

***TOWN OF WEST BOYLSTON, MASSACHUSETTS***

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

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

TOWN OF WEST BOYLSTON, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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## **Independent Auditor's Report**

To the Honorable Select Board  
Town of West Boylston, Massachusetts

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Boylston, Massachusetts, as of and for the year ended June 30, 2021, (except for the West Boylston Municipal Lighting Plant which is as of and for the year ended December 31, 2020), and the related notes to the financial statements, which collectively comprise the Town of West Boylston's basic financial statements as listed in the table of contents.

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

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

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the West Boylston Municipal Lighting Plant as of December 31, 2020, which represent 46.2%, 33.7%, and 81.5%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities of the West Boylston Municipal Lighting Plant, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## Opinions

In our opinion, based on our audit and the report of other auditors, 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 West Boylston, Massachusetts, as of June 30, 2021 (except for the West Boylston Municipal Lighting Plan which is as of and for the year ended December 31, 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 January 6, 2022, on our consideration of the Town of West Boylston, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of West Boylston, Massachusetts' internal control over financial reporting and compliance.



January 6, 2022

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

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

As management of the Town of West Boylston, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2021. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

### **Financial Highlights**

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$17.1 million.
- The Town recognized their total net pension liability of \$18.9 million on the statement of net position.
- The Town recognized their total net other postemployment liability of \$32.9 million on the statement of net position.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$5.5 million, an increase of \$510,000 in comparison with the prior year. Total fund balance represents 18.1% of total general fund expenditures.
- The Town's long-term debt decreased by \$1.6 million during the current year bringing total debt to \$19.8 million.

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

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

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

The government-wide financial statements include two statements:

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will 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 primarily 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, capital outlay and interest.

**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 one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and electric lighting activities.

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

**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.

## 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, 2021, the Town incurred COVID-19 related expenses totaling \$685,664. The Town has been reimbursed for these costs through the Coronavirus Relief Fund and the Education Stabilization Fund.

## Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's governmental liabilities and deferred inflows exceeded assets and deferred outflows by \$24.1 million at the close of 2021. Key components of the Town's governmental activities financial position are listed below.

|   | 2021                   | 2020<br>(as revised)   |
|---|------------------------|------------------------|
| <b>Assets:</b>                                      |                        |                        |
| Current assets.....                                 | \$ 14,393,729          | \$ 12,475,438          |
| Capital assets, nondepreciable.....                 | 1,335,969              | 1,335,969              |
| Capital assets, net of accumulated depreciation.... | 26,507,871             | 26,797,323             |
| <b>Total assets.....</b>                            | <b>42,237,569</b>      | <b>40,608,730</b>      |
| <b>Deferred outflows of resources.....</b>          | <b>5,155,152</b>       | <b>5,264,830</b>       |
| <b>Liabilities:</b>                                 |                        |                        |
| Current liabilities (excluding debt).....           | 1,349,799              | 907,798                |
| Noncurrent liabilities (excluding debt).....        | 47,978,408             | 47,260,885             |
| Current debt.....                                   | 909,666                | 899,923                |
| Noncurrent debt.....                                | 11,753,267             | 12,674,917             |
| <b>Total liabilities.....</b>                       | <b>61,991,140</b>      | <b>61,743,523</b>      |
| <b>Deferred inflows of resources.....</b>           | <b>9,532,497</b>       | <b>8,549,811</b>       |
| <b>Net position:</b>                                |                        |                        |
| Net investment in capital assets.....               | 15,180,907             | 14,558,452             |
| Restricted.....                                     | 7,163,268              | 6,059,761              |
| Unrestricted.....                                   | (46,475,091)           | (45,037,987)           |
| <b>Total net position.....</b>                      | <b>\$ (24,130,916)</b> | <b>\$ (24,419,774)</b> |

The largest portion of the Town's net position of \$15.2 million reflects its investment in capital assets (e.g., land, buildings, vehicles); 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 Town's net position, \$7.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a \$46.5 million deficit, due mainly to the cumulative effect of recording \$32.2 million of net other postemployment benefit liabilities and a net pension liability of \$15.6 million.

Governmental activities increased the Town's net position by \$289,000. Key elements of this increase are as follows:

|   | 2021                   | 2020<br>(as revised)   |
|---|------------------------|------------------------|
| <b>Program Revenues:</b>  |                        |                        |
| Charges for services.....   | \$ 1,513,900           | \$ 1,418,768           |
| Operating grants and contributions.....                                     | 10,303,351             | 8,536,802              |
| Capital grants and contributions.....                                       | 20,000                 | -                      |
| <b>General Revenues:</b>  |                        |                        |
| Real estate and personal property taxes,<br>net of tax refunds payable..... | 19,369,052             | 18,632,734             |
| Tax and other liens.....  | 104,528                | 6,408                  |
| Motor vehicle and other excise taxes.....                                   | 1,179,181              | 1,147,870              |
| Hotel/motel/meals tax.....  | 339,080                | 166,164                |
| Penalties and interest on taxes.....  | 55,244                 | 59,912                 |
| Payments in lieu of taxes.....  | 683,582                | 683,582                |
| Grants and contributions not restricted to<br>specific programs.....        | 1,342,435              | 1,415,980              |
| Unrestricted investment income.....   | 47,603                 | 106,349                |
| Miscellaneous.....  | 77,119                 | 46,330                 |
| <b>Total revenues.....</b>  | <b>35,035,075</b>      | <b>32,220,899</b>      |
| <b>Expenses:</b>  |                        |                        |
| General government.....   | 1,852,893              | 1,966,997              |
| Public safety.....  | 4,929,511              | 4,709,281              |
| Education.....  | 23,662,521             | 22,837,262             |
| Public works.....   | 2,401,457              | 2,227,085              |
| Human services.....   | 540,138                | 604,947                |
| Culture and recreation.....   | 743,225                | 727,390                |
| Capital outlay.....   | 238,590                | 231,204                |
| Interest.....   | 363,523                | 459,643                |
| <b>Total expenses.....</b>  | <b>34,731,858</b>      | <b>33,763,809</b>      |
| <b>Change in net position.....</b>  | <b>303,217</b>         | <b>(1,542,910)</b>     |
| <b>Net position, beginning of year (as revised).....</b>                    | <b>(24,434,133)</b>    | <b>(22,876,864)</b>    |
| <b>Net position, end of year.....</b>                                       | <b>\$ (24,130,916)</b> | <b>\$ (24,419,774)</b> |

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #84. The implementation of this standard required certain funds which had previously been reported as Agency Funds to now be reported as Governmental Funds. Accordingly, previously reported net position totaling a deficit of \$24.6 million has been revised and totals a deficit of \$24.4 million.

The governmental expenses totaled \$34.7 million of which \$11.8 million (34%) was directly supported by program revenues consisting of charges for services, and operating and capital grants and contributions.

General revenues totaled \$23.2 million, primarily coming from property taxes, motor vehicle excise and nonrestricted grants and contributions.

The governmental net position increased by \$289,000 during the current year. Total revenues increased by \$2.8 million, while total expenses increased by \$968,000.

### ***Business-type Activities***

There was an increase of \$563,000 in connection with the Town's Business-type activities. Key elements of the business-type activities financial position are listed below.

|   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| <b>Assets:</b>                                      |                      |                      |
| Current assets.....                                 | \$ 16,407,498        | \$ 15,723,079        |
| Noncurrent assets (excluding capital).....          | 6,750,147            | 6,889,178            |
| Capital assets, nondepreciable.....                 | 1,323,478            | 1,092,423            |
| Capital assets, net of accumulated depreciation.... | 35,462,834           | 36,158,715           |
| <b>Total assets.....</b>                            | <b>59,943,957</b>    | <b>59,863,395</b>    |
| <b>Deferred outflows of resources.....</b>          | <b>1,144,424</b>     | <b>707,920</b>       |
| <b>Liabilities:</b>                                 |                      |                      |
| Current liabilities (excluding debt).....           | 1,132,527            | 1,036,065            |
| Noncurrent liabilities (excluding debt).....        | 4,172,913            | 3,688,126            |
| Current debt.....                                   | 833,197              | 845,746              |
| Noncurrent debt.....                                | 8,373,312            | 9,206,506            |
| <b>Total liabilities.....</b>                       | <b>14,511,949</b>    | <b>14,776,443</b>    |
| <b>Deferred inflows of resources.....</b>           | <b>5,370,114</b>     | <b>5,151,258</b>     |
| <b>Net position:</b>                                |                      |                      |
| Net investment in capital assets.....               | 27,579,803           | 27,198,886           |
| Restricted for depreciation.....                    | 3,150,440            | 2,864,758            |
| Unrestricted.....                                   | 10,476,075           | 10,579,970           |
| <b>Total net position.....</b>                      | <b>\$ 41,206,318</b> | <b>\$ 40,643,614</b> |

|   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| <b>Program Revenues:</b>                    |                      |                      |
| Charges for services.....                   | \$ 9,167,427         | \$ 9,568,874         |
| Capital grants and contributions.....       | 249,208              | 157,666              |
| <b>General Revenues:</b>                    |                      |                      |
| Unrestricted investment income.....         | 287,554              | 635,857              |
| <b>Total revenues.....</b>                  | <b>9,704,189</b>     | <b>10,362,397</b>    |
| <b>Expenses:</b>                            |                      |                      |
| Sewer.....                                  | 2,272,518            | 2,256,727            |
| Municipal Light.....                        | 6,868,967            | 6,948,938            |
| <b>Total expenses.....</b>                  | <b>9,141,485</b>     | <b>9,205,665</b>     |
| <b>Change in net position.....</b>          | <b>562,704</b>       | <b>1,156,732</b>     |
| <b>Net position, beginning of year.....</b> | <b>40,643,614</b>    | <b>39,486,882</b>    |
| <b>Net position, end of year.....</b>       | <b>\$ 41,206,318</b> | <b>\$ 40,643,614</b> |

The Sewer Enterprise Fund is used to account for the Town's sewer activities. Operating revenues amounted to \$1.6 million which is similar to 2020. Net position decreased by \$479,000 compared to a decrease of \$454,000 in 2020. Total revenues increased by \$29,000 and operating expenses increased by \$33,000.

The Electric Lighting Enterprise Fund net position increased by \$1.0 million during the current year compared to an increase of \$1.6 million in 2020. Revenues decreased by \$224,000 and operating expenses decreased by \$64,000. Investment income was also down by \$318,000 compared to the previous year.

### 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.

As of the end of the current year, the Town's governmental funds reported combined ending fund balances of \$12.4 million, an increase of \$1.4 million. The increase is mainly due to favorable budgetary results in the general fund and to the timing of revenues and expenditures in the nonmajor funds.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$4.5 million, of which \$1.4 million relates to the general stabilization fund and \$553,000 relates to the capital stabilization fund. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 14.9% of the total general fund expenditures, while total fund balance represents 18.1% of that same amount.

The general fund increased by \$510,000 during the current year. This is attributable to a transfer in from nonmajor funds and better than expected budgetary results.

## **General Fund Budgetary Highlights**

The general fund original budget authorized \$27.6 million in appropriations and other amounts to be raised and \$402,000 in encumbrances and continuing appropriations carried over from prior years. Actual revenues exceeded budget by \$532,000, and actual expenditures and encumbrances were less than budgeted amounts by \$762,000.

## **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, 2021, amounts to \$64.6 million (net of accumulated depreciation). Total capital asset additions for the current year were \$2.0 million and total depreciation expense amounted to \$2.8 million.

**Debt Administration.** At the end of the current year, the Town had total bonded long-term debt outstanding of \$10.6 million and \$9.2 million for the governmental and business-type activities, respectively. There was no new debt issued during the year and scheduled principal payments totaled \$1.5 million.

Please refer to the Notes 6, 8, 9, and 10 for further discussion of the major capital and debt activity.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of West Boylston's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 140 Worcester Street, West Boylston, MA 01583.

# ***Basic Financial Statements***

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## STATEMENT OF NET POSITION

JUNE 30, 2021

|   | Primary Government         |                             |               |
|---|----------------------------|-----------------------------|---------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total         |
| <b>ASSETS</b>   |                            |                             |               |
| <b>CURRENT:</b>   |                            |                             |               |
| Cash and cash equivalents.....                                  | \$ 12,643,547              | \$ 12,523,631               | \$ 25,167,178 |
| Receivables, net of allowance for uncollectibles:               |                            |                             |               |
| Real estate and personal property taxes.....                    | 194,844                    | -                           | 194,844       |
| Tax liens.....  | 226,132                    | -                           | 226,132       |
| Community preservation fund surtax.....                         | 3,771                      | -                           | 3,771         |
| Motor vehicle and other excise taxes.....                       | 193,633                    | -                           | 193,633       |
| User charges.....   | -                          | 1,046,354                   | 1,046,354     |
| Departmental and other.....                                     | 265,843                    | 980,214                     | 1,246,057     |
| Intergovernmental.....  | 847,709                    | -                           | 847,709       |
| Special assessments.....  | -                          | 283,223                     | 283,223       |
| Inventory.....  | -                          | 504,625                     | 504,625       |
| Prepaid expenses and other assets.....                          | 18,250                     | 72,498                      | 90,748        |
| Purchased power advanced deposits.....                          | -                          | 996,953                     | 996,953       |
| Total current assets.....                                       | 14,393,729                 | 16,407,498                  | 30,801,227    |
| <b>NONCURRENT:</b>  |                            |                             |               |
| Receivables, net of allowance for uncollectibles:               |                            |                             |               |
| Special assessments.....  | -                          | 1,307,235                   | 1,307,235     |
| Funds on deposit with MMWEC.....                                | -                          | 5,196,221                   | 5,196,221     |
| Investment in associated companies.....                         | -                          | 246,691                     | 246,691       |
| Capital assets, nondepreciable.....                             | 1,335,969                  | 1,323,478                   | 2,659,447     |
| Capital assets, net of accumulated depreciation.....            | 26,507,871                 | 35,462,834                  | 61,970,705    |
| Total noncurrent assets.....                                    | 27,843,840                 | 43,536,459                  | 71,380,299    |
| TOTAL ASSETS.....   | 42,237,569                 | 59,943,957                  | 102,181,526   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                           |                            |                             |               |
| Deferred outflows related to pensions.....                      | 884,352                    | 728,551                     | 1,612,903     |
| Deferred outflows related to other postemployment benefits..... | 4,270,800                  | 415,873                     | 4,686,673     |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES.....                       | 5,155,152                  | 1,144,424                   | 6,299,576     |
| <b>LIABILITIES</b>  |                            |                             |               |
| <b>CURRENT:</b>   |                            |                             |               |
| Warrants payable.....   | 696,472                    | 980,341                     | 1,676,813     |
| Accrued payroll.....  | 197,170                    | 2,298                       | 199,468       |
| Tax refunds payable.....  | 55,380                     | -                           | 55,380        |
| Other liabilities.....  | 275,004                    | 149,888                     | 424,892       |
| Unearned revenue.....   | 848                        | -                           | 848           |
| Capital lease obligations.....                                  | 188,161                    | -                           | 188,161       |
| Compensated absences.....                                       | 124,925                    | -                           | 124,925       |
| Bonds notes payable.....  | 721,505                    | 833,197                     | 1,554,702     |
| Total current liabilities.....                                  | 2,259,465                  | 1,965,724                   | 4,225,189     |
| <b>NONCURRENT:</b>  |                            |                             |               |
| Customer deposits.....  | -                          | 158,618                     | 158,618       |
| Capital lease obligations.....                                  | 1,877,206                  | -                           | 1,877,206     |
| Compensated absences.....                                       | 207,254                    | -                           | 207,254       |
| Net pension liability.....                                      | 15,557,915                 | 3,358,691                   | 18,916,606    |
| Net other postemployment benefits liability.....                | 32,213,239                 | 655,604                     | 32,868,843    |
| Bonds notes payable.....  | 9,876,061                  | 8,373,312                   | 18,249,373    |
| Total noncurrent liabilities.....                               | 59,731,675                 | 12,546,225                  | 72,277,900    |
| TOTAL LIABILITIES.....  | 61,991,140                 | 14,511,949                  | 76,503,089    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                            |                            |                             |               |
| Customer advances in aid of construction.....                   | -                          | 33,116                      | 33,116        |
| Rate stabilization reserve.....                                 | -                          | 4,747,642                   | 4,747,642     |
| Deferred inflows related to pensions.....                       | 1,265,956                  | 350,800                     | 1,616,756     |
| Deferred inflows related to other postemployment benefits.....  | 8,266,541                  | 238,556                     | 8,505,097     |
| TOTAL DEFERRED INFLOWS OF RESOURCES.....                        | 9,532,497                  | 5,370,114                   | 14,902,611    |
| <b>NET POSITION</b>   |                            |                             |               |
| Net investment in capital assets.....                           | 15,180,907                 | 27,579,803                  | 42,760,710    |
| Restricted for:   |                            |                             |               |
| Depreciation.....   | -                          | 3,150,440                   | 3,150,440     |
| Permanent funds:  |                            |                             |               |
| Expendable.....   | 747,921                    | -                           | 747,921       |
| Nonexpendable.....  | 532,761                    | -                           | 532,761       |
| Gifts and grants.....   | 3,816,439                  | -                           | 3,816,439     |
| Community preservation.....                                     | 2,066,147                  | -                           | 2,066,147     |
| Unrestricted.....   | (46,475,091)               | 10,476,075                  | (35,999,016)  |
| TOTAL NET POSITION.....   | \$ (24,130,916)            | \$ 41,206,318               | \$ 17,075,402 |

