

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF GROTON, MASSACHUSETTS

Report on Examination of the Basic Financial Statements and
Additional Information

Year Ended June 30, 2021



TOWN OF GROTON, MASSACHUSETTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of Selectmen
Town of Groton, 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 Groton, Massachusetts, (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, except for the Groton Electric Light Department, (the "Light Department", "Electric Light Department" or "GELD") which is as of December 31, 2020 and is a Town department reported as an enterprise fund and part of the Town's business-type funds. We did not audit the financial statements of the Light Department which represented 48% and 79% of the assets and revenues of the combined enterprise funds within the Town's 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 those amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2021, (except for the Light Department, which is as of December 31, 2020) and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 28, 2022 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Roselli, Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts 01801
January 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Groton, Massachusetts (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021 (December 31, 2020, for the Groton Electric Light Department). We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information found in this report.

Financial Highlights

- The assets and deferred outflows of financial resources for the Town exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by nearly \$54.6 million (*total net position*). This was an increase of over \$1.2 million over the prior year. This consisted of an increase to governmental activities by nearly \$0.9 million and business-type activities by over \$0.3 million.
- At the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance of nearly \$13.7 million, which is approximately \$0.2 million higher than the prior year. The Town reported a fund balance increase of approximately \$0.8 million in both its general fund and library trust major fund. The community preservation act major fund, capital projects major funds and the nonmajor governmental funds decreased approximately \$0.2 million, \$1.0 million, and \$0.1 million, respectively.
- Of the ending fund balance in the Town's governmental funds, the Town reports unassigned fund balance at year-end of approximately \$4.8 million, consisting of over \$5.6 million balance in the general fund and unassigned fund deficits reported in the capital projects major funds of over \$0.8 million. The remaining balances are earmarked for specific expenditures or is in nonspendable form.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was nearly 14% of the total general fund expenditures and the total general fund balance was over 16% of the total general fund expenditures.
- The Town's total long-term debt in its governmental activities and business-type activities decreased by nearly \$2.2 million in the fiscal year due to regular scheduled maturities.

Overview of the Financial Statements

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

Government-Wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

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

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, regionalized education, health and human services, culture and recreation, fringe benefits and debt service. The business-type activities of the Town include water, sewer, cable access, stormwater drainage and electric light enterprise funds.

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

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

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

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community preservation act fund, library trust funds, and capital projects funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes in this report.

Proprietary Funds – *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, cable access, stormwater drainage and electric light activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town includes the activities of the other postemployment trust benefits trust funds for both the Town and Electric Department and public assistance and scholarship funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other postemployment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.

Government-Wide Financial Analysis

The following table present the condensed comparative statements of net position:

	Governmental activities		Business-type activities		Total	
	June 30,		June 30,		June 30,	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current and other assets	\$ 18,419,905	\$ 16,413,295	\$ 9,125,405	\$ 6,843,441	\$ 27,545,310	\$ 23,256,736
Capital assets, net	61,845,109	61,775,238	31,398,884	31,518,371	93,243,993	93,293,609
Total assets	80,265,014	78,188,533	40,524,289	38,361,812	120,789,303	116,550,345
Deferred outflows of resources	3,203,464	4,902,054	2,036,142	2,124,006	5,239,606	7,026,060
<u>Liabilities</u>						
Long-term liabilities	47,131,668	48,100,606	11,794,866	11,373,140	58,926,534	59,473,746
Other liabilities	3,136,094	2,769,504	2,769,175	2,217,611	5,905,269	4,987,115
Total liabilities	50,267,762	50,870,110	14,564,041	13,590,751	64,831,803	64,460,861
Deferred inflows of resources	3,079,534	2,969,882	3,529,005	3,151,125	6,608,539	6,121,007
<u>Net Position</u>						
Net investment in capital assets	76,507,435	41,154,528	27,870,322	27,596,107	104,377,757	68,750,635
Restricted	7,679,782	8,139,518	-	-	7,679,782	8,139,518
Unrestricted	(54,066,035)	(20,043,451)	(3,402,937)	(3,852,165)	(57,468,972)	(23,895,616)
Net Position	\$ 30,121,182	\$ 29,250,595	\$ 24,467,385	\$ 23,743,942	\$ 54,588,567	\$ 52,994,537

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by almost \$54.6 million (total net position).

By far the largest portion (approximately \$104.4 million) of the Town's overall net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, 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 total net position (almost \$7.7 million) represents resources that are subject to external restrictions on how they may be used.

The remaining category represents *unrestricted net position*, which is currently in a deficit position of nearly \$57.5 million. This is primarily a result of the recognition of net other postemployment benefits and net pension liabilities. The Town expects the annual provision for this liability will continue to decrease unrestricted net position for the foreseeable future.

The following table presents the condensed comparative statement of activities in net position:

	Governmental activities		Business-type activities		Total	
	June 30,		June 30,		June 30,	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 2,183,316	\$ 1,736,958	\$ 13,154,324	\$ 12,476,296	\$ 15,337,640	\$ 14,213,254
Operating grants and	2,321,764	1,893,097	-	106,163	2,321,764	1,999,260
Capital grants and contributions	1,059,096	30,300	80,721	-	1,139,817	30,300
General revenues:						
Property taxes	35,997,309	34,312,977	-	-	35,997,309	34,312,977
Intergovernmental	465,778	900,236	-	-	465,778	900,236
Other	3,127,566	2,570,901	52,286	-	3,179,852	2,570,901
Total revenues	45,154,829	41,444,469	13,287,331	12,582,459	58,442,160	54,026,928
Expenses						
General government	4,611,348	3,838,900	-	-	4,611,348	3,838,900
Public safety	9,843,956	8,541,240	-	-	9,843,956	8,541,240
Education	23,413,553	23,281,442	-	-	23,413,553	23,281,442
Public works	2,896,845	2,873,892	-	-	2,896,845	2,873,892
Health and human services	697,357	508,145	-	-	697,357	508,145
Culture and recreation	2,352,135	1,766,677	-	-	2,352,135	1,766,677
Debt service	469,048	608,195	-	-	469,048	608,195
Water	-	-	1,346,948	2,115,769	1,346,948	2,115,769
Sewer	-	-	882,988	990,685	882,988	990,685
Cable access	-	-	233,744	230,093	233,744	230,093
Stormwater drainage	-	-	58,866	-	58,866	-
Electric Light Department	-	-	10,382,842	10,246,669	10,382,842	10,246,669
Total expenses	44,284,242	41,418,491	12,905,388	13,583,216	57,189,630	55,001,707
Change in net assets before	870,587	25,978	381,943	(1,000,757)	1,252,530	(974,779)
Transfers	-	(122,700)	(33,800)	572,432	(33,800)	449,732
Change in net position	870,587	(96,722)	348,143	(428,325)	1,218,730	(525,047)
Net position, beginning of year	29,250,595	29,347,317	23,743,942	24,172,267	52,994,537	53,519,584
Net position, beginning of year, as restated	-	-	375,300	-	375,300	-
Net position, end of year	\$ 30,121,182	\$ 29,250,595	\$ 24,467,385	\$ 23,743,942	\$ 54,588,567	\$ 52,994,537

Governmental Activities – Total revenues in fiscal year 2021 in the Town’s governmental activities increased over \$3.7 million from fiscal year 2020. The increase is primarily due to almost \$1.7 million higher property tax revenue and over \$1.0 million in additional capital grants for asset construction and development projects.

The Town’s largest revenue source is property taxes which represented 79% of total revenues. As discussed, the current amount represented a dollar increase of almost \$1.7 million. This increase was expected as the Town is allowed to assess property taxes at 2 ½% above the prior year amount. In addition, amounts assessed greater than this that are attributed to debt exclusion and new growth are also legally permissible.

Other revenue amounts were minor in amount or did not vary greatly from the prior year.

Major expenses were for education which continues to be an area that the Town devotes significant resources. Education expenses total approximately 53% of total annual expenditures in the current year; educational services are provided through a regional school district. In terms of gross dollars, education expenses were consistent with the prior year. General government expenses increased approximately \$0.8 million and public safety expenses increased over \$1.3 million due to costs associated with the response to the pandemic and general cost of living increases. All other expense categories were consistent with the prior year.

Business-type Activities – User charges for water, sewer, cable access, stormwater drainage, and electric light services represent virtually all the reported fiscal year 2021 revenues in the Town’s business-type activities. The Town’s water, sewer, stormwater drainage, and electric light enterprise funds reported positive results from operations; the Town’s cable access enterprise fund reported a small loss from operations which is anticipated to be funded through existing, future revenue sources. This was the initial year of existence for the stormwater drainage enterprise fund, so expense activity was limited as the Town began to fund operations. Combined net position increased by over \$0.3 million which was about \$0.7 million higher than the prior year decrease of over \$0.4 million. This was mainly due to increased revenue in the water and sewer enterprise funds as consumption was noted as increasing with COVID-19 shelter-in-place mandates, combined with a significant decrease in water maintenance costs in the current year.

Government Funds Financial Analysis

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.

The following describe activity in each of the major funds that make up the governmental funds:

General Fund – Unassigned fund balance in the general fund is perhaps the most important number on the balance sheet it serves as a useful measure of a government’s net resources available for spending at the end of the fiscal year and an amount that is commonly measured against its peers when assessing a bond rating.

