>	<u>(1,567,600)</u>	<u>(1,776,875)</u>
Net change in plan fiduciary net position.....	399,763	257,364	278,852	282,474
Plan fiduciary net position - beginning of year.....	<u>238,498</u>	<u>638,261</u>	<u>895,625</u>	<u>1,174,477</u>
Plan fiduciary net position - end of year (b).....	<u>638,261</u>	<u>895,625</u>	<u>1,174,477</u>	<u>1,456,951</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 38,475,468</u>	<u>\$ 38,352,476</u>	<u>\$ 36,938,363</u>	<u>\$ 37,089,183</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.63%	2.28%	3.08%	3.78%
Covered-employee payroll.....	\$ 22,687,965	\$ 22,695,362	\$ 24,077,511	\$ 24,799,835
Net OPEB liability as a percentage of covered-employee payroll.....	169.59%	168.99%	153.41%	149.55%

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

See notes to required supplementary information.

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

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 2,022,674	\$ (2,022,674)	\$ -	24,799,835	8.16%
June 30, 2019.....	1,788,399	(1,788,399)	-	24,077,511	7.43%
June 30, 2018.....	1,629,527	(1,629,527)	-	22,695,362	7.18%
June 30, 2017.....	1,579,527	(1,579,527)	-	22,687,965	6.96%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2020.....	2.70%
June 30, 2019.....	5.56%
June 30, 2018.....	12.00%
June 30, 2017.....	15.61%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYBudgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The Select Board and Finance Committee present an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of Town Meeting. The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget. Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2020 approved budget authorized \$49.8 million in appropriations and amounts carried forward from the previous year. During 2020, Town Meeting approved an increase in original appropriations totaling \$1.7 million.

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

Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$	(75,947)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		(478,317)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(189,000)
Net change in recording 60 day receipts.....		214,228
Recognition of revenue for on-behalf payments.....		5,027,617
Recognition of expenditures for on-behalf payments.....		<u>(5,027,617)</u>
Net change in fund balance - GAAP basis.....	\$	<u>(529,036)</u>

NOTE B – PENSION PLANSchedule of the Town's Proportionate Share of the Net Pension Liability

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

Schedule of Town's Contributions

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

Changes in Assumptions:

The following change in assumption is included in the January 1, 2020, actuarial valuation:

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

Changes in Plan Provisions - None**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (the "Plan"). The Plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retirement members, including teachers.

The Other Postemployment Benefit PlanThe Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

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

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered employee payroll.

Schedule of Investment Return

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

Changes of Assumptions:

- Due to GASB 75 standards the discount rate has been changed from 6.25% to 6.50%
- Based on the recommendations by PERAC, the mortality table has been updated from the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females
- The expected long-term medical trend has been updated to 4.50%
- Based on recent research by the Society of Actuaries, we updated the assumption for morbidity or age-related costs of medical care

Changes in Provisions - None.