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

|                                     |               | Program Revenues     |                                    |                                  |                       |  |
|-------------------------------------|---------------|----------------------|------------------------------------|----------------------------------|-----------------------|--|
| Functions/Programs                  | Expenses      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue |  |
| <b>Primary Government:</b>          |               |                      |                                    |                                  |                       |  |
| <i>Governmental Activities:</i>     |               |                      |                                    |                                  |                       |  |
| General government.....             | \$ 1,852,893  | \$ 450,202           | \$ 227,285                         | \$ -                             | \$ (1,175,406)        |  |
| Public safety.....                  | 4,929,511     | 660,140              | 296,782                            | 20,000                           | (3,952,589)           |  |
| Education.....                      | 23,662,521    | 117,306              | 8,829,648                          | -                                | (14,715,567)          |  |
| Public works.....                   | 2,401,457     | 171,583              | 897,474                            | -                                | (1,332,400)           |  |
| Health and human services.....      | 540,138       | 85,180               | -                                  | -                                | (454,958)             |  |
| Culture and recreation.....         | 743,225       | 29,489               | 52,162                             | -                                | (661,574)             |  |
| Capital outlay.....                 | 238,590       | -                    | -                                  | -                                | (238,590)             |  |
| Interest.....                       | 363,523       | -                    | -                                  | -                                | (363,523)             |  |
| Total Governmental Activities.....  | 34,731,858    | 1,513,900            | 10,303,351                         | 20,000                           | (22,894,607)          |  |
| <i>Business-Type Activities:</i>    |               |                      |                                    |                                  |                       |  |
| Sewer.....                          | 2,272,518     | 1,590,444            | -                                  | 198,270                          | (483,804)             |  |
| Electric light.....                 | 6,868,967     | 7,576,983            | -                                  | 50,938                           | 758,954               |  |
| Total Business-Type Activities..... | 9,141,485     | 9,167,427            | -                                  | 249,208                          | 275,150               |  |
| Total Primary Government.....       | \$ 43,873,343 | \$ 10,681,327        | \$ 10,303,351                      | \$ 269,208                       | \$ (22,619,457)       |  |

See notes to basic financial statements.

(Continued)



# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

|   | Primary Government         |                             |                             |
|---|----------------------------|-----------------------------|-----------------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                       |
| <b>Changes in net position:</b>   |                            |                             |                             |
| Net (expense) revenue from previous page..... \$                            | <b>(22,894,607)</b>        | <b>\$ 275,150</b>           | <b>\$ (22,619,457)</b>      |
| <i>General revenues:</i>  |                            |                             |                             |
| Real estate and personal property taxes,<br>net of tax refunds payable..... | 19,369,052                 | -                           | 19,369,052                  |
| Tax and other liens.....  | 104,528                    | -                           | 104,528                     |
| Motor vehicle and other excise taxes.....                                   | 1,179,181                  | -                           | 1,179,181                   |
| Hotel/motel/meal tax.....   | 339,080                    | -                           | 339,080                     |
| Penalties and interest on taxes.....  | 55,244                     | -                           | 55,244                      |
| Payments in lieu of taxes.....  | 683,582                    | -                           | 683,582                     |
| Grants and contributions not restricted to<br>specific programs.....        | 1,342,435                  | -                           | 1,342,435                   |
| Unrestricted investment income.....   | 47,603                     | 287,554                     | 335,157                     |
| Miscellaneous.....  | 77,119                     | -                           | 77,119                      |
| Total general revenues.....   | <u>23,197,824</u>          | <u>287,554</u>              | <u>23,485,378</u>           |
| Change in net position.....   | 303,217                    | 562,704                     | 865,921                     |
| <i>Net position:</i>  |                            |                             |                             |
| Beginning of year (as revised).....   | <u>(24,434,133)</u>        | <u>40,643,614</u>           | <u>16,209,481</u>           |
| End of year..... \$   | <u><u>(24,130,916)</u></u> | <u><u>\$ 41,206,318</u></u> | <u><u>\$ 17,075,402</u></u> |

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2021

|   | General             | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>   |                     |                                   |                                |
| Cash and cash equivalents.....  | \$ 6,457,509        | \$ 6,186,038                      | \$ 12,643,547                  |
| Receivables, net of uncollectibles:   |                     |                                   |                                |
| Real estate and personal property taxes.....  | 194,844             | -                                 | 194,844                        |
| Tax liens.....  | 226,132             | -                                 | 226,132                        |
| Community preservation fund surtax.....   | -                   | 3,771                             | 3,771                          |
| Motor vehicle and other excise taxes.....   | 193,633             | -                                 | 193,633                        |
| Departmental and other.....   | 37,312              | 228,531                           | 265,843                        |
| Intergovernmental.....  | 10,004              | 837,705                           | 847,709                        |
| Prepaid expenditures.....   | 18,250              | -                                 | 18,250                         |
| <b>TOTAL ASSETS.....</b>  | <b>\$ 7,137,684</b> | <b>\$ 7,256,045</b>               | <b>\$ 14,393,729</b>           |
| <b>LIABILITIES</b>  |                     |                                   |                                |
| Warrants payable.....   | \$ 642,290          | \$ 54,182                         | \$ 696,472                     |
| Accrued payroll.....  | 190,504             | 6,666                             | 197,170                        |
| Tax refunds payable.....  | 55,380              | -                                 | 55,380                         |
| Other liabilities.....  | 257,585             | 17,419                            | 275,004                        |
| Unearned revenue.....   | -                   | 848                               | 848                            |
| <b>TOTAL LIABILITIES.....</b>   | <b>1,145,759</b>    | <b>79,115</b>                     | <b>1,224,874</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                     |                                   |                                |
| Unavailable revenue.....  | 534,215             | 232,301                           | 766,516                        |
| <b>FUND BALANCES</b>  |                     |                                   |                                |
| Nonspendable.....   | 18,250              | 532,761                           | 551,011                        |
| Restricted.....   | -                   | 6,432,597                         | 6,432,597                      |
| Committed.....  | 523,668             | -                                 | 523,668                        |
| Assigned.....   | 456,739             | -                                 | 456,739                        |
| Unassigned.....   | 4,459,053           | (20,729)                          | 4,438,324                      |
| <b>TOTAL FUND BALANCES.....</b>   | <b>5,457,710</b>    | <b>6,944,629</b>                  | <b>12,402,339</b>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES.....</b> | <b>\$ 7,137,684</b> | <b>\$ 7,256,045</b>               | <b>\$ 14,393,729</b>           |

See notes to basic financial statements.

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

JUNE 30, 2021

|  |                               |
|--|-------------------------------|
| Total governmental fund balances.....  | \$ 12,402,339                 |
| Capital assets (net) used in governmental activities are not financial resources<br>and, therefore, are not reported in the funds.....   | 27,843,840                    |
| Accounts receivable are not available to pay for current-period<br>expenditures and, therefore, are unavailable in the funds.....  | 766,516                       |
| The statement of net position includes certain deferred inflows of resources<br>and deferred outflows of resources that will be amortized over future periods.<br>In governmental funds, these amounts are not reported..... | (4,377,345)                   |
| Long-term liabilities are not due and payable in the current period and, therefore,<br>are not reported in the governmental funds:   |                               |
| Bonds payable.....   | (10,597,566)                  |
| Net pension liability.....   | (15,557,915)                  |
| Net other postemployment benefits liability.....   | (32,213,239)                  |
| Capital lease obligations.....   | (2,065,367)                   |
| Compensated absences.....  | (332,179)                     |
| Net effect of reporting long-term liabilities.....   | <u>(60,766,266)</u>           |
| Net position of governmental activities.....   | \$ <u><u>(24,130,916)</u></u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

|   | General             | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>  |                     |                                   |                                |
| Real estate and personal property taxes,<br>net of tax refunds.....       | \$ 19,499,110       | \$ -                              | \$ 19,499,110                  |
| Tax liens.....  | 13,054              | -                                 | 13,054                         |
| Motor vehicle and other excise taxes.....                                 | 1,113,336           | -                                 | 1,113,336                      |
| Hotel/motel tax.....  | 339,080             | -                                 | 339,080                        |
| Charges for services.....   | 210,142             | -                                 | 210,142                        |
| Penalties and interest on taxes.....                                      | 55,244              | -                                 | 55,244                         |
| Payments in lieu of taxes.....  | 683,582             | -                                 | 683,582                        |
| Licenses and permits.....   | 173,022             | -                                 | 173,022                        |
| Fines and forfeitures.....  | 14,019              | -                                 | 14,019                         |
| Intergovernmental.....  | 8,064,155           | 3,367,423                         | 11,431,578                     |
| Departmental and other.....   | -                   | 881,476                           | 881,476                        |
| Special assessments.....  | -                   | 271,719                           | 271,719                        |
| Contributions and donations.....  | -                   | 166,504                           | 166,504                        |
| Investment income.....  | 40,939              | 6,664                             | 47,603                         |
| Miscellaneous.....  | 35,713              | 26,624                            | 62,337                         |
| <b>TOTAL REVENUES.....</b>  | <b>30,241,396</b>   | <b>4,720,410</b>                  | <b>34,961,806</b>              |
| <b>EXPENDITURES:</b>  |                     |                                   |                                |
| Current:  |                     |                                   |                                |
| General government.....   | 1,051,954           | 184,585                           | 1,236,539                      |
| Public safety.....  | 2,894,868           | 395,874                           | 3,290,742                      |
| Education.....  | 16,340,440          | 1,786,074                         | 18,126,514                     |
| Public works.....   | 1,861,630           | 879,166                           | 2,740,796                      |
| Health and human services.....  | 198,541             | 110,981                           | 309,522                        |
| Culture and recreation.....   | 479,083             | 52,217                            | 531,300                        |
| Pension benefits.....   | 1,408,881           | -                                 | 1,408,881                      |
| Employee benefits.....  | 4,134,314           | -                                 | 4,134,314                      |
| State and county charges.....   | 493,590             | -                                 | 493,590                        |
| Capital outlay.....   | 238,590             | -                                 | 238,590                        |
| Debt service:   |                     |                                   |                                |
| Principal.....  | 640,301             | -                                 | 640,301                        |
| Interest.....   | 363,523             | -                                 | 363,523                        |
| <b>TOTAL EXPENDITURES.....</b>  | <b>30,105,715</b>   | <b>3,408,897</b>                  | <b>33,514,612</b>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES.....</b> | <b>135,681</b>      | <b>1,311,513</b>                  | <b>1,447,194</b>               |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                     |                                   |                                |
| Transfers in.....   | 457,044             | 69,362                            | 526,406                        |
| Transfers out.....  | (68,362)            | (458,044)                         | (526,406)                      |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                          | <b>388,682</b>      | <b>(388,682)</b>                  | <b>-</b>                       |
| <b>NET CHANGE IN FUND BALANCES.....</b>                                   | <b>524,363</b>      | <b>922,831</b>                    | <b>1,447,194</b>               |
| <b>FUND BALANCES AT BEGINNING OF YEAR (AS REVISED).....</b>               | <b>4,933,347</b>    | <b>6,021,798</b>                  | <b>10,955,145</b>              |
| <b>FUND BALANCES AT END OF YEAR.....</b>                                  | <b>\$ 5,457,710</b> | <b>\$ 6,944,629</b>               | <b>\$ 12,402,339</b>           |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

|  |                    |                    |
|--|--------------------|--------------------|
| Net change in fund balances - total governmental funds.....  |                    | \$ 1,447,194       |
| <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.....  | 1,249,515          |                    |
| Donated capital assets.....  | 20,000             |                    |
| Depreciation expense.....  | <u>(1,558,967)</u> |                    |
| Net effect of reporting capital assets.....  |                    | (289,452)          |
| <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>  |                    |                    |
|  |                    | 53,269             |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p> |                    |                    |
| Principal payments on capital leases.....  | 175,618            |                    |
| Net amortization of premium from issuance of bonds.....  | 95,988             |                    |
| Debt service principal payments.....   | <u>640,301</u>     |                    |
| Net effect of reporting long-term debt.....  |                    | 911,907            |
| <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.....  | (24,176)           |                    |
| Net change in deferred outflow/(inflow) of resources related to pensions.....  | (883,343)          |                    |
| Net change in net pension liability.....   | 382,706            |                    |
| Net change in deferred outflow/(inflow) of resources related to other postemployment benefits..  | (209,021)          |                    |
| Net change in other postemployment benefits liability.....   | <u>(1,085,867)</u> |                    |
| Net effect of recording long-term liabilities.....   |                    | <u>(1,819,701)</u> |
| Change in net position of governmental activities.....   |                    | \$ <u>303,217</u>  |