As of the close of the fiscal year, the Town’s general fund unassigned fund balance had reached nearly \$5.6 million (about 14% of expenditures) while total fund balance reached over \$6.6 million (over 16% of

expenditures). This represented an increase of over \$0.8 million over the prior year with current year revenues approximating expenditures.

Community Preservation Act Fund - The Community Preservation Fund decreased almost \$220,000; the Town spent from appropriated earmarks about \$1.0 million for eligible projects and transferred over \$0.4 million to nonmajor governmental fund projects for affordable housing and conservation against receipts of nearly \$1.2 million. Fund balance resulted in a total of over \$1.0 million and was classified as restricted.

Library Trust Funds - The Library Trust Funds increased almost \$0.8 million with nonsignificant expenditures incurred during the year. These funds are being accumulated for the sole purpose of supporting the Town's local library operations and facilities. Fund balance totals nearly \$5.0 million and was classified as restricted.

Capital Projects Funds – This account was set up to report the activity related to the Town's various authorized capital projects. Spending during the fiscal year was approximately \$1.9 million with multiple building, infrastructure, and vehicle activities. The accumulated activity increased the combined legal deficits in this account to about \$0.8 million. These deficits are expected to be cured at the time the Town converts its remaining short-term debt to permanent financing and obtains new financing. The deficits have been classified as unassigned since it is a deficit.

Combined Nonmajor Fund – Revenue and expenditures in the combined nonmajor fund are expected to net over time and any increases or decreases are a product of timing of revenues and expenses. In the current year operations, expenditures and transfers exceeded revenues by approximately \$0.1 million. Overall activity within the fund was a result of higher pandemic response costs. Any deficit fund balances would be classified as unassigned, a trivial amount represents corpus of endowments and is recorded as nonspendable, and the remainder as restricted.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, net position of the water, sewer, cable access, stormwater drainage, and electric light department funds were approximately \$9.7 million, \$5.8 million, (\$0.2) million, \$0.1 million, and \$9.1 million respectively. The Town's water, sewer, stormwater drainage, and electric light enterprise funds reported positive results from operations; the Town's cable access enterprise fund reported a small loss from operations which is anticipated to be funded through existing, future revenue sources. This was the initial year of existence for the stormwater drainage enterprise fund, so expense activity was limited as the Town began to fund operations. Combined net position increased by over \$0.3 million which was about \$0.7 million higher than the prior year decrease of over \$0.4 million.

Fiduciary Fund – The Town's fiduciary fund is comprised of the Private Purpose Trust Funds and Other Postemployment Benefit Trust Funds for the Town and Electric Light Department.

General Fund Budgetary Highlights

Differences between the original operating budget and the final amended operating budget were not significant. A budget to actual schedule for the general fund has been provided as required supplementary information.

Capital Asset and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to nearly \$93.2 million, net of accumulated depreciation. This investment in

capital assets includes land, buildings and system improvements, machinery and equipment and reflects a decrease of approximately \$0.05 million. This decrease was a result of current year additions totaling less than current year depreciation. Additions were comprised of a various asset class-based expenses including buildings, infrastructure, machinery, equipment, and vehicles.

Additional information on the Town capital assets can be found in Note II, Section D of this report.

Long-Term Debt – The Town’s total general obligation bond and notes payable debt decreased by nearly \$2.2 million to almost \$22.2 million as a result of regular maturities.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town’s boundaries. Debt service from such arrangements is assessed annually to the Town. Additional information on the Town’s debt can be found in Note II, Sections F and G of this report.

Economic Factors and Next Year’s Budgets and Rates

- The Town’s real estate tax base is made up predominantly of residential taxes, which in setting the tax rate is typically 94% of the entire levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town’s ability to increase taxes in any one year by more than 2 ½% of the previous year’s tax levy. The Town has recently been maintaining approximately \$0.3 million of excess levy capacity for future appropriation.
- The Town’s unemployment rate remains stable, however unemployment rates throughout the Commonwealth and the nation are near historic highs due to the impact of the COVID-19 pandemic.
- The Town anticipates state aid for 2022 to remain relatively consistent with the prior year.

The above items were considered when the Town authorized its budget for fiscal year 2022 at the May 2021 Town Meeting. The Town’s tax rate for fiscal 2022 was set in December 2021.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, Town Hall, 173 Main Street, Groton, Massachusetts 01450.

TOWN OF GROTON, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,265,830	\$ 3,605,355	\$ 13,871,185
Investments	6,470,508	1,617,898	8,088,406
Receivables, net of allowance for uncollectibles:			
Property taxes	706,336	-	706,336
User fees	-	1,702,503	1,702,503
Betterments	-	106,031	106,031
Departmental and other	861,518	166,301	1,027,819
Intergovernmental	70,123	49,167	119,290
Tax foreclosures	45,590	-	45,590
Inventory	-	544,598	544,598
Prepaid items	-	86,424	86,424
Purchased power working capital	-	991,899	991,899
Capital assets, not being depreciated	30,089,261	2,215,556	32,304,817
Capital assets, net of depreciation	31,755,848	29,183,328	60,939,176
Net OPEB asset	-	255,229	255,229
Total Assets	80,265,014	40,524,289	120,789,303
Deferred Outflows of Resources			
Related to net pension liability	1,776,846	1,595,499	3,372,345
Related to net other postemployment benefits liability	1,426,618	440,643	1,867,261
Total Deferred Outflows of Resources	3,203,464	2,036,142	5,239,606
Current liabilities:			
Warrants and accounts payable	1,439,741	1,266,554	2,706,295
Accrued expenses	-	275,651	275,651
Accrued payroll and withholdings	89,755	-	89,755
Other liabilities	101,553	-	101,553
Unearned revenue	592,686	-	592,686
Due to other governments	288,399	-	288,399
Short-term notes payable	623,960	1,226,970	1,850,930
Noncurrent liabilities:			
Due in one year or less	1,588,666	474,991	2,063,657
Due in more than one year	45,543,002	11,319,875	56,862,877
Total Liabilities	50,267,762	14,564,041	64,831,803
Deferred Inflows of Resources			
Related to net pension liability	1,232,090	371,749	1,603,839
Related to net other postemployment benefits liability	1,847,444	680,953	2,528,397
Other Light Department inflows	-	2,476,303	2,476,303
Total Deferred Inflows of Resources	3,079,534	3,529,005	6,608,539
Net investment in capital assets	76,507,435	27,870,322	104,377,757
Restricted for:			
Nonexpendable funds	20,710	-	20,710
Library trust funds	4,980,785	-	4,980,785
Community preservation	1,059,557	-	1,059,557
Other purposes	1,618,730	-	1,618,730
Unrestricted	(54,066,035)	(3,402,937)	(57,468,972)
Total Net Position	\$ 30,121,182	\$ 24,467,385	\$ 54,588,567

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>							
General government	\$ 4,611,348	\$ 271,150	\$ 207,590	\$ 328,070	\$ (3,804,538)		\$ (3,804,538)
Public safety	9,843,956	914,367	1,108,060	-	(7,821,529)		(7,821,529)
Education	23,413,553	-	891,727	-	(22,521,826)		(22,521,826)
Public works	2,896,845	327,123	7,450	731,026	(1,831,246)		(1,831,246)
Health and human services	697,357	736	65,854	-	(630,767)		(630,767)
Culture and recreation	2,352,135	669,940	41,083	-	(1,641,112)		(1,641,112)
Debt service	469,048	-	-	-	(469,048)		(469,048)
Total Governmental Activities	44,284,242	2,183,316	2,321,764	1,059,096	(38,720,066)		(38,720,066)
<u>Business-Type Activities:</u>							
Water	1,346,948	1,401,874	-	39,517		\$ 94,443	94,443
Sewer	882,988	948,664	-	41,204		106,880	106,880
Cable access	233,744	167,797	-	-		(65,947)	(65,947)
Stormwater drainage	58,866	169,756	-	-		110,890	110,890
Electric Light Department (December 31, 2020)	10,382,842	10,466,233	-	-		83,391	83,391
Total Primary Government	<u>\$ 57,189,630</u>	<u>\$ 15,337,640</u>	<u>\$ 2,321,764</u>	<u>\$ 1,139,817</u>	(38,720,066)	329,657	(38,390,409)
<u>General Revenues:</u>							
					35,997,309	-	35,997,309
					2,023,446	-	2,023,446
					465,778	-	465,778
					140,840	-	140,840
					963,280	52,286	1,015,566
					-	(33,800)	(33,800)
					39,590,653	18,486	39,609,139
					870,587	348,143	1,218,730