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2021

|   | Business-type Activities - Enterprise Funds |  |                      |
|---|---|--|----------------------|
|   | Sewer                                       | Electric Light<br>December 31,<br>2020 | Total                |
| <b>ASSETS</b>   |   |  |                      |
| <b>CURRENT:</b>   |   |  |                      |
| Cash and cash equivalents.....                                  | \$ 4,519,860                                | \$ 8,003,771                           | \$ 12,523,631        |
| Receivables, net of allowance for uncollectibles:               |   |  |                      |
| User charges.....   | 352,866                                     | 693,488                                | 1,046,354            |
| Departmental and other.....                                     | -   | 980,214                                | 980,214              |
| Special assessments.....  | 283,223                                     | -                                      | 283,223              |
| Inventory.....  | -   | 504,625                                | 504,625              |
| Prepaid expenses and other assets.....                          | -   | 72,498                                 | 72,498               |
| Purchased power advanced deposits.....                          | -   | 996,953                                | 996,953              |
| Total current assets.....                                       | 5,155,949                                   | 11,251,549                             | 16,407,498           |
| <b>NONCURRENT:</b>  |   |  |                      |
| Receivables, net of allowance for uncollectibles:               |   |  |                      |
| Special assessments.....  | 1,307,235                                   | -                                      | 1,307,235            |
| Funds on deposit with MMWEC.....                                | -   | 5,196,221                              | 5,196,221            |
| Investment in associated companies.....                         | -   | 246,691                                | 246,691              |
| Capital assets, nondepreciable.....                             | -   | 1,323,478                              | 1,323,478            |
| Capital assets, net of accumulated depreciation.....            | 25,780,128                                  | 9,682,706                              | 35,462,834           |
| Total noncurrent assets.....                                    | 27,087,363                                  | 16,449,096                             | 43,536,459           |
| <b>TOTAL ASSETS.....</b>  | <b>32,243,312</b>                           | <b>27,700,645</b>                      | <b>59,943,957</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                           |   |  |                      |
| Deferred outflows related to pensions.....                      | 9,234                                       | 719,317                                | 728,551              |
| Deferred outflows related to other postemployment benefits..... | 24,051                                      | 391,822                                | 415,873              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>                | <b>33,285</b>                               | <b>1,111,139</b>                       | <b>1,144,424</b>     |
| <b>LIABILITIES</b>  |   |  |                      |
| <b>CURRENT:</b>   |   |  |                      |
| Warrants payable.....   | 168,902                                     | 811,439                                | 980,341              |
| Accrued payroll.....  | 2,298                                       | -                                      | 2,298                |
| Other liabilities.....  | 90,636                                      | 59,252                                 | 149,888              |
| Bonds and notes payable.....                                    | 315,623                                     | 517,574                                | 833,197              |
| Total current liabilities.....                                  | 577,459                                     | 1,388,265                              | 1,965,724            |
| <b>NONCURRENT:</b>  |   |  |                      |
| Customer deposits.....  | -   | 158,618                                | 158,618              |
| Net pension liability.....                                      | 108,300                                     | 3,250,391                              | 3,358,691            |
| Net other postemployment benefits liability.....                | 181,410                                     | 474,194                                | 655,604              |
| Bonds and notes payable.....                                    | 4,062,448                                   | 4,310,864                              | 8,373,312            |
| Total noncurrent liabilities.....                               | 4,352,158                                   | 8,194,067                              | 12,546,225           |
| <b>TOTAL LIABILITIES.....</b>                                   | <b>4,929,617</b>                            | <b>9,582,332</b>                       | <b>14,511,949</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                            |   |  |                      |
| Customer advances in aid of construction.....                   | -   | 33,116                                 | 33,116               |
| Rate stabilization reserve.....                                 | -   | 4,747,642                              | 4,747,642            |
| Deferred inflows related to pensions.....                       | 9,256                                       | 341,544                                | 350,800              |
| Deferred inflows related to other postemployment benefits.....  | 46,553                                      | 192,003                                | 238,556              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>                 | <b>55,809</b>                               | <b>5,314,305</b>                       | <b>5,370,114</b>     |
| <b>NET POSITION</b>   |   |  |                      |
| Net investment in capital assets.....                           | 21,402,057                                  | 6,177,746                              | 27,579,803           |
| Restricted for:   |   |  |                      |
| Depreciation.....   | -   | 3,150,440                              | 3,150,440            |
| Unrestricted.....   | 5,889,114                                   | 4,586,961                              | 10,476,075           |
| <b>TOTAL NET POSITION.....</b>                                  | <b>\$ 27,291,171</b>                        | <b>\$ 13,915,147</b>                   | <b>\$ 41,206,318</b> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

|   | Business-type Activities - Enterprise Funds |  |                      |
|---|---|--|----------------------|
|   | Sewer                                       | Electric Light<br>December 31,<br>2020 | Total                |
| <b>OPERATING REVENUES:</b>                                  |   |  |                      |
| Charges for services.....                                   | \$ 1,590,444                                | \$ 7,576,983                           | \$ 9,167,427         |
| <b>OPERATING EXPENSES:</b>                                  |   |  |                      |
| Cost of services and administration.....                    | 1,405,438                                   | 6,121,327                              | 7,526,765            |
| Depreciation.....   | 645,965                                     | 598,527                                | 1,244,492            |
| <b>TOTAL OPERATING EXPENSES.....</b>                        | <b>2,051,403</b>                            | <b>6,719,854</b>                       | <b>8,771,257</b>     |
| <b>OPERATING INCOME (LOSS).....</b>                         | <b>(460,959)</b>                            | <b>857,129</b>                         | <b>396,170</b>       |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                    |   |  |                      |
| Investment income.....                                      | 4,749                                       | 282,805                                | 287,554              |
| Interest expense.....                                       | (221,115)                                   | (149,113)                              | (370,228)            |
| <b>TOTAL NONOPERATING<br/>REVENUES (EXPENSES), NET.....</b> | <b>(216,366)</b>                            | <b>133,692</b>                         | <b>(82,674)</b>      |
| <b>INCOME (LOSS) BEFORE CAPITAL<br/>CONTRIBUTIONS.....</b>  | <b>(677,325)</b>                            | <b>990,821</b>                         | <b>313,496</b>       |
| <b>CAPITAL CONTRIBUTIONS.....</b>                           | <b>198,270</b>                              | <b>50,938</b>                          | <b>249,208</b>       |
| <b>CHANGE IN NET POSITION.....</b>                          | <b>(479,055)</b>                            | <b>1,041,759</b>                       | <b>562,704</b>       |
| <b>NET POSITION AT BEGINNING OF YEAR .....</b>              | <b>27,770,226</b>                           | <b>12,873,388</b>                      | <b>40,643,614</b>    |
| <b>NET POSITION AT END OF YEAR.....</b>                     | <b>\$ 27,291,171</b>                        | <b>\$ 13,915,147</b>                   | <b>\$ 41,206,318</b> |

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2021

| Business-type Activities - Enterprise Funds                                      |                     |  |                      |
|--|---------------------|--|----------------------|
|  | Sewer               | Electric Light<br>December 31,<br>2020 | Total                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                     |                     |  |                      |
| Receipts from customers and users.....   | \$ 1,872,968        | \$ 7,585,647                           | \$ 9,458,615         |
| Payments to vendors.....   | (1,339,352)         | (5,040,746)                            | (6,380,098)          |
| Payments to employees.....   | (67,592)            | (938,822)                              | (1,006,414)          |
| <b>NET CASH FROM OPERATING ACTIVITIES.....</b>                                   | <b>466,024</b>      | <b>1,606,079</b>                       | <b>2,072,103</b>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                 |                     |  |                      |
| Acquisition and construction of capital assets.....                              | (39,000)            | (740,667)                              | (779,667)            |
| Principal payments on bonds and notes.....                                       | (328,165)           | (515,676)                              | (843,841)            |
| Interest expense.....  | (221,115)           | (155,330)                              | (376,445)            |
| Capital contributions.....   | 198,270             | 50,938                                 | 249,208              |
| Customer advances for construction.....  | -                   | 10,918                                 | 10,918               |
| <b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>               | <b>(390,010)</b>    | <b>(1,349,817)</b>                     | <b>(1,739,827)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                     |                     |  |                      |
| Change in funds on deposit with MMWEC.....                                       | -                   | (118,837)                              | (118,837)            |
| Change in investment in associated companies.....                                | -                   | (6,592)                                | (6,592)              |
| Investment income.....   | 4,749               | 282,805                                | 287,554              |
| <b>NET CASH FROM INVESTING ACTIVITIES.....</b>                                   | <b>4,749</b>        | <b>157,376</b>                         | <b>162,125</b>       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>                              | <b>80,763</b>       | <b>413,638</b>                         | <b>494,401</b>       |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>                       | <b>4,439,097</b>    | <b>7,590,133</b>                       | <b>12,029,230</b>    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>                             | <b>\$ 4,519,860</b> | <b>\$ 8,003,771</b>                    | <b>\$ 12,523,631</b> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>                     |                     |  |                      |
| <b>FROM OPERATING ACTIVITIES:</b>  |                     |  |                      |
| Operating income (loss).....   | \$ (460,959)        | \$ 857,129                             | \$ 396,170           |
| Adjustments to reconcile operating income to net cash from operating activities: |                     |  |                      |
| Depreciation.....  | 645,965             | 598,527                                | 1,244,492            |
| Rate stabilization reserve.....  | -                   | 185,899                                | 185,899              |
| Deferred (outflows)/inflows related to pensions.....                             | 3,958               | (94,435)                               | (90,477)             |
| Deferred (outflows)/inflows related to OPEB.....                                 | 1,177               | (325,167)                              | (323,990)            |
| Changes in assets and liabilities:   |                     |  |                      |
| User charges.....  | (27,862)            | 220,688                                | 192,826              |
| Department and other receivables.....  | -                   | (397,923)                              | (397,923)            |
| Special assessments.....   | 310,386             | -                                      | 310,386              |
| Inventory.....   | -                   | (30,088)                               | (30,088)             |
| Prepaid expenses and other assets.....   | -                   | 4,793                                  | 4,793                |
| Purchased power advanced deposits.....   | -                   | (5,552)                                | (5,552)              |
| Warrants payable.....  | (20,622)            | 111,154                                | 90,532               |
| Accrued payroll and other liabilities.....                                       | (5,236)             | 11,166                                 | 5,930                |
| Net pension liability.....   | 13,102              | 203,871                                | 216,973              |
| Net other postemployment benefits liability.....                                 | 6,115               | 266,017                                | 272,132              |
| <b>Total adjustments.....</b>  | <b>926,983</b>      | <b>748,950</b>                         | <b>1,675,933</b>     |
| <b>NET CASH FROM OPERATING ACTIVITIES.....</b>                                   | <b>\$ 466,024</b>   | <b>\$ 1,606,079</b>                    | <b>\$ 2,072,103</b>  |

See notes to basic financial statements.



**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

|   | Electric<br>OPEB<br>Trust Fund<br>(as of December<br>31, 2020) | Other<br>Postemployment<br>Benefit<br>Trust Fund | Private<br>Purpose<br>Trust Funds |
|---|--|--|-----------------------------------|
| <b>ASSETS</b>                                     |  |  |                                   |
| Cash and cash equivalents.....                    | \$ -   | \$ -   | \$ 73,042                         |
| Investments:                                      |  |  |                                   |
| Money Market Mutual funds.....                    | <u>1,142,345</u>   | <u>300,635</u>                                   | <u>-</u>                          |
| <b>TOTAL ASSETS.....</b>                          | <u>1,142,345</u>   | <u>300,635</u>                                   | <u>73,042</u>                     |
| <b>NET POSITION</b>                               |  |  |                                   |
| Restricted for other postemployment benefits..... | 1,142,345  | 300,635  | -                                 |
| Held in trust for other purposes.....             | <u>-</u>   | <u>-</u>   | <u>73,042</u>                     |
| <b>TOTAL NET POSITION.....</b>                    | <u>\$ 1,142,345</u>  | <u>\$ 300,635</u>                                | <u>\$ 73,042</u>                  |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

|   | Electric<br>OPEB<br>(as of December<br>31, 2020) | Other<br>Postemployment<br>Benefit<br>Trust Fund | Private<br>Purpose<br>Trust Funds |
|---|--|--|-----------------------------------|
| <b>ADDITIONS:</b>   |  |  |                                   |
| Contributions:  |  |  |                                   |
| Employer contributions to the trust.....                              | \$ 60,000  | \$ 100,000                                       | \$ -                              |
| Employer contributions for other postemployment benefit payments..... | 59,230   | 1,098,220  | -                                 |
| Private donations.....  | -  | -  | 1,146                             |
| Total contributions.....  | 119,230  | 1,198,220  | 1,146                             |
| Net investment income:  |  |  |                                   |
| Investment income.....  | 134,290  | 44,648   | 1,564                             |
| TOTAL ADDITIONS.....  | 253,520  | 1,242,868  | 2,710                             |
| <b>DEDUCTIONS:</b>  |  |  |                                   |
| Other postemployment benefit payments.....                            | 59,230   | 1,098,220  | -                                 |
| Educational scholarships.....   | -  | -  | 25,700                            |
| TOTAL DEDUCTIONS.....   | 59,230   | 1,098,220  | 25,700                            |
| NET INCREASE (DECREASE) IN NET POSITION.....                          | 194,290  | 144,648  | (22,990)                          |
| NET POSITION AT BEGINNING OF YEAR.....                                | 948,055  | 155,987  | 96,032                            |
| NET POSITION AT END OF YEAR.....                                      | \$ 1,142,345                                     | \$ 300,635                                       | \$ 73,042                         |

See notes to basic financial statements.

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

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

**A. Reporting Entity**

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

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

**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 are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

***Major Fund Criteria***

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all fund 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. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

#### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, 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 nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

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

The *town capital project fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds).

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

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

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

The *sewer enterprise fund* is a major proprietary fund and was established by the Town to account for the operating cost of the sewer activities, such as personnel, maintenance, and repairs. Sewer rates are set to cover these operating expenses. All related debt activity is accounted for as a governmental activity because revenues are raised in those funds to pay for debt service expenses.

The *electric lighting fund* is a major proprietary fund and is used to account for the operations of the West Boylston Municipal Lighting Plant (WBMLP).

**Fiduciary** 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. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *other postemployment benefits trust funds* are used to accumulate resources to provide funding for future other postemployment benefit (OPEB) liabilities of the Town and WBMLP.

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

#### D. Cash and Investments

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

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

#### E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable*Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements, proprietary fund financial statements, 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 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup>, and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed annually on delinquent properties and are recorded as receivables in the year they are processed.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of the increase in the property tax levy in any given year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ of the total assets value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

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 Taxes***

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

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

***Sewer User Fees***

User fees are levied on usage data received and are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed once a year and are included as a lien on the property owner's tax bill. Sewer charges and related liens are recorded as receivables in the year of the levy.

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

***Departmental and Other***

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

***Special Assessments***

Special assessments consist of sewer betterments levied on properties that have benefited by the construction of the Town's sewer project. The sewer betterment assessment is a one-time tax that can be paid in one lump sum or apportioned up to a maximum of twenty (20) years and is primarily designed to pay back all or a portion of the debt service associated with the sewer project.

***Intergovernmental – Federal and State***

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

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

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

Inventories of the governmental funds and the sewer enterprise fund are recorded as expenditures/expenses 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.

Inventories of the Electric Lighting enterprise fund are stated at original cost, using the average cost method.

**H. Capital Assets*****Government-Wide Financial Statements***

Capital assets, which include land, buildings and improvements, machinery, equipment and furnishings, vehicles, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, 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 \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.



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

| <u>Capital Asset Type</u>                  | <u>Estimated<br/>Useful Life<br/>(in years)</u> |
|--|---|
| Buildings and improvements.....            | 30  |
| Machinery, equipment, and furnishings..... | 40  |
| Vehicles.....                              | 3-40  |
| Infrastructure.....                        | 40-50   |

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

#### *Governmental Fund Financial Statements*

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

#### I. Deferred Outflows/Inflows of Resources

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

In addition to assets, the statement of 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 reported deferred outflows 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 reported deferred inflows related to pensions, OPEB, contributions in aid of construction, and the reserve for rate stabilization 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*

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

*Fund Financial Statements*

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

K. Interfund Transfers

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

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

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

Net position is reported as restricted when amounts 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:

“Depreciation” represents the amounts related to the depreciation reserves of the WBMLP.

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

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

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

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

The governmental fund balance classifications are as follows:

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

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

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

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Select Board has, by resolution, authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

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 the Worcester Regional Retirement System (WRRS) and the Massachusetts Teachers Retirement System (MTRS) and additions to/deductions from the System's 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).

Investment income of the Sewer and Lighting Enterprise Funds is retained within those funds.

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. Fund Deficits

A deficit exists at June 30, 2021 in the Town capital projects fund. This deficit will be funded with other available funds in 2022.

S. Total Column*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**NOTE 2 – CASH AND INVESTMENTS**

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy to limit custodial credit risk of deposits. At year-end, the carrying amount of deposits totaled \$19,770,570 and the bank balance totaled \$15,193,327. Of the bank balance, \$1,722,797 was covered by Federal Depository Insurance, \$7,469,799 was covered by the Depositors Insurance Fund and \$6,000,731 was collateralized. The \$1,142,345 of cash and cash equivalents in the Lighting Plant's OPEB fund is held by MMWEC and is not included in the deposits discussed here.

Fair Value of Investments

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

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

As of June 30, 2021, the Town had the following investments:

| Investment Type                                | June 30,<br>2021 | Fair Value Measurements Using  |   |  |
|--|------------------|--|---|--|
|  |                  | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Other investments:</b>                      |                  |  |   |  |
| Money market mutual funds.....                 | \$ 5,532,530     | \$ 5,532,530   | \$ -  | \$ -   |
| <b>Investments measured at amortized cost:</b> |                  |  |   |  |
| MMDT - cash portfolio.....                     | 237,755          |  |   |  |
| Total investments.....                         | \$ 5,770,285     |  |   |  |

MMDT maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months. The Town's investment in MMDT is unrated.

Custodial Credit Risk – Investments

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Town has a policy for interest rate risk.

Credit Risk

This is the risk of loss due to the failure of a security issuer or backer. The Town does not have a policy relating to credit risk.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer except for bank deposits of any kind as other checking, savings, or money market accounts, or certificates of deposit, certificate of deposit account registry services (CDARS), or repurchase agreements which are limited to no more than 5% of the financial institution’s assets.

**NOTE 3 – PURCHASE POWER WORKING CAPITAL**

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), the Plant’s power supply agent. MMWEC requires that they hold a set amount of capital from which it may pay power obligations when they are due. They replenish the fund as needed from the monthly invoice payments. The balance in the fund as of December 31, 2020 is \$996,953.

**NOTE 4 – FUNDS ON DEPOSIT WITH MMWEC**

The West Boylston Municipal Lighting Plant has the following funds on deposit with the Massachusetts Municipal Wholesale Electric Company (MMWEC) as of December 31, 2020:

|                                  |    |                         |
|----------------------------------|----|-------------------------|
| Pool financing loan reserve..... | \$ | 448,579                 |
| Rate stabilization reserve.....  |    | <u>4,747,642</u>        |
| Total.....                       | \$ | <u><u>5,196,221</u></u> |

Pool Financing Loan Reserve

This amount represents a reserve requirement to serve as collateral for the Pooled Loan Program Agreement with MMWEC to finance the construction of a solar facility which the Plant participates in. These funds will either be returned to the Plant or be used as the final loan payment at the end of the amortization period.

Rate Stabilization Reserve

The rate stabilization reserve was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases.

These funds are commingled and deposited in investment pools of which WBMLP’s ownership was approximately 5.4%.

**NOTE 5 – RECEIVABLES**

At June 30, 2021, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|  | Gross<br>Amount     | Allowance<br>for<br>Uncollectibles | Net<br>Amount       |
|--|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u>                          |                     |                                    |                     |
| Real estate and personal property taxes..... | \$ 195,730          | \$ (886)                           | \$ 194,844          |
| Tax liens and foreclosures.....              | 226,132             | -                                  | 226,132             |
| Community preservation fund surtax.....      | 3,771               | -                                  | 3,771               |
| Motor vehicle and other excise taxes.....    | 204,805             | (11,172)                           | 193,633             |
| Departmental and other.....                  | 265,843             | -                                  | 265,843             |
| Intergovernmental.....                       | 847,709             | -                                  | 847,709             |
| Total.....                                   | \$ <u>1,743,990</u> | \$ <u>(12,058)</u>                 | \$ <u>1,731,932</u> |

At June 30, 2021, receivables for enterprise funds consist of the following:

|  | Gross<br>Amount     | Allowance<br>for<br>Uncollectibles | Net<br>Amount       |
|--|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u>                        |                     |                                    |                     |
| Sewer user charges.....                    | \$ 352,866          | \$ -                               | \$ 352,866          |
| Sewer special assessments.....             | 1,590,458           | -                                  | 1,590,458           |
| Electric light user charges.....           | 705,016             | (11,528)                           | 693,488             |
| Electric light departmental and other..... | 980,214             | -                                  | 980,214             |
| Total.....                                 | \$ <u>3,628,554</u> | \$ <u>(11,528)</u>                 | \$ <u>3,617,026</u> |

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

|  | General<br>Fund   | Other<br>Governmental<br>Funds | Total             |
|--|-------------------|--------------------------------|-------------------|
| <u>Receivables:</u>                          |                   |                                |                   |
| Real estate and personal property taxes..... | \$ 114,450        | \$ -                           | \$ 114,450        |
| Tax liens and foreclosures.....              | 226,132           | -                              | 226,132           |
| Community preservation fund surtax.....      | -                 | 3,771                          | 3,771             |
| Motor vehicle and other excise taxes.....    | 193,633           | -                              | 193,633           |
| Departmental and other.....                  | -                 | 228,530                        | 228,530           |
| Total.....                                   | \$ <u>534,215</u> | \$ <u>232,301</u>              | \$ <u>766,516</u> |



**NOTE 6 – CAPITAL ASSETS**

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

|  | Beginning<br>Balance | Increases    | Decreases | Ending<br>Balance |
|--|----------------------|--------------|-----------|-------------------|
| <b>Governmental Activities:</b>                        |                      |              |           |                   |
| <u>Capital assets not being depreciated:</u>           |                      |              |           |                   |
| Land.....  | \$ 1,335,969         | \$ -         | \$ -      | \$ 1,335,969      |
| <u>Capital assets being depreciated:</u>               |                      |              |           |                   |
| Buildings and improvements.....                        | 32,636,461           | 111,769      | -         | 32,748,230        |
| Machinery, equipment and furnishings.....              | 8,359,871            | 343,619      | (309,388) | 8,394,102         |
| Infrastructure.....                                    | 28,233,955           | 814,127      | -         | 29,048,082        |
| Total capital assets being depreciated.....            | 69,230,287           | 1,269,515    | (309,388) | 70,190,414        |
| <u>Less accumulated depreciation for:</u>              |                      |              |           |                   |
| Buildings and improvements.....                        | (13,177,523)         | (893,265)    | -         | (14,070,788)      |
| Machinery, equipment and furnishings.....              | (5,729,791)          | (466,856)    | 309,388   | (5,887,259)       |
| Infrastructure.....                                    | (23,525,650)         | (198,846)    | -         | (23,724,496)      |
| Total accumulated depreciation.....                    | (42,432,964)         | (1,558,967)  | 309,388   | (43,682,543)      |
| Total capital assets being depreciated, net.....       | 26,797,323           | (289,452)    | -         | 26,507,871        |
| Total governmental activities capital assets, net..... | \$ 28,133,292        | \$ (289,452) | \$ -      | \$ 27,843,840     |
| <b>Sewer:</b>  |                      |              |           |                   |
| <u>Capital assets being depreciated:</u>               |                      |              |           |                   |
| Buildings and improvements.....                        | \$ 7,634,035         | \$ -         | \$ -      | \$ 7,634,035      |
| Machinery, equipment and furnishings.....              | 1,103,581            | 39,000       | -         | 1,142,581         |
| Infrastructure.....                                    | 30,301,881           | -            | -         | 30,301,881        |
| Total capital assets being depreciated.....            | 39,039,497           | 39,000       | -         | 39,078,497        |
| <u>Less accumulated depreciation for:</u>              |                      |              |           |                   |
| Buildings and improvements.....                        | (1,874,740)          | (250,705)    | -         | (2,125,445)       |
| Machinery, equipment and furnishings.....              | (3,756,922)          | (4,625)      | -         | (3,761,547)       |
| Infrastructure.....                                    | (7,020,742)          | (390,634)    | -         | (7,411,376)       |
| Total accumulated depreciation.....                    | (12,652,404)         | (645,965)    | -         | (13,298,369)      |
| Total capital assets being depreciated, net.....       | \$ 26,387,093        | \$ (606,965) | \$ -      | \$ 25,780,128     |

|  | Beginning<br>Balance | Increases  | Decreases    | Ending<br>Balance |
|--|----------------------|------------|--------------|-------------------|
| <b>Municipal Light Plant:</b>                    |                      |            |              |                   |
| <u>Capital assets not being depreciated:</u>     |                      |            |              |                   |
| Land.....  | \$ 666,428           | \$ 229,494 | \$ -         | \$ 895,922        |
| Construction in progress.....                    | 425,995              | 218,523    | (216,962)    | 427,556           |
| Total capital assets not being depreciated....   | 1,092,423            | 448,017    | (216,962)    | 1,323,478         |
| <u>Capital assets being depreciated:</u>         |                      |            |              |                   |
| Distribution plant.....                          | 10,388,999           | 437,453    | (53,072)     | 10,773,380        |
| General plant.....                               | 2,728,601            | 72,158     | (25,500)     | 2,775,259         |
| Generation plant.....                            | 6,245,604            | -          | -            | 6,245,604         |
| Total capital assets being depreciated.....      | 19,363,204           | 509,611    | (78,572)     | 19,794,243        |
| <u>Less accumulated depreciation for:</u>        |                      |            |              |                   |
| Distribution plant.....                          | (6,523,928)          | (310,583)  | 53,072       | (6,781,439)       |
| Vehicles and equipment.....                      | (1,879,198)          | (81,864)   | 25,500       | (1,935,562)       |
| Generation plant.....                            | (1,188,456)          | (206,080)  | -            | (1,394,536)       |
| Total accumulated depreciation.....              | (9,591,582)          | (598,527)  | 78,572       | (10,111,537)      |
| Total capital assets being depreciated, net..... | 9,771,622            | (88,916)   | -            | 9,682,706         |
| Total sewer activities capital assets, net.....  | \$ 10,864,045        | \$ 359,101 | \$ (216,962) | \$ 11,006,184     |

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

**Governmental Activities:**

|   |              |
|---|--------------|
| General government.....                                   | \$ 271,700   |
| Public safety.....  | 338,152      |
| Education.....  | 322,741      |
| Public works.....   | 332,714      |
| Human services.....                                       | 245,068      |
| Culture and recreation.....                               | 48,593       |
| Total depreciation expense - governmental activities..... | \$ 1,558,968 |

**Business-Type Activities:**

|  |              |
|--|--------------|
| Sewer.....   | \$ 645,965   |
| Municipal Light.....                                       | 598,527      |
| Total depreciation expense - business-type activities..... | \$ 1,244,492 |

**NOTE 7 – INTERFUND TRANSFERS**

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

| Transfers Out:                   | Transfers In: |                             |               |
|----------------------------------|---------------|-----------------------------|---------------|
|                                  | General fund  | Nonmajor governmental funds | Total         |
| General fund.....                | \$ -          | \$ 68,362                   | \$ 68,362 (1) |
| Nonmajor governmental funds..... | 457,044       | 1,000                       | 458,044 (2)   |
| Total.....                       | \$ 457,044    | \$ 69,362                   | \$ 526,406    |

- 1) Represents transfers from the general fund to various special revenue funds and the Town unemployment fund.
- 2) Represents budgeted transfers between various nonmajor funds and the general fund.

**NOTE 8 – CAPITAL LEASES**

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

The assets acquired through capital leases are as follows:

| Asset:                              | Governmental Activities |
|-------------------------------------|-------------------------|
| Machinery and equipment.....        | \$ 2,951,087            |
| Less: accumulated depreciation..... | (1,377,174)             |
| Total.....                          | \$ 1,573,913            |

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

| Years ending June 30:                    | Governmental Activities |
|--|-------------------------|
| 2022.....                                | \$ 246,198              |
| 2023.....                                | 254,033                 |
| 2024.....                                | 262,104                 |
| 2025.....                                | 270,418                 |
| 2026.....                                | 278,979                 |
| 2027 - 2029.....                         | 1,052,422               |
| Less: amounts representing interest..... | (298,787)               |
| Total .....                              | \$ 2,065,367            |

**NOTE 9 – 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.

There was no short-term financing activity for the year ended June 30, 2021.