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

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

	General Fund	Community Preservation Act Fund	Library Trust Funds	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 5,014,326	\$ 1,136,447	\$ 1,418,219	\$ 324,189	\$ 2,372,649	\$ 10,265,830
Investments	2,907,942	-	3,562,566	-	-	6,470,508
Receivables, net of allowance						
Property taxes	694,844	11,492	-	-	-	706,336
Excise taxes	247,875	-	-	-	-	247,875
Departmental and other	462,250	4,573	-	-	146,820	613,643
Intergovernmental	-	-	-	27,951	42,172	70,123
Tax foreclosures	45,590	-	-	-	-	45,590
Total Assets	<u>9,372,827</u>	<u>1,152,512</u>	<u>4,980,785</u>	<u>352,140</u>	<u>2,561,641</u>	<u>18,419,905</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,372,827</u>	<u>\$ 1,152,512</u>	<u>\$ 4,980,785</u>	<u>\$ 352,140</u>	<u>\$ 2,561,641</u>	<u>\$ 18,419,905</u>
Liabilities:						
Warrants and accounts payable	\$ 793,636	\$ 76,890	\$ -	\$ 386,520	\$ 182,695	\$ 1,439,741
Accrued payroll and withholdings	89,755	-	-	-	-	89,755
Other liabilities	101,553	-	-	-	-	101,553
Unearned revenue	-	-	-	-	592,686	592,686
Planning and performance bonds	288,399	-	-	-	-	288,399
Short-term notes payable	-	-	-	623,960	-	623,960
Total Liabilities	<u>1,273,343</u>	<u>76,890</u>	<u>-</u>	<u>1,010,480</u>	<u>775,381</u>	<u>3,136,094</u>
Deferred Inflows of Resources:						
Unearned revenue - property taxes	694,844	11,492	-	-	-	706,336
Unearned revenue - excise taxes	247,875	-	-	-	-	247,875
Unearned revenue - departmental and other	507,840	4,573	-	-	146,820	659,233
Total Deferred Inflows of Resources	<u>1,450,559</u>	<u>16,065</u>	<u>-</u>	<u>-</u>	<u>146,820</u>	<u>1,613,444</u>
Fund Balances:						
Nonspendable	-	-	-	-	20,710	20,710
Restricted	-	1,059,557	4,980,785	182,321	1,618,730	7,841,393
Committed	851,880	-	-	-	-	851,880
Assigned	165,084	-	-	-	-	165,084
Unassigned	5,631,961	-	-	(840,661)	-	4,791,300
Total Fund Balances	<u>6,648,925</u>	<u>1,059,557</u>	<u>4,980,785</u>	<u>(658,340)</u>	<u>1,639,440</u>	<u>13,670,367</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,372,827</u>	<u>\$ 1,152,512</u>	<u>\$ 4,980,785</u>	<u>\$ 352,140</u>	<u>\$ 2,561,641</u>	<u>\$ 18,419,905</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

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

Total Governmental Fund Balances		\$ 13,670,367
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		61,845,109
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the governmental funds.		1,613,444
Deferred outflows and inflows of resources to be recognized in future fiscal years are not available resources and, therefore, are not reported in the funds:		
Deferred outflows related to net pension liability	1,776,846	
Deferred inflows related to net pension liability	(1,232,090)	
Deferred outflows related to net other postemployment benefits liability	1,426,618	
Deferred inflows related to net other postemployment benefits liability	<u>(1,847,444)</u>	
Net effect of reporting deferred outflows and inflows of resources		123,930
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds:		
Bonds and notes payable	(18,288,800)	
Unamortized bond premiums	(634,050)	
Landfill postclosure	(583,014)	
Compensated absences	(541,525)	
Net pension liability	(19,341,661)	
Net other postemployment benefits liability	<u>(7,742,618)</u>	
Net effect of reporting long-term liabilities		<u>(47,131,668)</u>
Net Position of Governmental Activities		<u>\$ 30,121,182</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

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

	General Fund	Community Preservation Act Fund	Library Trust Funds	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net	\$ 34,956,639	\$ 816,309	\$ -	\$ -	\$ -	\$ 35,772,948
Intergovernmental	1,867,553	328,070	-	627,885	1,333,082	4,156,590
Motor vehicle and other excises	1,877,617	-	-	-	2,101	1,879,718
Departmental and other revenue	1,246,327	-	-	-	672,428	1,918,755
License and permits	465,011	-	-	-	-	465,011
Penalties and interest on taxes	140,840	-	-	-	-	140,840
Fines and forfeitures	23,548	-	-	-	-	23,548
Investment income	120,963	6,998	829,030	-	6,289	963,280
Contributions and donations	-	3,700	-	91,041	72,769	167,510
Total Revenues	<u>40,698,498</u>	<u>1,155,077</u>	<u>829,030</u>	<u>718,926</u>	<u>2,086,669</u>	<u>45,488,200</u>
Expenditures:						
Current:						
General government	2,678,250	242,673	-	-	270,997	3,191,920
Public safety	4,737,258	-	-	1,277,885	1,581,104	7,596,247
Education	23,680,684	-	-	376,000	-	24,056,684
Public works	1,772,580	-	-	266,579	33,206	2,072,365
Health and human services	304,353	45,994	78,976	7,749	31,704	468,776
Culture and recreation	1,398,199	180,972	-	-	46,754	1,625,925
Pensions and other fringes	3,923,531	-	-	-	-	3,923,531
State and county tax assessments	94,829	-	-	-	-	94,829
Debt service:						
Principal	1,154,600	465,000	-	-	10,200	1,629,800
Interest expense	607,786	17,891	-	-	-	625,677
Total Expenditures	<u>40,352,070</u>	<u>952,530</u>	<u>78,976</u>	<u>1,928,213</u>	<u>1,973,965</u>	<u>45,285,754</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>346,428</u>	<u>202,547</u>	<u>750,054</u>	<u>(1,209,287)</u>	<u>112,704</u>	<u>202,446</u>
Other Financing Sources (Uses):						
Transfers in	692,543	-	-	230,013	421,239	1,343,795
Transfers out	(196,413)	(421,000)	-	(56,338)	(670,044)	(1,343,795)
Total Other Financing Sources (Uses)	<u>496,130</u>	<u>(421,000)</u>	<u>-</u>	<u>173,675</u>	<u>(248,805)</u>	<u>-</u>
Net Change in Fund Balances	<u>842,558</u>	<u>(218,453)</u>	<u>750,054</u>	<u>(1,035,612)</u>	<u>(136,101)</u>	<u>202,446</u>
Fund Balances - Beginning	<u>5,806,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,661,554</u>	<u>13,467,921</u>
Prior period adjustment (see Note V)	<u>-</u>	<u>1,278,010</u>	<u>4,230,731</u>	<u>377,272</u>	<u>(5,886,013)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,648,925</u>	<u>\$ 1,059,557</u>	<u>\$ 4,980,785</u>	<u>\$ (658,340)</u>	<u>\$ 1,639,440</u>	<u>\$ 13,670,367</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

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

Net Change in Fund Balances - Total Governmental Fund Balances	\$	202,446
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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. This amount represents the net amount of depreciation expense in excess of capital outlay. The amounts are represented here as reconciling items:

Capital outlays	\$ 1,629,657	
Depreciation expense	(1,559,784)	
Net effect of reporting capital assets		69,873

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:

Payment of capital lease obligation	4,933	
Amortization of premium on bonds and notes	89,042	
Principal payments of debt	1,629,800	
Net effect of reporting long-term debt		1,723,775

In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.

67,587

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds

(333,363)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences, net	13,991	
Landfill postclosure	20,104	
Pension benefits	(727,082)	
Other postemployment benefits	(166,744)	
Net effect of reporting long-term liabilities		(859,731)