**NOTE 10 – LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit". Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

**Bonds Payable Schedule – Governmental Funds**

| Project   | Maturities<br>Through | Original<br>Loan<br>Amount | Interest<br>Rate<br>(%) | Outstanding<br>at June 30,<br>2021 |
|---|-----------------------|----------------------------|-------------------------|------------------------------------|
| USDA (Library Building).....                          | 2030                  | \$ 1,359,030               | 4.75%                   | \$ 407,709                         |
| Municipal Purpose Bonds of 2018 (land acquisition)... | 2028                  | 770,000                    | 3.50 -5.00%             | 530,000                            |
| Municipal Purpose Bonds of 2018 (police station)..... | 2038                  | 2,713,500                  | 3.50 -5.00%             | 2,293,500                          |
| Municipal Purpose Bonds of 2018 (police station)..... | 2038                  | 2,056,500                  | 3.50 -5.00%             | 1,741,500                          |
| State House Serial Loan.....                          | 2024                  | 530,000                    | 2.40%                   | 310,000                            |
| Senior Center.....                                    | 2040                  | 4,725,000                  | 2.00 -5.00%             | 4,565,000                          |
| Total General Obligation Bonds Payable.....           |                       |                            |                         | 9,847,709                          |
| Add: Unamortized premium on bonds.....                |                       |                            |                         | 749,857                            |
| Total Bonds Payable.....                              |                       |                            |                         | \$ 10,597,566                      |

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

| Year       | Principal           | Interest            | Total                |
|------------|---------------------|---------------------|----------------------|
| 2022.....  | \$ 630,301          | \$ 340,470          | \$ 970,771           |
| 2023.....  | 635,301             | 311,523             | 946,824              |
| 2024.....  | 635,301             | 282,601             | 917,902              |
| 2025.....  | 545,301             | 253,550             | 798,851              |
| 2026.....  | 555,301             | 229,548             | 784,849              |
| 2027.....  | 560,301             | 208,198             | 768,499              |
| 2028.....  | 575,301             | 185,021             | 760,322              |
| 2029.....  | 565,301             | 162,218             | 727,519              |
| 2030.....  | 560,301             | 138,866             | 699,167              |
| 2031.....  | 510,000             | 115,840             | 625,840              |
| 2032.....  | 510,000             | 95,040              | 605,040              |
| 2033.....  | 510,000             | 82,490              | 592,490              |
| 2034.....  | 510,000             | 69,940              | 579,940              |
| 2035.....  | 510,000             | 57,390              | 567,390              |
| 2036.....  | 505,000             | 44,840              | 549,840              |
| 2037.....  | 505,000             | 32,390              | 537,390              |
| 2038.....  | 495,000             | 20,014              | 515,014              |
| 2039.....  | 265,000             | 11,263              | 276,263              |
| 2040.....  | 265,000             | 5,631               | 270,631              |
| Total..... | \$ <u>9,847,709</u> | \$ <u>2,646,824</u> | \$ <u>12,494,533</u> |

#### Bonds Payable Schedule – Sewer

| Project                                   | Maturities<br>Through | Original<br>Loan<br>Amount | Interest<br>Rate<br>(%) | Outstanding<br>at June 30,<br>2021 |
|---|-----------------------|----------------------------|-------------------------|------------------------------------|
| MCWT (00-44-A) Pool 8.....                | 2033                  | 2,792,759                  | 5.00%-3.00%             | \$ 1,525,000                       |
| MCWT (CW-00-44).....                      | 2031                  | 439,465                    | 5.12%-3.00%             | 210,878                            |
| MCWT (Series 9).....                      | 2034                  | 4,183,613                  | 5.50%-2.30%             | 2,495,000                          |
| MCWT Pool 10 Title V.....                 | 2025                  | 671,778                    | 5.25%-5.00%             | 147,193                            |
| Total Direct Borrowings Payable, net..... |                       |                            |                         | \$ <u>4,378,071</u>                |

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

| Year       | Principal           | Interest            | Total               |
|------------|---------------------|---------------------|---------------------|
| 2022.....  | \$ 315,623          | \$ 204,127          | \$ 519,750          |
| 2023.....  | 326,293             | 189,002             | 515,295             |
| 2024.....  | 330,460             | 171,800             | 502,260             |
| 2025.....  | 341,133             | 151,028             | 492,161             |
| 2026.....  | 315,753             | 138,281             | 454,034             |
| 2027.....  | 331,423             | 121,411             | 452,834             |
| 2028.....  | 342,092             | 104,258             | 446,350             |
| 2029.....  | 352,761             | 86,413              | 439,174             |
| 2030.....  | 368,431             | 67,850              | 436,281             |
| 2031.....  | 374,102             | 48,923              | 423,025             |
| 2032.....  | 365,000             | 29,117              | 394,117             |
| 2033.....  | 380,000             | 11,919              | 391,919             |
| 2034.....  | 235,000             | -                   | 235,000             |
| Total..... | \$ <u>4,378,071</u> | \$ <u>1,324,129</u> | \$ <u>5,702,200</u> |

#### Bonds Payable Schedule – Municipal Lighting Plant

| Project   | Maturities<br>Through | Original<br>Loan<br>Amount | Interest<br>Rate<br>(%) | Outstanding<br>at December 31<br>2020 |
|---|-----------------------|----------------------------|-------------------------|---------------------------------------|
| Clean Renewable Energy Bond.....                        | 2026                  | \$ 1,167,367               | 2.0%                    | \$ 412,012                            |
| Temple Street Substation.....                           | 2027                  | 2,000,000                  | 1.0%-2.0%               | 920,000                               |
| Massachusetts Municipal Wholesale Electric Company..... | 2032                  | 4,649,198                  | 3.15%                   | <u>3,484,078</u>                      |
| Sub-total Municipal Light Plant.....                    |                       |                            |                         | 4,816,090                             |
| Add: Unamortized premium on bonds.....                  |                       |                            |                         | <u>12,348</u>                         |
| Total Bonds Payable, net.....                           |                       |                            |                         | \$ <u>4,828,438</u>                   |

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

| Year                     | Principal    | Interest   | Total        |
|--------------------------|--------------|------------|--------------|
| 2021.....                | \$ 515,676   | \$ 26,705  | \$ 542,381   |
| 2022.....                | 515,676      | 22,612     | 538,288      |
| 2023.....                | 510,676      | 18,570     | 529,246      |
| 2024.....                | 510,676      | 14,427     | 525,103      |
| 2025.....                | 510,676      | 14,427     | 525,103      |
| 2026 and thereafter..... | 2,252,710    | 16,636     | 2,269,346    |
| Total.....               | \$ 4,816,090 | \$ 113,377 | \$ 4,929,467 |

In August 2016, WBMLP entered into a Pooled Loan Program Agreement with the Massachusetts Municipal Wholesale Electric Company (MMWEC) for the purpose of financing the construction of a solar facility. Interest only was due monthly at a fixed interest rate of 1.75% per annum. On March 21, 2017, the Plant terminated its Pooled Financing Loan Agreement through MMWEC. Principal and interest are payable monthly. The interest rate is fixed at 3.15% and the loan matures February 2032. The outstanding principal balance as of December 31, 2020, was \$3.5 million. Interest expense relating to this loan was \$121,000 for the year ended December 31, 2020.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2021, the Town did not have any authorized and unissued debt.

#### Changes in Long-term Liabilities

As of June 30, 2021, the following changes occurred in long-term liabilities:

|   | Beginning Balance | Bonds and Notes Issued | Bonds and Notes Redeemed | Other Increases | Other Decreases | Ending Balance | Due Within One Year |
|---|-------------------|------------------------|--------------------------|-----------------|-----------------|----------------|---------------------|
| <b>Governmental Activities:</b>                         |                   |                        |                          |                 |                 |                |                     |
| Long-term general obligation bonds payable..            | \$ 10,488,010     | \$ -                   | \$ (640,301)             | \$ -            | \$ -            | \$ 9,847,709   | \$ 630,301          |
| Add: Unamortized premium on bonds.....                  | 845,845           | -                      | -                        | -               | (95,988)        | 749,857        | 91,204              |
| Total bonds payable.....                                | 11,333,855        | -                      | (640,301)                | -               | (95,988)        | 10,597,566     | 721,505             |
| Capital lease obligations.....                          | 2,240,985         | -                      | -                        | -               | (175,618)       | 2,065,367      | 188,161             |
| Compensated absences.....                               | 308,003           | -                      | -                        | 139,287         | (115,111)       | 332,179        | 124,925             |
| Net pension liability.....                              | 15,940,621        | -                      | -                        | 819,108         | (1,201,814)     | 15,557,915     | -                   |
| Other postemployment benefits.....                      | 31,127,372        | -                      | -                        | 2,177,937       | (1,092,070)     | 32,213,239     | -                   |
| Total governmental activity long-term liabilities.....  | \$ 60,950,836     | \$ -                   | \$ (640,301)             | \$ 3,136,332    | \$ (2,680,601)  | \$ 60,766,266  | \$ 1,034,591        |
| <b>Business-Type Activities:</b>                        |                   |                        |                          |                 |                 |                |                     |
| Long-term general obligation bonds payable..            | \$ 5,331,765      | \$ -                   | \$ (515,675)             | \$ -            | \$ -            | \$ 4,816,090   | \$ 515,676          |
| Long-term direct borrowings payable.....                | 4,706,236         | -                      | (328,165)                | -               | -               | 4,378,071      | 315,623             |
| Add: Unamortized premium on bonds.....                  | 14,251            | -                      | -                        | -               | (1,903)         | 12,348         | 1,898               |
| Total bonds payable.....                                | 10,052,252        | -                      | (843,840)                | -               | (1,903)         | 9,206,509      | 833,197             |
| Net pension liability.....                              | 3,141,718         | -                      | -                        | 447,511         | (230,538)       | 3,358,691      | -                   |
| Other postemployment benefits.....                      | 383,473           | -                      | -                        | 278,281         | (6,150)         | 655,604        | -                   |
| Total business-type activity long-term liabilities..... | \$ 13,577,443     | \$ -                   | \$ (843,840)             | \$ 725,792      | \$ (238,591)    | \$ 13,220,804  | \$ 833,197          |

**NOTE 11 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable.

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

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

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

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 changes to the purpose of the fund along with any additions to or appropriation from the fund requires a two-thirds vote of the legislative body.

At June 30, 2021, \$1,416,223 and \$553,020 has been set aside in a general stabilization fund and capital investment fund, respectively, and is reported as unassigned fund balance in the general fund. These funds can be used for general and/or capital purposes upon Town Meeting approval.



As of June 30, 2021, the governmental fund balances consisted of the following:

|   | General      | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------|-----------------------------------|--------------------------------|
| Fund Balances:                          |              |                                   |                                |
| Nonspendable:                           |              |                                   |                                |
| Permanent fund principal.....           | \$ -         | \$ 532,761                        | \$ 532,761                     |
| Prepaid expenditures.....               | 18,250       | -                                 | 18,250                         |
| Restricted for:                         |              |                                   |                                |
| Community preservation.....             | -            | 2,062,377                         | 2,062,377                      |
| Town grants.....                        | -            | 234,967                           | 234,967                        |
| School grants.....                      | -            | 110,058                           | 110,058                        |
| School lunch.....                       | -            | 10,985                            | 10,985                         |
| Receipts reserved.....                  | -            | 1,124,098                         | 1,124,098                      |
| Town revolving.....                     | -            | 310,009                           | 310,009                        |
| School revolving.....                   | -            | 1,309,563                         | 1,309,563                      |
| Septic repair.....                      | -            | 119,528                           | 119,528                        |
| Town other.....                         | -            | 277,429                           | 277,429                        |
| Chapter 90.....                         | -            | 91,271                            | 91,271                         |
| Capital projects.....                   | -            | 34,391                            | 34,391                         |
| Expendable trust funds.....             | -            | 574,413                           | 574,413                        |
| Affordable housing trust.....           | -            | 59,120                            | 59,120                         |
| Unemployment trust.....                 | -            | 114,388                           | 114,388                        |
| Committed to:                           |              |                                   |                                |
| Articles and continuing appropriations: |              |                                   |                                |
| General government.....                 | 34,513       | -                                 | 34,513                         |
| Public safety.....                      | 145,000      | -                                 | 145,000                        |
| Public works.....                       | 316,240      | -                                 | 316,240                        |
| Culture and recreation.....             | 27,915       | -                                 | 27,915                         |
| Assigned to:                            |              |                                   |                                |
| General government.....                 | 39,361       | -                                 | 39,361                         |
| Public safety.....                      | 5,634        | -                                 | 5,634                          |
| Education.....                          | 244,432      | -                                 | 244,432                        |
| Public works.....                       | 152,620      | -                                 | 152,620                        |
| Human services.....                     | 1,186        | -                                 | 1,186                          |
| Culture and recreation.....             | 8,700        | -                                 | 8,700                          |
| Employee benefits.....                  | 4,806        | -                                 | 4,806                          |
| Unassigned.....                         | 4,459,053    | (20,729)                          | 4,438,324                      |
| Total Fund Balances.....                | \$ 5,457,710 | \$ 6,944,629                      | \$ 12,402,339                  |

## NOTE 12 – 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 premium-based health care plan for its active employees.

The WBMLP participates in the Massachusetts Municipal Self-Insurance Trust (Trust) with 17 other municipalities for the purpose of sharing excess liability and officer's liability risks. Each participating municipality contributes an annual premium to the Trust based on frequency and severity of claims and share of group's total kilowatt-hour sales. Payments for claims are funded by Trust assets or, if required, additional contributions from the participants. Generally accepted accounting principles require that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an

estimate of claims that have been incurred but not reported. At December 31, 2020, the WBMLP considers its pro rata share of these losses to be immaterial to the financial statements.

## NOTE 13 – PENSION PLAN

### *Plan Descriptions*

The Town is a member of the Worcester Regional Retirement System (WRRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 97 member units. The WRRS 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, 2020. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$3,818,157 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 \$30,912,661 as of the measurement date.

### *Benefits Provided*

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

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

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

### *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 WRRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2020 and was \$1,210,014, 21.87% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

The WBMLP's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2020 and was \$222,238, 22.23% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

### *Pension Liabilities*

At June 30, 2021, the Town reported a liability of \$15,666,215 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the Town's proportion was 2.129%, which changed from its proportion measured at December 31, 2019 of 2.144%.

At December 31, 2020, the WBMLP reported a liability of \$3,250,391 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The WBMLP's proportion of the net pension liability was based on a percentage of the WBMLP contributions to the Town's total contributions as of December 31, 2020. At December 31, 2020, the WBMLP proportion was 17.03% of the Town's total contribution.

### *Pension Expense*

For the year ended June 30, 2021, the Town recognized a pension expense of \$1,702,604. At June 30, 2021, the Town reported deferred outflows of resources related to pensions of \$893,586 and deferred inflows of resources related to pensions of \$1,275,212. Detailed on the following page are the components of these amounts.

| Deferred Category   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Total               |
|---|--------------------------------------|-------------------------------------|---------------------|
| Differences between expected and actual experience.....             | \$ 16,189                            | \$ (471,485)                        | \$ (455,296)        |
| Difference between projected and actual earnings.....               | -                                    | (888,070)                           | (888,070)           |
| Changes in assumptions.....   | 741,947                              | -                                   | 741,947             |
| Changes in proportion and proportionate share of contributions..... | 135,450                              | 84,343                              | 219,793             |
| Total deferred outflows/(inflows) of resources.....                 | \$ <u>893,586</u>                    | \$ <u>(1,275,212)</u>               | \$ <u>(381,626)</u> |

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

Year ended June 30:

|           |                     |
|-----------|---------------------|
| 2022..... | \$ (84,908)         |
| 2023..... | 101,797             |
| 2024..... | (322,907)           |
| 2025..... | (66,298)            |
| 2026..... | <u>(9,310)</u>      |
|           | \$ <u>(381,626)</u> |

For the year ended December 31, 2020, the WBMLP recognized a pension expense of \$356,880 and reported deferred outflows of resources related to pensions of \$719,317 and deferred inflows related to pensions of \$341,544. Detailed below are the components of these amounts.

| Deferred Category   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Total             |
|---|--------------------------------------|-------------------------------------|-------------------|
| Differences between expected and actual experience.....           | \$ 9,545                             | \$ (19,474)                         | \$ (9,929)        |
| Difference between projected and actual earnings.....             | -                                    | (89,277)                            | (89,277)          |
| Changes in assumptions.....                                       | 181,671                              | -                                   | 181,671           |
| Changes in proportion and proportionate share of contributions... | 280,657                              | (232,793)                           | 47,864            |
| Contributions made subsequent to the measurement date.....        | 247,444                              | -                                   | 247,444           |
| Total deferred outflows/(inflows) of resources.....               | \$ <u>719,317</u>                    | \$ <u>(341,544)</u>                 | \$ <u>377,773</u> |

The WBMLP's net deferred outflows of resources related to pensions that will be recognized in pension expense as follows:

Year ended December 31:

|           |                   |
|-----------|-------------------|
| 2021..... | \$ 243,383        |
| 2022..... | (24,049)          |
| 2023..... | 65,781            |
| 2024..... | 65,779            |
| 2025..... | <u>26,879</u>     |
|           | \$ <u>377,773</u> |

Deferred outflows of resources related to pensions as of December 31, 2020 includes \$247,444 of contributions made after the measurement date.