Change in Net Position of Governmental Activities	\$	870,587
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See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	Business-type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2020)	Totals
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,592,536	\$ 1,174,048	\$ 209,557	\$ 99,097	\$ 530,117	\$ 3,605,355
Investments	-	-	-	-	1,617,898	1,617,898
User fees, net of allowance	322,217	334,949	-	12,517	1,032,820	1,702,503
Other receivables	-	-	-	-	166,301	166,301
Intergovernmental receivables	48,296	871	-	-	-	49,167
Inventory	-	-	-	-	544,598	544,598
Purchased power working capital	-	-	-	-	991,899	991,899
Prepaid items	-	-	-	-	86,424	86,424
Total current assets	<u>1,963,049</u>	<u>1,509,868</u>	<u>209,557</u>	<u>111,614</u>	<u>4,970,057</u>	<u>8,764,145</u>
Noncurrent assets:						
Receivables, net:						
Betterments	-	106,031	-	-	-	106,031
Capital assets, not being depreciated	730,597	-	-	-	1,484,959	2,215,556
Capital assets, net of depreciation	11,751,129	4,680,598	3,673	-	12,747,928	29,183,328
Net OPEB asset	-	-	-	-	255,229	255,229
Total noncurrent assets	<u>12,481,726</u>	<u>4,786,629</u>	<u>3,673</u>	<u>-</u>	<u>14,488,116</u>	<u>31,760,144</u>
Total Assets	<u>14,444,775</u>	<u>6,296,497</u>	<u>213,230</u>	<u>111,614</u>	<u>19,458,173</u>	<u>40,524,289</u>
Deferred Outflows of Resources						
Related to net pension liability	82,332	19,040	32,316	-	1,461,811	1,595,499
Related to net other postemployment benefits liability	284,423	65,001	9,359	-	81,860	440,643
Total Deferred Outflows of Resources	<u>366,755</u>	<u>84,041</u>	<u>41,675</u>	<u>-</u>	<u>1,543,671</u>	<u>2,036,142</u>
Liabilities:						
Current liabilities:						
Warrants and accounts payable	16,480	93,061	744	223	1,156,046	1,266,554
Accrued expenses	-	-	-	-	275,651	275,651
Short-term notes payable	1,226,970	-	-	-	-	1,226,970
Bond and note indebtedness	342,202	30,400	-	-	98,013	470,615
Compensated absences	2,838	943	595	-	-	4,376
Total current liabilities	<u>1,588,490</u>	<u>124,404</u>	<u>1,339</u>	<u>223</u>	<u>1,529,710</u>	<u>3,244,166</u>
Noncurrent liabilities:						
Bond and note indebtedness	1,236,931	110,800	-	-	1,427,914	2,775,645
Compensated absences	25,543	8,485	5,358	-	-	39,386
Customer deposits and advances	-	-	-	-	414,571	414,571
Other liabilities	-	-	-	-	136,959	136,959
Other postemployment benefits	1,040,617	92,227	50,794	-	-	1,183,638
Net pension liability	896,215	207,254	351,774	-	5,314,433	6,769,676
Total noncurrent liabilities	<u>3,199,306</u>	<u>418,766</u>	<u>407,926</u>	<u>-</u>	<u>7,293,877</u>	<u>11,319,875</u>
Total Liabilities	<u>4,787,796</u>	<u>543,170</u>	<u>409,265</u>	<u>223</u>	<u>8,823,587</u>	<u>14,564,041</u>
Deferred Inflows of Resources						
Related to net pension liability	57,090	13,202	22,408	-	279,049	371,749
Related to net other postemployment benefits liability	235,788	20,897	59,119	-	365,149	680,953
Other light department inflows	-	-	-	-	2,476,303	2,476,303
Total Deferred Inflows of Resources	<u>292,878</u>	<u>34,099</u>	<u>81,527</u>	<u>-</u>	<u>3,120,501</u>	<u>3,529,005</u>
Net Position:						
Net investment in capital assets	10,620,291	4,539,398	3,673	-	12,706,960	27,870,322
Unrestricted	(889,435)	1,263,871	(239,560)	111,391	(3,649,204)	(3,402,937)
Total Net Position	<u>\$ 9,730,856</u>	<u>\$ 5,803,269</u>	<u>\$ (235,887)</u>	<u>\$ 111,391</u>	<u>\$ 9,057,756</u>	<u>\$ 24,467,385</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2020)	Totals
Operating Revenues:						
Usage charges	\$ 1,392,447	\$ 943,652	\$ 167,797	\$ 169,756	\$ 9,979,340	\$ 12,652,992
Other fees	9,427	5,012	-	-	486,893	501,332
Total Operating Revenues	1,401,874	948,664	167,797	169,756	10,466,233	13,154,324
Operating Expenses:						
Operating costs	882,245	686,394	226,400	58,866	9,726,695	11,580,600
Depreciation	407,245	188,164	7,344	-	578,192	1,180,945
Total Operating Expenses	1,289,490	874,558	233,744	58,866	10,304,887	12,761,545
Total Operating Income	112,384	74,106	(65,947)	110,890	161,346	392,779
Nonoperating Income (Expenses):						
Intergovernmental	39,517	758	-	-	-	40,275
Betterments	-	40,446	-	-	-	40,446
Interest income	8,598	4,320	1,538	501	37,329	52,286
Interest expense	(57,458)	(8,430)	-	-	(77,955)	(143,843)
Total Nonoperating Revenues (Expenses), net	(9,343)	37,094	1,538	501	(40,626)	(10,836)
Income (Loss) Before Transfers and Capital Contributions	103,041	111,200	(64,409)	111,391	120,720	381,943
Transfers out	-	-	-	-	(33,800)	(33,800)
Change in Net Position	103,041	111,200	(64,409)	111,391	86,920	348,143
Net Position - Beginning of year	9,357,416	5,587,168	(171,478)	-	8,970,836	23,743,942
Prior period adjustment (see Note V)	270,399	104,901	-	-	-	375,300
Net Position - Ending	<u>\$ 9,730,856</u>	<u>\$ 5,803,269</u>	<u>\$ (235,887)</u>	<u>\$ 111,391</u>	<u>\$ 9,057,756</u>	<u>\$ 24,467,385</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

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

	Business-type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2020)	Totals
Cash Flows from Operating Activities:						
Receipts from users	\$ 1,365,476	\$ 908,026	\$ 167,797	\$ 157,239	\$ 10,013,712	\$ 12,612,250
Payments to vendors	(760,536)	(473,521)	(50,379)	(27,313)	(6,719,184)	(8,030,933)
Payments to employees	(249,703)	(116,911)	(162,222)	(31,330)	(2,613,229)	(3,173,395)
Rents from Electric Property	-	-	-	-	268,201	268,201
Payment in lieu of taxes	-	-	-	-	(33,800)	(33,800)
Net Cash Provided by (Used for) Operating Activities	355,237	317,594	(44,804)	98,596	915,700	1,642,323
Cash Flows from Noncapital Related Financing Activities:						
Transfers in	-	-	-	-	-	-
Net Cash Provided by Noncapital Related Financing Activities	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities:						
Grant received from Commonwealth	39,516	834	-	-	-	40,350
Capital contribution	-	-	-	-	-	-
Net transfers to depreciation fund	-	-	-	-	(100,011)	(100,011)
Net transfers from rate stabilization	-	-	-	-	120,000	120,000
Proceeds from issuance of short-term notes	1,022,300	-	-	-	-	1,022,300
Customer advances for construction	-	40,446	-	-	305,790	346,236
Acquisition and construction of capital assets	-	-	-	-	(1,061,458)	(1,061,458)
Principal payments on bonds	(369,521)	(30,400)	-	-	(90,000)	(489,921)
Interest paid	(70,620)	(10,149)	-	-	(78,314)	(159,083)
Net Cash Used for Capital and Related Financing Activities	621,675	731	-	-	(903,993)	(281,587)
Cash Flows from Investing Activities:						
Investment income	8,598	4,320	1,538	501	9,543	24,500
Interest expense	-	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	8,598	4,320	1,538	501	9,543	24,500
Net Change in Cash and Cash Equivalents	985,510	322,645	(43,266)	99,097	21,250	1,385,236
Cash and Cash Equivalents:						
Beginning of year	607,026	851,403	252,823	-	508,867	2,220,119
End of year	<u>\$ 1,592,536</u>	<u>\$ 1,174,048</u>	<u>\$ 209,557</u>	<u>\$ 99,097</u>	<u>\$ 530,117</u>	<u>\$ 3,605,355</u>
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:						
Operating income (loss)	\$ 112,384	\$ 74,106	\$ (65,947)	\$ 110,890	\$ 161,346	\$ 392,779
Payment in lieu of taxes	-	-	-	-	-	-
Depreciation	407,245	188,164	7,344	-	545,834	1,148,587
Allowance for doubtful accounts	-	-	-	-	1,638	1,638
Indemnity reserve	-	-	-	-	956	956
Rate stabilization	-	-	-	-	(95,823)	(95,823)
Appropriation in lieu of taxes	-	-	-	-	(33,800)	(33,800)
Pension expense	-	-	-	-	962,497	962,497
OPEB expense (income)	-	-	-	-	(10,358)	(10,358)
Changes in assets and liabilities:						
Receivables (net)	(36,398)	(40,638)	-	(12,517)	(153,779)	(243,332)
Inventory	-	-	-	-	(31,308)	(31,308)
Prepaid items	-	-	-	-	11,872	11,872
Deferred outflows of resources	23,374	(45,601)	35,078	-	(423,197)	(410,346)
Deferred inflows of resources	6,015	13,268	40,249	-	-	59,532
Liabilities (net)	(157,383)	128,295	(61,528)	223	(20,178)	(110,571)
Net Cash Provided By (Used For) Operating Activities	<u>\$ 355,237</u>	<u>\$ 317,594</u>	<u>\$ (44,804)</u>	<u>\$ 98,596</u>	<u>\$ 915,700</u>	<u>\$ 1,642,323</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

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

	Other Postemployment Benefit Trust Fund		Private Purpose Trust Funds
	Town Trust Fund	GELD Trust Fund	
Assets:			
Cash and cash equivalents	\$ 1,323	\$ -	\$ -
Investments (at fair value):			
Fixed income	186,673	-	2,931,340
Equities	440,341	-	15,106,240
Alternative investments	93,230	-	-
Pooled investment fund	-	1,557,845	-
Total Investments	<u>720,244</u>	<u>1,557,845</u>	<u>18,037,580</u>
Total Assets	<u>721,567</u>	<u>1,557,845</u>	<u>18,037,580</u>
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Restricted for other postemployment benefits	721,567	1,557,845	-
Held in trust for private purposes	<u>-</u>	<u>-</u>	<u>18,037,580</u>
Total Net Position	<u><u>\$ 721,567</u></u>	<u><u>\$ 1,557,845</u></u>	<u><u>\$ 18,037,580</u></u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

	Other Postemployment Benefit Trust Fund		
	Town Trust Fund	GELD Trust Fund	Private Purpose Trust Funds
Additions:			
Contributions:			
Employer	\$ 145,866	\$ 44,259	\$ -
Total contributions	145,866	44,259	-
Investment income:			
Interest and dividends	567,986	171,246	2,855,813
Net investment earnings	567,986	171,246	2,855,813
Total Additions	713,852	215,505	2,855,813
Deductions:			
Scholarships	-	-	30,452
Public assistance	-	-	192,929
Benefit payments to retirees and beneficiaries	390,892	44,259	-
Total Deductions	390,892	44,259	223,381
Change in Net Position	322,960	171,246	2,632,432
Net Position - Beginning of Year	398,607	1,386,599	15,405,148
Net Position - Ending of Year	\$ 721,567	\$ 1,557,845	\$ 18,037,580

The notes to the financial statements are an integral part of this statement.