*Actuarial Assumptions*

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

|                                 |  |
|---------------------------------|--|
| Valuation date.....             | January 1, 2020  |
| Actuarial cost method.....      | Individual Entry Age Normal.   |
| Amortization method.....        | Increasing dollar amount at 4.0% to reduce the unfunded actuarial accrued liability to zero on or before June 30, 2036. The annual increase in appropriation is further limited to 9.95%. Increasing dollar amount at 4% to reduce the 2002 and 2003 ERI actuarial accrued liability to zero on or before June 30, 2028 and the 2010 ERI actuarial accrued liability to zero on or before June 30, 2022. |
| Asset valuation method.....     | Market value of assets as of the valuation date reduced by the sum of:<br>a) 80% of gains and losses of the prior year.<br>b) 60% of gains and losses of the second prior year.<br>c) 40% of gains and losses of the third prior year.<br>d) 20% of gains and losses of the fourth prior year.   |
| Inflation.....                  | 2.2% per year.   |
| Projected salary increases..... | Group 1: 6%-4.25%, based on service; Group 4: 7%-4.75%, based on service.  |
| Payroll growth.....             | 3.5% per year.   |
| Investment rate of return.....  | 7.50%, net of pension plan investment expense, including inflation.  |
| Cost-of-living allowance.....   | Assumed to be 3% of the first \$16,000 of the annual retirement allowance.   |
| Mortality rates:                |  |
| Healthy retirees.....           | RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018.  |
| Disabled retirees.....          | RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2018.   |

*Investment Policy*

The pension plan's policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2020, are summarized below.

| Asset Class                     | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------------|-------------------|--|
| Global equity.....              | 39%               | 4.38%                                  |
| Core fixed income.....          | 15%               | 0.50%                                  |
| Value-added fixed income.....   | 8%                | 4.00%                                  |
| Private equity.....             | 13%               | 8.00%                                  |
| Real estate.....                | 10%               | 3.80%                                  |
| Timberland.....                 | 4%                | 4.40%                                  |
| Portfolio completion (PCS)..... | 11%               | 3.00%                                  |
| Total.....                      | 100%              |  |

*Rate of Return*

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.03%. 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 7.50%. 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

|   | 1% Decrease<br>(6.50%) | Current<br>Discount<br>(7.50%) | 1% Increase<br>(8.50%) |
|---|------------------------|--------------------------------|------------------------|
| The Town's proportionate share of the net pension liability.....              | \$ 19,337,615          | \$ 15,666,215                  | \$ 12,566,406          |
|   |                        |                                |                        |
|   | 1% Decrease<br>(6.65%) | Current<br>Discount<br>(7.65%) | 1% Increase<br>(8.65%) |
| Municipal Light Plant's proportionate share of the net pension liability..... | \$ 3,966,323           | \$ 3,250,391                   | \$ 2,645,806           |

The Town's proportionate share of the net pension liability of \$18,916,606 includes \$3,250,391 for the West Boylston Municipal Lighting Department that was recorded in their December 31, 2020, financial statements.

*Changes in Assumptions*

The discount rate decreased from 7.65% to 7.50%. (The Lighting Department used a 7.65% discount rate as of December 31, 2020).

*Changes in Plan Provisions*

None.

**NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***Plan Description*

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

*Funding Policy*

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 60 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 40 percent of their premium costs. During 2021, the contributions for the Town totaled approximately \$1,198,000 and the WBMLP contribution totaled approximately \$117,000.

***GASB Statement #74 and #75 – OPEB Employer Financial Reporting for the Town******Measurement Date***

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

***Plan Membership***

The following table represents the Plan's membership at June 30, 2021:

|  | <u>Town</u>       |
|--|-------------------|
| Active members.....                                | 187               |
| Retirees and beneficiaries receiving benefits..... | <u>219</u>        |
| Total.....   | <u><u>406</u></u> |

***Components of OPEB Liability***

The following table represents the components of the Plan's OPEB liability as of June 30, 2021:

|  |                             |
|--|-----------------------------|
| Total OPEB liability.....  | \$ 32,695,284               |
| Less: OPEB plan's fiduciary net position.....  | <u>(300,635)</u>            |
| Net OPEB liability.....  | <u><u>\$ 32,394,649</u></u> |
| The OPEB plan's fiduciary net position<br>as a percentage of the total OPEB liability..... | 0.92%                       |

***Significant Actuarial Methods and Assumptions***

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2021 as follows:

|                                |   |
|--------------------------------|---|
| Valuation date.....            | July 1, 2020  |
| Actuarial cost method.....     | Individual Entry Age Normal Cost Method.            |
| Discount rate.....             | 2.8%.   |
| Investment rate of return..... | 2.8%, net of investment expenses. Previously, 4.0%. |
| Inflation rate.....            | 3.0%.   |
| Medical care inflation.....    | 4.5%.   |



|                           |   |
|---------------------------|---|
| Current employees.....    | Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average current cost. This weighted average current cost is based on the medical plan coverage of current retirees under 65. At age 65 active participants are assumed to participate in the same manner as current retirees over age 65 in Medical Supplemental plans.   |
| Pre-age 65 retirees.....  | Current retirees, spouses and beneficiaries who are under age 65 are assumed to remain in their current medical plan until age 65. At age 65, all participants are assumed to participate in Medicare supplement plan in the same proportions as current post 65 retirees. Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65. At age 65, all participants are assumed to participate in post 65 Medicare Supplemental plans in the same proportions as current retirees over age 65.  |
| Post-age 65 retirees..... | Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. Amounts to be received in the future for the Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.  |
| Mortality.....            | <p>It is assumed that both pre-retirement mortality and beneficiary mortality is presented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational.</p> <p>Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the PR-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational.</p> <p>Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.</p> |

The long-term expected rate of return on OPEB plan investments will be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

At June 30, 2021, the Town's OPEB assets are invested in a money market mutual fund.

#### *Discount Rate*

The discount rate used to measure the total OPEB liability was 2.8% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to all the periods of projected future benefits payments to determine the total OPEB liability.

#### *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.

#### *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 2.8%, 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 (1.8%) or 1-percentage-point higher (3.8%) than the current rate.

|                         | 1% Decrease<br>1.8% | Current<br>Discount Rate<br>2.8% | 1% Increase<br>3.8% |
|-------------------------|---------------------|----------------------------------|---------------------|
| Net OPEB liability..... | \$ 38,193,471       | \$ 32,394,649                    | \$ 27,824,919       |

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

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

|                         | 1% Decrease   | Current Trend | 1% Increase   |
|-------------------------|---------------|---------------|---------------|
| Net OPEB liability..... | \$ 27,026,992 | \$ 32,394,649 | \$ 39,460,743 |

*Changes in the Net OPEB Liability*

|                                | Increase (Decrease)            |  |                                    |
|--------------------------------|--------------------------------|--|------------------------------------|
|                                | Total OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| Balances at June 30, 2020..... | \$ 31,458,654                  | \$ 155,987                               | \$ 31,302,667                      |
| Changes for the year:          |                                |  |                                    |
| Service cost.....              | 1,330,629                      | -  | 1,330,629                          |
| Interest.....                  | 904,221                        | -  | 904,221                            |
| Net investment income.....     | -                              | 45,283                                   | (45,283)                           |
| Employer contributions.....    | -                              | 1,022,057                                | (1,022,057)                        |
| Benefit payments.....          | (998,220)                      | (922,057)                                | (76,163)                           |
| Expenses.....                  | -                              | (635)                                    | 635                                |
| Net change.....                | 1,236,630                      | 144,648                                  | 1,091,982                          |
| Balances at June 30, 2021..... | \$ 32,695,284                  | \$ 300,635                               | \$ 32,394,649                      |

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

For the year ended June 30, 2021 the Town recognized OPEB expense of \$2,522,624 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Deferred Category  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Total          |
|--|--------------------------------------|-------------------------------------|----------------|
| Differences between expected and actual experience... \$ | -                                    | \$ (3,020,395)                      | \$ (3,020,395) |
| Difference between projected and actual earnings.....    | -                                    | (332,948)                           | (332,948)      |
| Changes in assumptions.....                              | 4,294,851                            | (4,959,751)                         | (664,900)      |
| Total deferred outflows/(inflows) of resources..... \$   | 4,294,851                            | \$ (8,313,094)                      | \$ (4,018,243) |

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

Year ended June 30:

|           |                       |
|-----------|-----------------------|
| 2022..... | \$ (803,649)          |
| 2023..... | (803,649)             |
| 2024..... | (803,649)             |
| 2025..... | (803,649)             |
| 2026..... | (803,649)             |
|           | <u>\$ (4,018,243)</u> |

*Changes in Assumptions*

None.

*Changes in Plan Provisions*

None.

***GASB Statement #74 and #75 – OPEB Plan Financial Reporting for the Municipal Lighting Plant***

The Commonwealth of Massachusetts passed special legislation that has allowed the Municipal Lighting Plant to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2021, the Plant pre-funded future OPEB liabilities totaling \$60,000 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of December 31, 2020, the net position of the WBMLP’s OPEB trust fund totaled \$1,142,345.

*Investment Policy*

The WBMLP’s policy in regard to the allocation of invested assets is established by MMWEC and may be amended any time. It is the policy of MMWEC to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Measurement Date*

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 January 1, 2020.

*Employees Covered by Benefit Terms*

The following table represents the Plan’s membership at June 30, 2020:

|  | MLP |
|--|-----|
| Active members.....                                | 11  |
| Inactive members currently receiving benefits..... | 11  |
| Total.....   | 22  |

*Components of OPEB Liability*

The following table represents the components of the Plan's OPEB liability as of June 30, 2020:

|  |    |                    |
|--|----|--------------------|
| Total OPEB liability.....                        | \$ | 1,616,539          |
| Less: OPEB plan's fiduciary net position.....    |    | <u>(1,142,345)</u> |
| Net OPEB liability.....                          | \$ | <u>474,194</u>     |
| The OPEB plan's fiduciary net position           |    |                    |
| as a percentage of the total OPEB liability..... |    | 70.67%             |

*Significant Actuarial Methods and Assumptions*

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020.

|                                   |   |
|-----------------------------------|---|
| Valuation date.....               | January 1, 2020   |
| Actuarial cost method.....        | Individual Entry Age Normal.  |
| Asset valuation method.....       | Market value of assets as of the measurement date,<br>December 31, 2020.  |
| Investment rate of return.....    | 5.94%, net of investment expense, including inflation.  |
| Annual compensation increase..... | 3.0% annually.  |
| Municipal bond rate.....          | 1.93% as of December 31, 2020 (source: S&P Municipal<br>Bond 20-Year Hig Grade Index).  |
| Inflation rate.....               | 2.5%.   |
| Pre-retirement mortality.....     | RP-2014 Moratlity Table for Blue Collar Employees projected<br>generationally with scale MP-2016 for males and females,<br>set forward 1 year for females.          |
| Post-retirement mortality.....    | RP-2014 Moratlity Table for Blue Collar Healthy Annuitants<br>projected generationally with scale MP-2016 for males and<br>females, set forward 1 year for females. |
| Disabled mortality .....          | RP-2014 Moratlity Table for Blue Collar Healthy Annuitants<br>projected generationally with scale MP-2016 for males and<br>females, set forward 1 year for females. |

*Rate of Return*

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the OPEB plan investments to the ending fair value of OPEB plan investments.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of 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 target asset allocation as of June 30, 2020 are summarized as follows:

| <u>Asset Class</u>                          | <u>Long-Term Expected<br/>Asset Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|---|--|---|
| Domestic equity - large cap.....            | 43.00%   | 4.80%   |
| Domestic equity - small/mid cap.....        | 7.50%  | 5.29%   |
| International equity - developed market.... | 7.50%  | 5.45%   |
| Domestic fixed income.....                  | 40.00%   | 2.05%   |
| Cash and cash equivalents.....              | 2.00%  | 0.00%   |
| Total.....                                  | 100%   |   |

*Discount Rate*

The discount rate used to measure the total OPEB liability was 6.0% 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 the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*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.

*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 6.0%, 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 (5.0%) or 1-percentage-point higher (7.0%) than the current rate.

|                         | 1% Decrease<br>(5.0%) | Current<br>Discount Rate<br>(6.0%) | 1% Increase<br>(7.0%) |
|-------------------------|-----------------------|------------------------------------|-----------------------|
| Net OPEB liability..... | \$ 680,800            | \$ 474,194                         | \$ 305,607            |

*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 4.5%, 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<br>(3.50%) | Current Trend<br>(4.50%) | 1% Increase<br>(5.50%) |
|-------------------------|------------------------|--------------------------|------------------------|
| Net OPEB liability..... | \$ 286,015             | \$ 474,194               | \$ 702,258             |

*Changes in the Net OPEB Liability:*

|   | Increase (Decrease)            |  |                                    |
|---|--------------------------------|--|------------------------------------|
|   | Total OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| Balances at June 30, 2019.....                          | \$ 1,095,044                   | \$ 886,866                               | \$ 208,178                         |
| Changes for the year:                                   |                                |  |                                    |
| Service cost.....                                       | 34,202                         | -  | 34,202                             |
| Interest.....   | 82,512                         | -  | 82,512                             |
| Net investment income.....                              | -                              | 195,479                                  | (195,479)                          |
| Employer contributions.....                             | -                              | 119,230                                  | (119,230)                          |
| Differences between expected and actual experience..... | (16,123)                       | -  | (16,123)                           |
| Changes in assumptions.....                             | 480,134                        | -  | 480,134                            |
| Benefit payments.....                                   | (59,230)                       | (59,230)                                 | -                                  |
| Net change.....   | 521,495                        | 255,479                                  | 266,016                            |
| Balances at June 30, 2020.....                          | \$ 1,616,539                   | \$ 1,142,345                             | \$ 474,194                         |

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

For the year ended June 30, 2020, the Lighting Plant recognized OPEB expense of \$60,079 and reported deferred inflows and outflows of resources related to OPEB from the following sources:

| Deferred Category  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Total      |
|--|--------------------------------------|-------------------------------------|------------|
| Differences between expected and actual experience... \$ | - \$                                 | (70,458) \$                         | (70,458)   |
| Difference between projected and actual earnings.....    | 7,715                                | (121,545)                           | (113,830)  |
| Changes in assumptions.....                              | 384,107                              |                                     | 384,107    |
| Total deferred outflows/(inflows) of resources..... \$   | \$ 391,822                           | \$ (192,003)                        | \$ 199,819 |

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

Year ended June 30:

|           |                   |
|-----------|-------------------|
| 2022..... | \$ 2,368          |
| 2023..... | 65,332            |
| 2024..... | 67,346            |
| 2025..... | 64,773            |
|           | <u>\$ 199,819</u> |

**NOTE 15 – COMMITMENTS**

The Town received \$49,600 through the Winter Shared Streets grant. This funding will be used to install four crosswalk hard wire signals.