TOWN OF GROTON, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town, which was incorporated in 1655, is located in northwestern Middlesex County, approximately thirty miles northwest of the City of Boston. The governing structure utilizes an open town meeting with an elected five-member Board of Selectmen and an appointed Town Manager, who performs and oversees the Town’s daily executive and administrative duties. Selectmen serve staggered three-year terms.

The Town provides governmental services for the territory within its boundaries, including public safety, education through a regional school district, public works, health and human services, culture and recreation, general governmental services, water, sewer, stormwater drainage, and electricity. The water, sewer, stormwater drainage and electricity services are funded through user charges and treated as business enterprises.

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

Joint Venture – The Town has entered into a joint venture with the Town of Dunstable, Massachusetts to pool resources and share the costs, risks and rewards of providing education services through the Groton-Dunstable Regional School District (GDRSD). This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2021, the Town’s share of the operating and debt service expenses was \$22,992,411. There is no equity interest reported in these financial statements. Stand-alone financial statements for the year ended June 30, 2021 are available at the Groton-Dunstable Regional School Town, PO Box 729, 145 Main Street, Groton, Massachusetts 01450.

In addition, the Town is a member community of the Nashoba Valley Technical High School. This joint venture assesses each of the nine-member communities its share of the operational and debt service costs based on student population and other factors. In fiscal year 2021, the Town’s share of operating and debt service expenses was \$668,273. Complete audited financial statements can be obtained directly from the District’s administrative office located at 100 Littleton Road, Westford, MA 01886.

The Town does not have any equity interest in either of the joint ventures.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of

the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In one, moneys must be expended for a specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized as expenditures are incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth of Massachusetts (the “Commonwealth”).

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

The government reports the following major Governmental Funds:

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

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

Capital Projects Funds – is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Library Trust Funds – is used to account for the balances and activities of trust money bequeathed to the Town’s Library.

Nonmajor Governmental Funds – consist of other special revenue and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

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

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

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

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

The Town reports the following major proprietary funds:

Water Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the water activities are processed.

Sewer Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the sewer activities are processed.

Cable Access Enterprise Fund – accounts for cable television licensing and access revenue initially collected by cable service providers on-behalf of the Town, to finance costs associated with oversight of the providers and maintaining the related supporting infrastructure.

Stormwater Drainage Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the stormwater drainage management activities are processed.

Groton Electric Light Department (GELD) – is used to account for user charges collected to finance costs associated with the Town's electrical power distribution activities to residences and businesses.

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

The Town reports the following fiduciary funds:

Town Other Postemployment Benefits Trust Fund – is used to account for funds accumulated by the Town to assist it in its future payments of other postemployment benefits for retirees such as health and life insurance.

GELD Other Postemployment Benefits Trust Fund – is used to account for funds accumulated by the Electric Light Department to assist it in its future payments of other postemployment benefits for retirees such as health and life insurance.

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

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

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

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

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

Real estate taxes, sewer, water and user fees are secured through a lien process after the due date and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old. Departmental receivables are shown net of an allowance for uncollectible balances based on historical trends and specific account analysis.

Inventories and Prepaid Items – In the case of the Town, inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. With respect to the GELD, materials and supplies are inventories of parts and accessories purchased for use in GELD’s operations. Materials and supplies inventory are stated at the lower of cost or market with cost being determined on a first-in, first-out basis.

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

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure (e.g. roads, sidewalks, water and sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Capital assets (excluding land and construction-in-process) are depreciated by the Town and the GELD on a straight-line-basis.

The estimated useful lives of capital assets being depreciated are as follows:

Land improvements	20 - 40 years
Buildings and improvements	20 - 50 years
Vehicles, machinery and equipment	5 - 15 years
Infrastructure	40 - 50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as *transfers, net*.

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

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

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four types of items which qualify for reporting in this category. The first arises under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes, and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are reported on the government-wide statement of net position and relate to inflows from changes in the net pension, net other postemployment benefit liabilities and unavailable Light Department revenues. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

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

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

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

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

Library trust funds represent assets that have restrictions placed on them from benefactors and may only be used for support of the Town library’s financial needs.

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

Other purposes represent assets that are restricted by Federal and State laws for specific governmental programs and uses.

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

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

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

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

Committed represents amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision-making authority, which is the Town Meeting action, and can be modified or rescinded on through these actions.

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

Stabilization Fund – The Town maintains a general stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B, which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. At June 30, 2021, the Town reported a balance in its stabilization fund of \$2,117,346, which is reported as unassigned in the general fund.

The Town maintains a capital stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B, which may be used for any capital purpose upon a two-thirds vote of the Town Meeting. At June 30, 2021, the Town reported a balance in its capital stabilization fund of \$555,182, which is reported as unassigned in the general fund.

The Town maintains a regional school district capital stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B, which may be used for any special education purpose upon a two-thirds vote of the Town Meeting. At June 30, 2021, the Town reported a balance in its special education stabilization fund of \$235,414, which is reported as unassigned in the general fund.

Encumbrances – The Town’s encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchases made or to be made resulting from normal purchasing activity approved by the Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. The Town reports \$165,084 of encumbrances from normal purchasing activity in the general fund as assigned and \$384,201 of encumbrances from Town Meeting votes in the General Fund as committed. There are no encumbrances reported in any other fund.

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

	General Fund	Community Preservation Act Fund	Library Trust Funds	Capital Projects Funds	Nonmajor Governmental Funds	Total
Nonspendable:						
Perpetual permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 20,710	\$ 20,710
Restricted:						
General government	-	479,234	-	-	575,710	1,054,944
Public safety	-	-	-	-	265,148	265,148
Public works	-	-	-	-	40,317	40,317
Health and human services	-	431,268	-	-	227,498	658,766
Culture and recreation	-	149,055	4,980,785	-	480,232	5,610,072
Debt service	-	-	-	-	29,825	29,825
Capital outlay	-	-	-	182,321	-	182,321
Committed:						
General government	136,268	-	-	-	-	136,268
Public safety	190,133	-	-	-	-	190,133
Public works	50,000	-	-	-	-	50,000
Culture and recreation	7,800	-	-	-	-	7,800
Assigned:						
General government	39,558	-	-	-	-	39,558
Public safety	24,894	-	-	-	-	24,894
Public works	53,595	-	-	-	-	53,595
Health and human services	326	-	-	-	-	326
Culture and recreation	39,127	-	-	-	-	39,127
Personnel and fringe benefits	7,584	-	-	-	-	7,584
Subsequent year's budget	467,679	-	-	-	-	467,679
Unassigned	5,631,961	-	-	(840,661)	-	4,791,300
Totals	<u>\$ 6,648,925</u>	<u>\$1,059,557</u>	<u>\$4,980,785</u>	<u>\$ (658,340)</u>	<u>\$ 1,639,440</u>	<u>\$13,670,367</u>

E. Excess of Expenditures Over Appropriations and Deficits

The Town incurred individual fund deficits of \$75,439; and \$840,661 in the General Fund and Capital Projects Major Fund, respectively, at year end. These deficits will be funded through available revenues or bond proceeds in future fiscal years.

F. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

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

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

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

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

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

		Fair Value Measurements Using		
	6/30/21	Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
<u>Debt securities:</u>				
U.S. government obligations	\$ 4,097,302	\$ 2,499,797	\$ 1,597,505	\$ -
Corporate fixed income securities	2,772,188	-	2,772,188	-
Fixed income mutual funds	457,716	-	457,716	-
Negotiable certificates of deposit	776,703	-	776,703	-
Total debt securities	8,103,909	2,499,797	5,604,112	-
<u>Equity securities:</u>				
Common stock	16,436,065	16,436,065	-	-
Equity mutual funds	688,358	688,358	-	-
Total equity securities	17,124,423	17,124,423	-	-
Total investments by fair value level	25,228,332	\$ 19,624,220	\$ 5,604,112	\$ -
<u>Investments measured at amortized cost</u>				
State Treasurer investment pool (MMDT)	1,633,951			
Money market mutual funds	1,139,191			
Total investments measured at fair value	\$ 28,001,474			

Debt and equity classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued based on matrix pricing based on the securities' relationship to benchmark quoted prices.

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

Investment Type	Fair Value	Time Until Maturity (Years)		
		Less Than 1	1-5	6-10
U.S. government obligations	\$ 4,097,302	\$ 708,564	\$ 2,412,566	\$ 976,172
Corporate fixed income securities	2,772,188	68,537	2,347,749	355,902
Fixed income mutual funds	457,716	-	457,716	-
State Treasurer investment pool (MMDT)	1,633,951	1,633,951	-	-
Certificates of deposit	776,703	243,205	533,498	-
Total Town investments with maturities	9,737,860	\$ 2,654,257	\$ 5,751,529	\$ 1,332,074
<u>Other investments</u>				
Equities common stock	16,436,065			
Equities mutual fund	688,358			
Money market mutual funds	1,139,191			
Total Town investments without maturities	18,263,614			
Total Investments	<u>28,001,474</u>			

The following table presents the Light Department's investments carried at fair value on a recurring basis in the statement of net position at December 31, 2020:

		Fair Value Measurements Using		
	12/31/20	Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
<u>Equity securities:</u>				
Common stock	\$ 8,256	\$ -	\$ -	\$ -
Total equity securities	8,256	-	-	-
Total investments by fair value level	8,256	\$ -	\$ -	\$ -
<u>Investments measured at amortized cost</u>				
External investment pool (MMWEC)	1,557,845			
External investment pool (other)	1,372,672			
Total investments measured at fair value	\$ 2,938,773			

The Light Department categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 Fair Value Measurement and Application (GASB 72). 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.

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings.

At year-end, the carrying amount of all the Town's deposits (excluding the Light Department) was \$11,345,953 and bank balance was \$11,797,326. The full bank balance was covered by either the Federal Depository Insurance Corporation (FDIC), the Depositors' Insurance Fund (DIF) or collateralization agreements.

At December 31, 2020 the Light Department had a bank balance was \$767,087 that was subject to custodial credit risk.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town's investments in United States governmental obligations are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty. The Town does not have a formal investment policy related to custodial credit risk.

Interest Rate Risk: Deposits– This is the risk that fair value losses may arise due to increasing interest rates. The Town does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest Rate Risk: Investments – Debt securities are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Credit Risk – The Town has not adopted a formal policy related to credit risk. The Town's investments had the following ratings at year end:

Quality Ratings (S&P)	Corporate Fixed Income	U.S. Government Agencies & Treasuries	Fixed Income Mutual Funds	Certificates of Deposit	State Treasurer Investment Pool	Totals
AAA	\$ -	\$ 4,097,302	\$ -	\$ -	\$ -	\$ 4,097,302
A+	607,825	-	-	-	-	607,825
A	212,043	-	-	-	-	212,043
A-	696,760	-	-	-	-	696,760
BBB+	677,673	-	-	-	-	677,673
BBB	552,398	-	-	-	-	552,398
BB-	25,489	-	-	-	-	25,489
Not rated	-	-	457,716	776,703	1,633,951	2,868,370
Totals - All	<u>\$ 2,772,188</u>	<u>\$ 4,097,302</u>	<u>\$ 457,716</u>	<u>\$ 776,703</u>	<u>\$ 1,633,951</u>	<u>\$ 9,737,860</u>

B. Receivables

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 706,336	\$ -	\$ 706,336
Tax titles and deferrals	462,250	-	462,250
Motor vehicle excise taxes	247,875	-	247,875
Departmental and other	5,075	-	5,075
Ambulance	434,991	(288,673)	146,318
Intergovernmental grants	70,123	-	70,123
Total	<u>\$ 1,926,650</u>	<u>\$ (288,673)</u>	<u>\$ 1,637,977</u>

Receivables as of year-end for the Town's proprietary funds (the GELD's activity is for the year ended December 31, 2020) are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user charges	\$ 322,217	\$ -	\$ 322,217
Sewer user charges	334,949	-	\$ 334,949
Stormwater drainage user charges	12,517	-	12,517
Electric light user charges	1,036,134	(3,314)	1,032,820
Electric light other receivables	166,301	-	166,301
Intergovernmental	49,167	-	49,167
Total	<u>\$ 1,921,285</u>	<u>\$ (3,314)</u>	<u>\$ 1,917,971</u>

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

	General	Other	Net
	Fund	Governmental	Amount
	Funds		
Receivables and other asset type:			
Real estate and personal property taxes	\$ 694,844	\$ 16,065	\$ 710,909
Tax titles and deferrals	462,250	-	462,250
Excise	247,875	-	247,875
Ambulance fees	-	146,318	146,318
Other	-	502	502
Tax foreclosures	45,590	-	45,590
Total	<u>\$ 1,450,559</u>	<u>\$ 162,885</u>	<u>\$ 1,613,444</u>

Massachusetts Clean Water Trust – The Town has entered into multiple loan agreements with the Massachusetts Clean Water Trust (MCWT). It is expected that the Town will be subsidized by MCWT on a periodic basis for principal in the amount of \$49,167 and interest in the amount of \$70,060 until the maturity of these agreements. GAAP requires the recognition of gross debt relative to these agreements; therefore, receivables totaling \$48,296 and \$871 has been reported in the Water Enterprise Fund and Sewer Enterprise Fund, respectively.

C. Interfund Receivables, Payables and Transfers

The composition of interfund transfers for the year ended June 30, 2021, is as follows:

Transfers Out	Transfers In				Total
	General	Capital	Nonmajor	Nonmajor	
	Fund	Projects	Governmental	Governmental	
	Funds	Funds	Funds	Funds	
General Fund	\$ -	\$ 196,174	\$ 239	\$ -	\$ 196,413 (1)
Community Preservation Act Fund	-	-	421,000	-	421,000 (2)
Capital Projects Funds	56,338	-	-	-	56,338 (3)
Nonmajor Governmental Funds	636,205	33,839	-	-	670,044 (4)
Total	<u>\$ 692,543</u>	<u>\$ 230,013</u>	<u>\$ 421,239</u>	<u>\$ -</u>	<u>\$ 1,343,795</u>

(1) Transfers to the Capital Projects Fund for BAN paydowns and project funding and to close Nonmajor Fund deficits.

(2) Transfers to the Nonmajor Fund for financing of future affordable housing and conservation projects.

(3) Transfers to General Fund to close out unsued project balances.

(4) Transfers to General Fund to supplement operating budgets, and Capital Projects Funds to close out project deficits.

D. Capital Assets

Capital asset activity for the year ended June 30, 2021 (the GELD's activity is for the year ended December 31, 2020) is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u><i>Governmental Activities:</i></u>				
Capital assets not being depreciated:				
Land	\$ 30,073,750	\$ -	\$ -	\$ 30,073,750
Construction in process	11,163,245	-	(11,147,034)	16,211
Total capital assets not being depreciated	41,236,995	-	(11,147,034)	30,089,961
Capital assets being depreciated:				
Buildings and improvements	15,341,483	11,642,798	-	26,984,281
Land improvements	1,057,686	-	-	1,057,686
Infrastructure	21,817,547	86,519	-	21,904,066
Machinery and equipment	3,248,192	650,000	-	3,898,192
Vehicles	6,653,039	397,374	(75,986)	6,974,427
Total capital assets being depreciated	48,117,947	12,776,691	(75,986)	60,818,652
Less accumulated depreciation for:				
Buildings and improvements	(8,358,320)	(522,853)	-	(8,881,173)
Land improvements	(734,499)	(53,903)	-	(788,402)
Infrastructure	(12,274,107)	(315,953)	-	(12,590,060)
Machinery and equipment	(2,313,875)	(176,767)	-	(2,490,642)
Vehicles	(3,898,905)	(490,308)	75,986	(4,313,227)
Total accumulated depreciation	(27,579,706)	(1,559,784)	75,986	(29,063,504)
Total capital assets being depreciated, net	20,538,241	11,216,907	-	31,755,148
Total governmental activities capital assets, net	\$ 61,775,236	\$ 11,216,907	\$ (11,147,034)	\$ 61,845,109
<u><i>Business-type Activities - All:</i></u>				
Capital assets not being depreciated:				
Land	\$ 1,948,599	\$ -	\$ -	\$ 1,948,599
Construction in process	161,314	116,762	(11,119)	266,957
Total capital assets not being depreciated	2,109,913	116,762	(11,119)	2,215,556
Capital assets being depreciated:				
Buildings and improvements	2,623,388	-	-	2,623,388
Infrastructure	45,084,777	955,815	(139,972)	45,900,620
Machinery and equipment	646,169	-	-	646,169
Vehicles	121,194	-	-	121,194
Total capital assets being depreciated	48,475,528	955,815	(139,972)	49,291,371
Less accumulated depreciation for:				
Buildings and improvements	(782,939)	(52,815)	-	(835,754)
Infrastructure	(17,583,009)	(1,101,841)	139,972	(18,544,878)
Machinery and equipment	(613,542)	(15,988)	-	(629,530)
Vehicles	(87,580)	(10,301)	-	(97,881)
Total accumulated depreciation	(19,067,070)	(1,180,945)	139,972	(20,108,043)
Total capital assets being depreciated, net	29,408,458	(225,130)	-	29,183,328
Total business-type activities capital assets, net	\$ 31,518,371	\$ (108,368)	\$ (11,119)	\$ 31,398,884