The Town began a CPC project to improve Mixer Field. Town meeting funded the entire amount of the project from existing reserves, which amounted to \$652,000.

The general fund has various commitments for goods and services related to encumbrances totaling \$456,739.

**NOTE 16 – 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.



The Town is subject to various legal actions and claims. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

The WBMLP is subject, like other electric utilities, to evolving standards administered by federal, state, and local authorities relating to the quality of the environment. These standards affect the siting of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on the WBMLP's operations in the past and they will continue to have an impact on future operations, capital costs and construction schedules.

#### **NOTE 17 – MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY**

The WBMLP is a participant in certain projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprises and 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 3.7% interest in the W.F. Wyman Unit No.4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Lighting Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Lighting Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should any Project Participant fail to make any payment when due, other Project Participants of the Project may be required to increase (step-up) their payments and correspondingly their Participants' share of Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

Pursuant to the PSA's, the MMWEC Project participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the Millstone and Seabrook Project participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

As of July 1, 2019, MMWEC has no debt service obligations outstanding relating to the Projects. MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2020 and 2019, respectively are listed in the table below.

| Projects                   | Percentage Share | Total Capital Expenditures 2020 | Capacity, Fuel and Transmission Billed 2020 | Capacity, Fuel and Transmission Billed 2019 |
|----------------------------|------------------|---------------------------------|---|---|
| Stony Brook Peaking.....   | 2.3041%          | \$ 1,393,638                    | \$ 87,029                                   | \$ 84,072                                   |
| Stony Brook Int.....       | 1.4135%          | 2,552,835                       | 196,304                                     | 183,360                                     |
| Nuclear Mix 1-SBK.....     | 1.3587%          | 138,282                         | 6,372                                       | 7,418                                       |
| Nuclear Mix 1-MLS.....     | 1.3587%          | 834,737                         | 80,723                                      | 79,670                                      |
| Nuclear Project 3-MLS..... | 1.7956%          | 2,690,250                       | 213,819                                     | 211,626                                     |
| Nuclear Project 4-SBK..... | 2.9080%          | 8,759,220                       | 364,204                                     | 425,104                                     |
| Nuclear Project 5-SBK..... | 0.7204%          | 587,579                         | 23,157                                      | 27,018                                      |
| Project No. 6-SBK.....     | 0.7552%          | 4,223,661                       | 132,552                                     | 173,670                                     |
| Total.....                 |                  | \$ 21,180,202                   | \$ 1,104,160                                | \$ 1,191,938                                |

#### NOTE 18 – COOPERATIVE AGREEMENTS

##### Massachusetts Municipal Lighting Department Solar Energy Cooperative Corporation

The WBMLP is a member of the Massachusetts Municipal Lighting Department Solar Energy Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapter 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by the MMWEC and the WBMLP for the purpose of financing, owning, constructing, and operating solar generation facilities located in the Town of West Boylston.

The powers of the Cooperative are exercised by the Board of Directors who have the right to conduct business and carry on operations. The Board of Directors is comprised of one director who represents MMWEC and two or more Directors who represent the WBMLP.

The Cooperative is a self-sustaining 369.6-kilowatt solar photovoltaic energy project comprised of 1,760 solar panels installed at the intersection of Paul X. Tivnan Road and Shrewsbury Street in West Boylston, Massachusetts. The Cooperative provides both operational and financial value to the WBMLP by delivering clean, renewable electricity to its customers.

The cooperative entered into a 20 year lease agreement on June 29, 2010, with the WBMLP. Under the lease agreement, the Cooperative may finance, purchase, acquire, own, hold, install and maintain, or cause to be installed and maintained, a ground-mounted photovoltaic installation for the production of solar energy on the West Boylston facilities. This lease agreement requires lease payments of \$1 each month for the term of the lease.

#### The Berkshire Wind Cooperative Corporation

The WBMLP is a member of the Berkshire Wind Cooperative Corporation (Berkshire Cooperative).

The Berkshire Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Berkshire Cooperative was formed by the Massachusetts Municipal Wholesale Electric Cooperative (MMWEC) and 16 Municipal Lighting Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Berkshire Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Berkshire Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Berkshire Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Berkshire Cooperative at the Berkshire Wind Facility.

The Berkshire Wind Facility is comprised of two phases. Phase 1 is comprised of ten 1.5-megawatt wind turbines which have been commercially operating since 2011, and phase 2 is comprised of two 2.3-megawatt wind turbines which began commercial operations in November 2019.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Berkshire Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Berkshire Cooperative Member to pay its pro rata share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Berkshire Cooperative to finance the Berkshire Wind Facility and its pro rata share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility. In addition, should a Berkshire Cooperative Member fail to make any payment when due, other Berkshire Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount. Additionally, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility.

The total capital expenditures, debt service and operation and maintenance (O&M) costs associated with the Plant's pro rata share of the Phases in which it participates for the years ended December 31, 2020 and 2019, respectively are listed in the following table.

| Phase                | Percentage Share | Total Capital Expenditures 2020 | Debt Service Billed 2020 | Debt Service Billed 2019 | Operations and Maintenance Billed 2020 | Operations and Maintenance Billed 2019 |
|----------------------|------------------|---------------------------------|--------------------------|--------------------------|--|--|
| Berkshire Phase 1... | 5.375%           | \$ 2,968,723                    | \$ 258,235               | \$ 263,896               | \$ 90,737                              | \$ 79,169                              |
| Berkshire Phase 2... | 5.374%           | 878,969                         | 44,545                   | 47,851                   | 35,693                                 | 16,408                                 |
| Total.....           |                  | \$ <u>3,847,692</u>             | \$ <u>302,780</u>        | \$ <u>311,747</u>        | \$ <u>126,430</u>                      | \$ <u>95,577</u>                       |

In addition, the estimated aggregate amount of the required payments for future years for the Plant's pro rata share of the Phases in which it participates is shown in the table below.

| For the years ending December 31, | Total Phase 1<br>Debt Service | Total Phase 2<br>Debt Service | Total Berkshire<br>Debt Service |
|-----------------------------------|-------------------------------|-------------------------------|---------------------------------|
| 2021.....                         | \$ 260,096                    | \$ 59,834                     | \$ 319,930                      |
| 2022.....                         | 260,177                       | 59,834                        | 320,011                         |
| 2023.....                         | 260,123                       | 59,834                        | 319,957                         |
| 2024.....                         | 260,459                       | 59,834                        | 320,293                         |
| 2025.....                         | 260,069                       | 59,834                        | 319,903                         |
| 2026 to 2030.....                 | 1,301,060                     | 299,170                       | 1,600,230                       |
| 2031 to 2033.....                 | -                             | 448,513                       | 448,513                         |
| Total.....                        | \$ <u>2,601,984</u>           | \$ <u>1,046,853</u>           | \$ <u>3,648,837</u>             |

#### Other Power Supply

The Plant has entered into a service agreement with MMWEC, under which MMWEC performs bulk power supply services to the Plant, including service related to owned generation, purchased power contracts or other power supply arrangements.

Under the terms of the service agreement, the Plant is committed to purchase additional power through MMWEC in the amount of \$473,575 in 2021, \$311,043 in 2022, \$267,197 in 2023, \$159,580 in 2024, and \$84,257 in 2025.

#### NOTE 19 – COVID-19

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

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

On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 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 20 – REVISION OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #84. To reflect this change, the Town is reporting certain funds which had previously been reported as Agency Funds as Governmental Funds. This has resulted in the revision of the June 30, 2020, balances as follows:

|   | 6/30/2020<br>Previously<br>Reported<br>Balances | Implementation<br>of GASB #84 | 6/30/2020<br>Revised<br>Balances |
|---|---|-------------------------------|----------------------------------|
| <b>Government-Wide Financial Statements</b> |   |                               |                                  |
| Governmental activities.....                | \$ (24,580,638)                                 | \$ 146,505                    | \$ (24,434,133)                  |
| <b>Fund-Based Financial Statements</b>      |   |                               |                                  |
| Nonmajor governmental funds.....            | \$ 5,875,293                                    | \$ 146,505                    | \$ 6,021,798                     |

#### NOTE 21 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 6, 2022, which is the date the financial statements were available to be issued.

#### NOTE 22 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

## ***Required Supplementary Information***

# ***General Fund Budgetary 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, 2021

|   | Budgeted Amounts |               | Actual        | Amounts         | Variance     |
|---|------------------|---------------|---------------|-----------------|--------------|
|   | Original         | Final         | Budgetary     | Carried Forward | to Final     |
|   | Budget           | Budget        | Amounts       | To Next Year    | Budget       |
| REVENUES:   |                  |               |               |                 |              |
| Real estate and personal property taxes,<br>net of tax refunds..... | \$ 19,432,484    | \$ 19,432,484 | \$ 19,629,280 | \$ -            | \$ 196,796   |
| Tax liens.....  | -                | -             | 13,054        | -               | 13,054       |
| Motor vehicle and other excise taxes.....                           | 1,073,000        | 1,073,000     | 1,113,336     | -               | 40,336       |
| Hotel/motel/meals tax.....  | 138,000          | 138,000       | 339,080       | -               | 201,080      |
| Charges for services.....   | 100,000          | 100,000       | 210,142       | -               | 110,142      |
| Penalties and interest on taxes.....                                | 75,000           | 75,000        | 55,244        | -               | (19,756)     |
| Payments in lieu of taxes.....                                      | 683,546          | 683,546       | 683,582       | -               | 36           |
| Licenses and permits.....   | 175,000          | 175,000       | 173,022       | -               | (1,978)      |
| Fines and forfeitures.....  | 20,000           | 20,000        | 14,019        | -               | (5,981)      |
| Intergovernmental - other.....                                      | 4,243,755        | 4,243,755     | 4,245,998     | -               | 2,243        |
| Departmental and other.....   | 30,000           | 30,000        | -             | -               | (30,000)     |
| Investment income.....  | 30,000           | 30,000        | 34,591        | -               | 4,591        |
| Miscellaneous.....  | -                | -             | 35,713        | -               | 35,713       |
| TOTAL REVENUES.....   | 26,000,785       | 26,000,785    | 26,547,061    | -               | 546,276      |
| EXPENDITURES:   |                  |               |               |                 |              |
| Current:  |                  |               |               |                 |              |
| General government.....   | 1,320,415        | 1,327,074     | 1,051,954     | 73,874          | 201,246      |
| Public safety.....  | 3,079,504        | 3,081,807     | 2,894,868     | 150,634         | 36,305       |
| Education.....  | 12,887,430       | 12,887,430    | 12,522,283    | 244,432         | 120,715      |
| Public works.....   | 2,256,907        | 2,423,113     | 1,861,630     | 468,860         | 92,623       |
| Health and human services.....                                      | 251,483          | 263,133       | 198,541       | 1,186           | 63,406       |
| Culture and recreation.....   | 515,108          | 516,787       | 479,083       | 36,615          | 1,089        |
| Pension benefits.....   | 1,408,881        | 1,408,881     | 1,408,881     | -               | -            |
| Employee benefits.....  | 4,518,825        | 4,422,828     | 4,134,314     | 4,806           | 283,708      |
| State and county charges.....                                       | 455,789          | 493,590       | 493,590       | -               | -            |
| Capital outlay.....   | 238,591          | 238,590       | 238,590       | -               | -            |
| Debt service:   |                  |               |               |                 |              |
| Principal.....  | 640,301          | 640,301       | 640,301       | -               | -            |
| Interest.....   | 364,524          | 364,524       | 363,523       | -               | 1,001        |
| TOTAL EXPENDITURES.....   | 27,937,758       | 28,068,058    | 26,287,558    | 980,407         | 800,093      |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES.....   | (1,936,973)      | (2,067,273)   | 259,503       | (980,407)       | 1,346,369    |
| OTHER FINANCING SOURCES (USES):                                     |                  |               |               |                 |              |
| Transfers in.....   | 707,044          | 1,072,044     | 1,072,044     | -               | -            |
| Transfers out.....  | (50,000)         | (533,503)     | (484,390)     | -               | 49,113       |
| TOTAL OTHER FINANCING<br>SOURCES (USES).....                        | 657,044          | 538,541       | 587,654       | -               | 49,113       |
| NET CHANGE IN FUND BALANCE.....                                     | (1,279,929)      | (1,528,732)   | 847,157       | (980,407)       | 1,395,482    |
| BUDGETARY FUND BALANCE, Beginning of year.....                      | 2,616,297        | 2,616,297     | 2,616,297     | -               | -            |
| BUDGETARY FUND BALANCE, End of year.....                            | \$ 1,336,368     | \$ 1,087,565  | \$ 3,463,454  | \$ (980,407)    | \$ 1,395,482 |

See notes to required supplementary information.