	Beginning Balance	Increases	Decreases	Ending Balance
<u><i>Business-type Activities: Water</i></u>				
Capital assets not being depreciated:				
Land	\$ 730,597	\$ -	\$ -	\$ 730,597
Total capital assets not being depreciated	730,597	-	-	730,597
Capital assets being depreciated:				
Buildings and improvements	2,623,388	-	-	2,623,388
Infrastructure	17,454,389	-	-	17,454,389
Machinery and equipment	540,741	-	-	540,741
Vehicles	121,194	-	-	121,194
Total capital assets being depreciated	20,739,712	-	-	20,739,712
Less accumulated depreciation for:				
Buildings and improvements	(782,939)	(52,815)	-	(835,754)
Infrastructure	(7,191,688)	(335,485)	-	(7,527,173)
Machinery and equipment	(519,131)	(8,644)	-	(527,775)
Vehicles	(87,580)	(10,301)	-	(97,881)
Total accumulated depreciation	(8,581,338)	(407,245)	-	(8,988,583)
Total capital assets being depreciated, net	12,158,374	(407,245)	-	11,751,129
Total Water capital assets, net	<u>\$ 12,888,971</u>	<u>\$ (407,245)</u>	<u>\$ -</u>	<u>\$ 12,481,726</u>
<u><i>Business-type Activities: Sewer</i></u>				
Capital assets being depreciated:				
Infrastructure	8,375,701	-	-	8,375,701
Total capital assets being depreciated	8,375,701	-	-	8,375,701
Less accumulated depreciation for:				
Infrastructure	(3,506,939)	(188,164)	-	(3,695,103)
Total accumulated depreciation	(3,506,939)	(188,164)	-	(3,695,103)
Total capital assets being depreciated, net	4,868,762	(188,164)	-	4,680,598
Total Sewer capital assets, net	<u>\$ 4,868,762</u>	<u>\$ (188,164)</u>	<u>\$ -</u>	<u>\$ 4,680,598</u>
<u><i>Business-type Activities: Cable</i></u>				
Capital assets being depreciated:				
Machinery and equipment	105,428	-	-	105,428
Total capital assets being depreciated	105,428	-	-	105,428
Less accumulated depreciation for:				
Machinery and equipment	(94,411)	(7,344)	-	(101,755)
Total accumulated depreciation	(94,411)	(7,344)	-	(101,755)
Total capital assets being depreciated, net	11,017	(7,344)	-	3,673
Total Sewer capital assets, net	<u>\$ 11,017</u>	<u>\$ (7,344)</u>	<u>\$ -</u>	<u>\$ 3,673</u>

Business-type Activities: Electric Light

Capital assets not being depreciated:

Land	1,218,002	-	-	1,218,002
Construction in process	161,314	116,762	(11,119)	266,957
Total capital assets not being depreciated	1,379,316	116,762	(11,119)	1,484,959

Capital assets being depreciated:

Infrastructure	19,254,687	955,815	(139,972)	20,070,530
Total capital assets being depreciated	19,254,687	955,815	(139,972)	20,070,530

Less accumulated depreciation for:

Infrastructure	(6,884,382)	(578,192)	139,972	(7,322,602)
Total accumulated depreciation	(6,884,382)	(578,192)	139,972	(7,322,602)

Total capital assets being depreciated, net	12,370,305	377,623	-	12,747,928
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Total Electric Light capital assets, net	\$ 13,749,621	\$ 494,385	\$ (11,119)	\$ 14,232,887
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Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 159,268
Public safety	783,988
Education	34,686
Public works	341,463
Health and human services	114,554
Culture and recreation	125,825
Total Governmental Activities	\$ 1,559,784

Business-type Activities:

Water	\$ 407,245
Sewer	188,164
Cable accesss	7,344
Electric light	578,192
Total Business-type Activities	\$ 1,180,945

E. Purchased Power Working Capital

The GELD is a member and participant of the Massachusetts Municipal Wholesale Electric Company (“MMWEC”). The purchased power working capital is an amount held by MMWEC as an escrow. The purchased power working capital fund is replenished as needed from the GELD’s monthly invoice payments. The income earned from the purchased power working capital fund applicable to the GELD’s deposit is applied as a credit to MMWEC’s power sales billings. The balance in the fund as of December 31, 2020 is \$991,899.

F. Temporary Debt

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

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

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

Temporary notes are general obligations of the Town and generally carry maturity dates of less than one year and are interest bearing and will be paid through future issuance of general obligation bonds.

The Town's temporary borrowing activity for fiscal year 2021 was as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
<i><u>Governmental Activities</u></i>						
BAN	1.50%	Matured	\$ 600,134	\$ -	\$ (600,134)	\$ -
BAN	0.44%	02/18/22	-	438,960	-	438,960
BAN	1.00%	06/25/22	-	185,000	-	185,000
<i>Total Governmental Notes</i>			<u>600,134</u>	<u>623,960</u>	<u>(600,134)</u>	<u>623,960</u>
<i><u>Business-type Activities - Water</u></i>						
BAN	1.50%	Matured	243,320	-	(243,320)	-
BAN	0.44%	02/18/22	-	204,670	-	204,670
BAN	1.00%	06/25/22	-	1,022,300	-	1,022,300
<i>Total Business-Type Notes - Sewer</i>			<u>243,320</u>	<u>1,226,970</u>	<u>(243,320)</u>	<u>1,226,970</u>
Total Short Term Notes Payable			<u>\$ 843,454</u>	<u>\$ 1,850,930</u>	<u>\$ (843,454)</u>	<u>\$ 1,850,930</u>

Governmental activities BAN's outstanding at year-end were issued for: Police radios (\$338,938), Highway dump truck (\$185,000), and Highway equipment (\$100,022). Business-type activities – Water project BAN's were issued for: Whitney Pond Well (\$504,670) and Whitney Pond Manganese (\$722,300).

G. Long-Term Obligations

Bond and Note Indebtedness - The Town issues general obligation bonds and notes to provide funds for acquisition and construction of major capital facilities and equipment. General obligation bonds and notes have been issued for both governmental and business-type activities. In addition, the Town incurs various other long-term obligations relative to associated personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, the Town may authorize debt in excess of that limit for specific purposes, such as debt when issued is designated as being "outside the debt limit".

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

Description	Authorized & Unissued
<i>Governmental:</i>	
Senior Center Construction	\$ 86,000
Elem. School Track - Flo-Ro	1,405,374
Elem. School New Const. - Flo-Ro	76,495,360
High School Field Restoration	50,000
Total Authorized and Unissued	<u>\$ 78,036,734</u>

The following reflects the current year activity (the GELD's activity is for the year ended December 31, 2020) in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 19,850,000	\$ -	\$ (1,605,000)	\$ 18,245,000	\$ 1,415,000
Unamortized bond premiums	723,092	-	(89,042)	634,050	84,809
Notes from direct borrowings and placements	68,600	-	(24,800)	43,800	14,600
Capital lease obligations	4,933	-	(4,933)	-	-
Landfill post-closure	603,118	-	(20,104)	583,014	20,104
Compensated absences	555,516	41,561	(55,552)	541,525	54,153
Net pension liability	20,015,692	4,147,721	(4,821,752)	19,341,661	-
Net other postemployment benefits liability	7,957,090	2,165,790	(2,380,262)	7,742,618	-
Total Governmental Activities	<u>\$ 49,778,041</u>	<u>\$ 6,355,072</u>	<u>\$ (9,001,445)</u>	<u>\$ 47,131,668</u>	<u>\$ 1,588,666</u>
<i>Business-Type Activities - Water:</i>					
Notes from direct borrowings and placements	\$ 1,910,004	\$ -	\$ (330,871)	\$ 1,579,133	\$ 342,202
Compensated absences	28,769	2,489	(2,877)	28,381	2,838
Net pension liability	1,110,528	190,181	(404,494)	896,215	-
Net other postemployment benefits liability	943,096	364,564	(267,043)	1,040,617	-
Total Water	<u>3,992,397</u>	<u>557,234</u>	<u>(1,005,285)</u>	<u>3,544,346</u>	<u>345,040</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	150,000	-	(25,000)	125,000	25,000
Notes from direct borrowings and placements	21,600	-	(5,400)	16,200	5,400
Compensated absences	1,302	8,256	(130)	9,428	943
Net pension liability	183,515	72,306	(48,567)	207,254	-
Net other postemployment benefits liability	46,063	70,965	(24,801)	92,227	-
Total Sewer	<u>402,480</u>	<u>151,527</u>	<u>(103,898)</u>	<u>450,109</u>	<u>31,343</u>
<i>Business-Type Activities - Cable Access:</i>					
Compensated absences	9,591	1,157	(4,796)	5,953	595
Net pension liability	369,575	74,648	(92,449)	351,774	-
Net other postemployment benefits liability	90,836	19,088	(59,130)	50,794	-
Total Cable Access	<u>470,002</u>	<u>94,893</u>	<u>(156,375)</u>	<u>408,521</u>	<u>595</u>
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds	1,575,000	-	(90,000)	1,485,000	95,000
Unamortized bond premiums	43,940	-	(3,013)	40,927	3,013
Net pension liability	4,850,736	1,676,381	(1,212,684)	5,314,433	-
Total Electric Light	<u>6,469,676</u>	<u>1,676,381</u>	<u>(1,305,697)</u>	<u>6,840,360</u>	<u>98,013</u>
Total Business-type Activities	<u>\$ 11,334,555</u>	<u>\$ 2,480,035</u>	<u>\$ (2,571,255)</u>	<u>\$ 11,243,336</u>	<u>\$ 474,991</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the water, sewer, cable access, and GELD enterprise funds.