# ***Pension Plan Schedules***

The Schedule of the Town's and WBMLP 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 and WBMLP 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  
WORCESTER REGIONAL RETIREMENT SYSTEM**

| <u>Year</u>            | <u>Proportion of<br/>the net pension<br/>liability (asset)</u> | <u>Proportionate<br/>share of the<br/>net pension<br/>liability (asset)</u> | <u>Covered-<br/>payroll</u> | <u>Net pension<br/>liability as a<br/>percentage of<br/>covered-<br/>payroll</u> | <u>Plan fiduciary<br/>net position as<br/>a percentage of<br/>the total<br/>pension liability</u> |
|------------------------|--|---|-----------------------------|--|---|
| December 31, 2020..... | 2.129%   | \$ 15,666,215   | \$ 5,477,605                | 286.00%  | 50.29%  |
| December 31, 2019..... | 2.144%   | 16,035,819  | 5,166,400                   | 310.39%  | 47.36%  |
| December 31, 2018..... | 2.080%   | 16,163,966  | 5,690,295                   | 284.06%  | 43.05%  |
| December 31, 2017..... | 2.090%   | 13,778,439  | 5,126,766                   | 268.75%  | 46.40%  |
| December 31, 2016..... | 2.058%   | 14,497,702  | 5,586,041                   | 259.53%  | 42.00%  |
| December 31, 2015..... | 2.063%   | 11,908,198  | 5,301,789                   | 224.61%  | 44.52%  |

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 MUNICIPAL LIGHT PLANT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
WORCESTER REGIONAL RETIREMENT SYSTEM**

| <u>Year</u>            | <u>Proportion of<br/>the net pension<br/>liability (asset)</u> | <u>Proportionate<br/>share of the<br/>net pension<br/>liability (asset)</u> | <u>Covered-<br/>payroll</u> | <u>Net pension<br/>liability as a<br/>percentage of<br/>covered-<br/>payroll</u> | <u>Plan fiduciary<br/>net position as<br/>a percentage of<br/>the total<br/>pension liability</u> |
|------------------------|--|---|-----------------------------|--|---|
| December 31, 2020..... | 0.365%   | \$ 3,250,391  | \$ 1,000,274                | 324.95%  | 47.36%  |
| December 31, 2019..... | 0.336%   | 3,046,520   | 925,929                     | 329.02%  | 43.05%  |
| December 31, 2018..... | 0.331%   | 2,699,151   | 822,921                     | 328.00%  | 46.40%  |
| December 31, 2017..... | 0.332%   | 3,271,998   | 822,437                     | 397.84%  | 42.00%  |
| December 31, 2016..... | 0.386%   | 2,737,718   | 782,817                     | 349.73%  | 44.52%  |
| December 31, 2015..... | 0.400%   | 2,380,599   | 780,072                     | 305.18%  | 47.94%  |

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  
WORCESTER REGIONAL RETIREMENT SYSTEM**

| Year               | Actuarially<br>determined<br>contribution | Contributions in<br>relation to the<br>actuarially<br>determined<br>contribution | Contribution<br>deficiency<br>(excess) | Covered-<br>payroll | Contributions as<br>a percentage of<br>covered-<br>payroll |
|--------------------|---|--|--|---------------------|--|
| June 30, 2021..... | \$ 1,210,014                              | \$ (1,210,014)   | - \$                                   | 5,532,381           | 21.87%   |
| June 30, 2020..... | 1,118,244                                 | (1,118,244)  | -                                      | 5,218,064           | 21.43%   |
| June 30, 2019..... | 990,692                                   | (990,692)  | -                                      | 5,747,198           | 17.24%   |
| June 30, 2018..... | 868,268                                   | (868,268)  | -                                      | 5,178,034           | 16.77%   |
| June 30, 2017..... | 826,028                                   | (826,028)  | -                                      | 5,641,901           | 14.64%   |
| June 30, 2016..... | 770,129                                   | (770,129)  | -                                      | 5,354,807           | 14.38%   |

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 MUNICIPAL LIGHT PLANT'S CONTRIBUTIONS  
WORCESTER REGIONAL RETIREMENT SYSTEM**

| Year                   | Actuarially<br>determined<br>contribution | Contributions in<br>relation to the<br>actuarially<br>determined<br>contribution | Contribution<br>deficiency<br>(excess) | Covered-<br>payroll | Contributions as<br>a percentage of<br>covered-<br>payroll |
|------------------------|---|--|--|---------------------|--|
| December 31, 2020..... | \$ 222,338                                | \$ (222,338)   | \$ -                                   | \$ 1,000,274        | 22.23%   |
| December 31, 2019..... | 187,054                                   | (187,054)  | -                                      | 925,929             | 20.20%   |
| December 31, 2018..... | 167,489                                   | (167,489)  | -                                      | 822,921             | 20.35%   |
| December 31, 2017..... | 189,754                                   | (189,754)  | -                                      | 822,437             | 23.07%   |
| December 31, 2016..... | 173,511                                   | (173,511)  | -                                      | 782,817             | 22.16%   |
| December 31, 2015..... | 158,098                                   | (158,098)  | -                                      | 780,072             | 20.27%   |

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

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

See notes to required supplementary information.

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

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

| Year      | Commonwealth's<br>100% Share of the<br>Associated Net<br>Pension Liability | Expense and<br>Revenue<br>Recognized for the<br>Commonwealth's<br>Support | Plan Fiduciary Net<br>Position as a<br>Percentage of the<br>Total Liability |
|-----------|--|---|---|
| 2021..... | \$ 30,912,661  | \$ 3,818,157  | 50.67%  |
| 2020..... | 27,733,645   | 3,363,186   | 53.95%  |
| 2019..... | 25,889,588   | 2,623,535   | 54.84%  |
| 2018..... | 24,666,394   | 2,574,503   | 54.25%  |
| 2017..... | 23,696,325   | 2,417,180   | 52.73%  |
| 2016..... | 21,783,289   | 1,766,819   | 55.38%  |
| 2015..... | 16,638,669   | 1,155,968   | 61.64%  |

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

See notes to required supplementary information.

# ***Other Postemployment Benefit Plan Schedules***

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

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

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

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,<br>2019            | June 30,<br>2020            | June 30,<br>2021            |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Total OPEB Liability</b>   |                             |                             |                             |
| Service Cost.....   | \$ 1,105,504                | \$ 1,135,243                | \$ 1,330,629                |
| Interest.....   | 1,082,908                   | 1,154,141                   | 904,211                     |
| Differences between expected and actual experience.....                         | -                           | -                           | -                           |
| Changes of assumptions.....   | -                           | 1,614,682                   | -                           |
| Benefit payments.....   | <u>(1,033,138)</u>          | <u>(1,000,845)</u>          | <u>(998,220)</u>            |
| Net change in total OPEB liability.....   | 1,155,274                   | 2,903,221                   | 1,236,620                   |
| Total OPEB liability - beginning.....   | <u>27,400,159</u>           | <u>28,555,433</u>           | <u>31,458,654</u>           |
| Total OPEB liability - ending (a).....  | <u>\$ 28,555,433</u>        | <u>\$ 31,458,654</u>        | <u>\$ 32,695,274</u>        |
| <b>Plan fiduciary net position</b>  |                             |                             |                             |
| Employer contributions.....   | \$ 100,000                  | \$ 50,000                   | \$ 100,000                  |
| Employer contributions for OPEB payments.....                                   | 1,033,138                   | 1,000,845                   | 998,220                     |
| Net investment income.....  | -                           | 5,987                       | 44,648                      |
| Benefit payments.....   | <u>(1,033,138)</u>          | <u>(1,000,845)</u>          | <u>(998,220)</u>            |
| Net change in plan fiduciary net position.....                                  | 100,000                     | 55,987                      | 144,648                     |
| Plan fiduciary net position - beginning of year.....                            | <u>-</u>                    | <u>100,000</u>              | <u>155,987</u>              |
| Plan fiduciary net position - end of year (b).....                              | <u>\$ 100,000</u>           | <u>\$ 155,987</u>           | <u>\$ 300,635</u>           |
| <b>Net OPEB liability - ending (a)-(b).....</b>                                 | <u><b>\$ 28,455,433</b></u> | <u><b>\$ 31,302,667</b></u> | <u><b>\$ 32,394,639</b></u> |
| Plan fiduciary net position as a percentage of the<br>total OPEB liability..... | 0.4%                        | 0.5%                        | 0.92%                       |
| Covered-employee payroll.....   | \$ 12,273,253               | \$ 11,695,151               | \$ 12,104,571               |
| Net OPEB liability as a percentage of<br>covered-employee payroll.....          | 232.7%                      | 267.66%                     | 267.62%                     |

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

See notes to required supplementary information.

**SCHEDULE OF CHANGES IN THE  
MUNICIPAL LIGHT PLANT NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

|   | June 30,<br>2017         | June 30,<br>2018         | June 30,<br>2019         | June 30,<br>2020         |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total OPEB Liability</b>   |                          |                          |                          |                          |
| Service Cost.....   | \$ 16,317                | \$ 12,744                | \$ 13,317                | \$ 34,202                |
| Interest.....   | 91,592                   | 93,715                   | 78,728                   | 82,512                   |
| Differences between expected and actual experience.....                         | -                        | (241,256)                | -                        | (16,123)                 |
| Changes of assumptions.....   | -                        | -                        | -                        | 480,134                  |
| Benefit payments.....   | (86,095)                 | (65,599)                 | (65,599)                 | (59,230)                 |
| Net change in total OPEB liability.....   | 21,814                   | (200,396)                | 26,446                   | 521,495                  |
| Total OPEB liability - beginning.....   | 1,247,180                | 1,268,994                | 1,068,598                | 1,095,044                |
| Total OPEB liability - ending (a).....  | <u>\$ 1,268,994</u>      | <u>\$ 1,068,598</u>      | <u>\$ 1,095,044</u>      | <u>\$ 1,616,539</u>      |
| <b>Plan fiduciary net position</b>  |                          |                          |                          |                          |
| Employer contributions.....   | \$ 81,222                | \$ 62,755                | \$ 122,823               | \$ 119,230               |
| Net investment income.....  | 75,047                   | 63,705                   | 47,784                   | 195,479                  |
| Benefit payments.....   | (79,889)                 | (61,262)                 | (61,262)                 | (59,230)                 |
| Administrative expense.....   | (1,333)                  | (1,493)                  | (1,562)                  | -                        |
| Net change in plan fiduciary net position.....                                  | 75,047                   | 63,705                   | 107,783                  | 255,479                  |
| Plan fiduciary net position - beginning of year.....                            | 640,331                  | 715,378                  | 779,083                  | 886,866                  |
| Plan fiduciary net position - end of year (b).....                              | <u>\$ 715,378</u>        | <u>\$ 779,083</u>        | <u>\$ 886,866</u>        | <u>\$ 1,142,345</u>      |
| <b>Net OPEB liability - ending (a)-(b).....</b>                                 | <u><b>\$ 553,616</b></u> | <u><b>\$ 289,515</b></u> | <u><b>\$ 208,178</b></u> | <u><b>\$ 474,194</b></u> |
| Plan fiduciary net position as a percentage of the<br>total OPEB liability..... | 56.37%                   | 72.91%                   | 80.99%                   | 70.67%                   |
| Covered-employee payroll.....   | \$ 822,437               | \$ 822,921               | \$ 851,724               | \$ 994,838               |
| Net OPEB liability as a percentage of<br>covered-employee payroll.....          | 67.31%                   | 35.18%                   | 24.44%                   | 47.67%                   |

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

See notes to required supplementary information.

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

| Year               | Actuarially<br>determined<br>contribution | Contributions in<br>relation to the<br>actuarially<br>determined<br>contribution | Contribution<br>deficiency<br>(excess) | Covered-<br>employee payroll | Contributions as<br>a percentage of<br>covered-<br>employee payroll |
|--------------------|---|--|--|------------------------------|---|
| June 30, 2021..... | \$ 998,220                                | \$ (100,000)   | \$ 898,220                             | \$ 12,104,571                | 0.83%   |
| June 30, 2020..... | 1,000,845                                 | (50,000)   | 950,845                                | 11,695,151                   | 0.43%   |
| June 30, 2019..... | 1,033,138                                 | (100,000)  | 933,138                                | 12,273,253                   | 0.81%   |

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 MUNICIPAL LIGHTING PLANT'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

| Year                   | Actuarially<br>determined<br>contribution | Contributions in<br>relation to the<br>actuarially<br>determined<br>contribution | Contribution<br>deficiency<br>(excess) | Covered-<br>employee payroll | Contributions as<br>a percentage of<br>covered-<br>employee payroll |
|------------------------|---|--|--|------------------------------|---|
| December 31, 2020..... | \$ 57,446                                 | \$ (119,230)   | \$ (61,784)                            | \$ 994,838                   | 11.98%  |
| December 31, 2019..... | 62,823                                    | (122,823)  | (60,000)                               | 851,724                      | 14.42%  |
| December 31, 2018..... | 62,755                                    | (67,092)   | (4,337)                                | 822,921                      | 8.15%   |
| December 31, 2017..... | 81,222                                    | (87,428)   | (6,206)                                | 822,437                      | 10.63%  |

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 TOWN'S INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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| <u>Year</u>        | <u>Annual money-weighted<br/>rate of return,<br/>net of investment expense</u> |
|--------------------|--|
| June 30, 2021..... | 23.26%   |
| June 30, 2020..... | 4.50%  |
| June 30, 2019..... | N/A  |

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 MUNICIPAL LIGHT PLANT INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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| Year                   | Annual money-weighted<br>rate of return,<br>net of investment expense |
|------------------------|---|
| December 31, 2020..... | 21.00%  |
| December 31, 2019..... | 18.59%  |
| December 31, 2018..... | -4.38%  |
| December 31, 2017..... | 14.66%  |

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

See notes to required supplementary information.

**NOTE A – BUDGETARY BASIS OF ACCOUNTING**Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2021 approved budget authorized \$27.6 million in appropriations and other amounts to be raised and \$402,000 in encumbrances and continuing appropriations carried over from previous years.

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, 2021, is presented below:

|  |                    |
|--|--------------------|
| Net change in fund balance - budgetary basis.....                                | \$ 847,157         |
| <u>Perspective differences:</u>  |                    |
| Activity of the stabilization fund recorded in the<br>general fund for GAAP..... | (192,624)          |
| <u>Basis of accounting differences:</u>  |                    |
| Net change in recording tax refunds payable.....                                 | (55,380)           |
| Net change in recording 60 day receipts.....                                     | (74,790)           |
| Recognition of revenue for on-behalf payments.....                               | 3,818,157          |
| Recognition of expenditures for on-behalf payments.....                          | <u>(3,818,157)</u> |
| Net change in fund balance - GAAP basis.....                                     | \$ <u>524,363</u>  |

**NOTE B – PENSION PLAN**Schedule of the Town and Plant'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 and Plant'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.

Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

Changes in Assumptions

The investment rate of return assumption decreased from 7.65% to 7.50%.

Changes in Plan Provisions

None.

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The Town of West Boylston administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers. The Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go. In accordance with *Governmental Accounting Standards*, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.



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

The Schedule of Changes in the Town and Plant'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 and Plant's Contributions

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

|                                |  |
|--------------------------------|--|
| Valuation date.....            | July 1, 2020   |
| Actuarial cost method.....     | Individual Entry Age Normal Cost Method.   |
| Discount rate.....             | 2.8%.  |
| Investment rate of return..... | 2.8%, net of investment expenses. Previously, 4.0%.  |
| Inflation rate.....            | 3.0%.  |
| Medical care inflation.....    | 4.5%.  |
| Current employees.....         | Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average current cost. This weighted average current cost is based on the medical plan coverage of current retirees under 65. At age 65 active participants are assumed to participate in the same manner as current retirees over age 65 in Medical Supplemental plans.  |
| Pre-age 65 retirees.....       | Current retirees, spouses and beneficiaries who are under age 65 are assumed to remain in their current medical plan until age 65. At age 65, all participants are assumed to participate in Medicare supplement plan in the same proportions as current post 65 retirees. Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65. At age 65, all participants are assumed to participate in post 65 Medicare Supplemental plans in the same proportions as current retirees over age 65. |

|                           |   |
|---------------------------|---|
| Post-age 65 retirees..... | Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. Amounts to be received in the future for the Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.  |
| Mortality.....            | <p>It is assumed that both pre-retirement mortality and beneficiary mortality is presented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational.</p> <p>Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the PR-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational.</p> <p>Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.</p> |

#### Schedule of Investment Returns

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

#### Changes of Assumptions

None.

#### Changes in Provisions

None.