The following is a summary of outstanding long-term obligations as of June 30, 2021 (the GELD's activity is for the year ended December 31, 2020):

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 19,225,000	\$ -	\$ (1,395,000)	\$ 17,830,000
Refunding Bonds	2.00 - 3.00%	625,000	-	(210,000)	415,000
Total General Obligation Bonds		19,850,000	-	(1,605,000)	18,245,000
Unamortized bond premiums		723,092	-	(89,042)	634,050
Total General Obligation Bonds, net		20,573,092	-	(1,694,042)	18,879,050
Massachusetts Clean Water Trust	2.00%	68,600	-	(24,800)	43,800
Total notes from direct borrowings and placements		68,600	-	(24,800)	43,800
Total Governmental Activities Debt		\$ 20,641,692	\$ -	\$ (1,718,842)	\$ 18,922,850
<i>Business-Type Activities - Water</i>					
Massachusetts Clean Water Trust	2.00%	\$ 1,910,004	\$ -	\$ (330,871)	\$ 1,579,133
Total notes from direct borrowings and placements		1,910,004	-	(330,871)	1,579,133
Total Water Debt		1,910,004	-	(330,871)	1,579,133
<i>Business-Type Activities - Sewer</i>					
General Obligation Bonds	4.00 - 5.00%	150,000	-	(25,000)	125,000
Total General Obligation Bonds		150,000	-	(25,000)	125,000
Massachusetts Clean Water Trust	2.00%	21,600	-	(5,400)	16,200
Total notes from direct borrowings and placements		21,600	-	(5,400)	16,200
Total Sewer Debt		171,600	-	(30,400)	141,200
<i>Business-Type Activities - Electric Light</i>					
General Obligation Bonds	2.00 - 3.25%	1,575,000	-	(90,000)	1,485,000
Total General Obligation Bonds		1,575,000	-	(90,000)	1,485,000
Unamortized bond premiums		43,940	-	(3,013)	40,927
Total General Obligation Bonds, net		1,618,940	-	(93,013)	1,525,927
Total Electric Light Debt		1,618,940	-	(93,013)	1,525,927
Total Business-type Activities Debt		\$ 3,700,544	\$ -	\$ (454,284)	\$ 3,246,260

MCWT Loan Subsidies – As previously noted in Note I. B., the Town has entered into loan agreements with the MCWT. It is expected that the Town will be subsidized by MCWT on a periodic basis for principal in the amount of \$49,167 and interest in the amount of \$70,060 until the maturity of these agreements.

Payments on outstanding general obligation bonds and notes payable due in future years consist of the following:

<i>Governmental Activities</i>				
Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2022	\$ 1,415,000	\$ 563,689	\$ 14,600	\$ 728
2023	1,200,000	520,414	14,600	376
2024	1,000,000	488,216	14,600	-
2025	1,145,000	458,265	-	-
2026	1,150,000	421,665	-	-
2027-2031	6,000,000	1,403,182	-	-
2032-2036	4,350,000	578,083	-	-
2037-2041	1,985,000	104,767	-	-
Total	<u>\$ 18,245,000</u>	<u>\$ 4,538,281</u>	<u>\$ 43,800</u>	<u>\$ 1,104</u>

<i>Business-type Activities - Water</i>				
Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ -	\$ 342,202	\$ 49,933
2023	-	-	353,559	34,191
2024	-	-	364,945	17,743
2025	-	-	371,358	3,655
2026	-	-	72,799	2,214
2027-2031	-	-	74,270	743
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,579,133</u>	<u>\$ 108,479</u>

<i>Business-type Activities - Sewer</i>				
Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2022	\$ 25,000	\$ 4,844	\$ 5,400	\$ 538
2023	25,000	3,781	5,400	267
2024	25,000	2,718	5,400	-
2025	25,000	1,640	-	-
2026	25,000	547	-	-
2027-2031	-	-	-	-
2032-2036	-	-	-	-
2037-2041	-	-	-	-
2041	-	-	-	-
	<u>\$ 125,000</u>	<u>\$ 13,530</u>	<u>\$ 16,200</u>	<u>\$ 805</u>

Business-type Activities - Electric Light

Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2021	\$ 95,000	\$ 45,850	\$ -	\$ -
2022	100,000	43,000	-	-
2023	100,000	40,000	-	-
2024	105,000	37,000	-	-
2025	105,000	33,850	-	-
2026-2030	585,000	119,450	-	-
2031-2033	395,000	25,839	-	-
	<u>\$ 1,485,000</u>	<u>\$ 344,989</u>	<u>\$ -</u>	<u>\$ -</u>

III. Other Information

A. **Retirement System**

Plan Description – The Town and GELD contribute to the Middlesex County Regional Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan established under Chapter 32 of the Commonwealth of Massachusetts General Laws (MGL) and administered by the Middlesex Regional Retirement Board. Stand-alone audited financial statements for the year ended December 31, 2020 were issued and may be obtained by writing to the Middlesex County Regional Retirement System, 25 Linnell Circle, Billerica, Massachusetts 01865.

Membership – Membership in the System as of December 31, 2020, was as follows:

Retired participants and beneficiaries	
receiving benefits	5,862
Inactive participants entitled to a return of	
their employee contributions	3,082
Active members	9,282
Inactive participants with a vested right	
to a deferred or immediate benefit	381
Total	<u>18,607</u>

Benefit Terms – The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. 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 directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Members of the System do not participate in the Federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to retirement system. The System provides for retirement allowance benefits up to a maximum of

80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

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

The Town contributed \$2,090,290 to the System in fiscal year 2021, which was the actuarially determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 25.2% in fiscal year 2021. GELD amounts are included in the above amounts but are as of December 31, therefore totals may not agree in all situations.

Net Pension Liability – At June 30, 2021, the Town reported a liability of \$20,796,904 for its proportionate share of the net pension liability and GELD reported a liability of \$5,314,433 which was as of December 31, 2020. 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. These figures were updated by the independent actuary as of December 31, 2020. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the System's benefit terms since the actuarial valuation.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all employers. The Town's proportion was approximately 1.6% at December 31, 2020.

Pension Expense – The Town recognized \$2,502,620 in pension expense in the statement of activities in fiscal year 2021 and GELD recognized \$962,497 for the year ended December 31, 2020.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021 for the Town, and December 31, 2020 for GELD deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were recorded:

	Town		GELD	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 380,367	\$ 24,611	\$ 129,311	\$ 12,036
Changes of assumptions	793,895	-	365,984	-
Net difference between projected and actual earnings	-	1,178,946	-	137,909
Changes in proportion differences	736,271	121,235	748,812	129,104
Contributions made subsequent to the measurement date	-	-	217,704	-
Totals	<u>\$ 1,910,533</u>	<u>\$ 1,324,791</u>	<u>\$ 1,461,811</u>	<u>\$ 279,049</u>

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

Town		GELD	
June 30		December 31	
2022	\$ 285,434	2021	\$ 571,660
2023	432,915	2022	353,955
2024	51,773	2023	127,856
2025	(184,381)	2024	129,291
2026	-	2025	-
Total	<u>\$ 585,742</u>	Total	<u>\$ 1,182,762</u>

Discount Rate – The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Investment rate of return	Full prefunding: 7.3% per year, net of investment expenses
Discount Rate	7.30%
Inflation	3.25%
Salary Increases	Varies by length of service 4.00% group one, 4.25% group two, and 4.50% group four
Cost of Living Adjustment	3% of first \$16,000 of retirement income
Pre-Retirement Mortality	RP-2014 Blue Collar with Scale MP-2017 (projected generationally)
Post-Retirement Mortality	RP-2014 Blue Collar Healthy Annuitant Mortality with Scale MP-2017 (projected generationally)
Disabled Mortality	RP-2014 Blue Collar Healthy Annuitant Mortality with Scale MP-2017; set forward one year (projected generationally)

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. The target allocations and best estimates of arithmetic real returns for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term
	Allocation	Expected Real Rate of Return
Domestic equity	22.00%	6.28%
International developed markets equity	12.00%	7.00%
International emerging markets equity	5.00%	8.82%
Core fixed income	15.00%	0.38%
High-yield fixed income	8.00%	2.97%
Real estate	10.00%	3.50%
Timber	4.00%	3.45%
Hedge funds PCS	10.00%	2.35%
Private equity	14.00%	10.11%
Total	100.00%	

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.30% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower (6.30%) or one percentage point higher (8.30%) than the current rate:

	Discount Rate (GELD as of December 31, 2020)			
	Current Rate	1% Decrease	Current Discount	1% Increase
Net Pension Liability - Town	7.30%	\$25,915,182	\$ 20,796,904	\$ 16,490,798
Net Pension Liability - GELD	7.30%	6,531,016	5,314,433	4,290,708

B. Other Postemployment Benefits

In addition to the pension benefits previously described, the Town and GELD provide health and life insurance benefits (other postemployment benefits, or OPEB) to current and future retirees, their dependents and beneficiaries in accordance with Massachusetts General Law (“MGL”) Chapter 32B Section 20 (hereinafter referred to as the “OPEB Plans”).

The Town and GELD operate OPEB Plans, while all benefits are provided through the Town’s insurance program. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. Neither OPEB Plans issue standalone financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the OPEB Plans.

OPEB Plan disclosures that impact the net OPEB liability using a measurement date of June 30, 202 for the Town and December 31, 2020, for GELD, are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms:

	<u>Town</u>	<u>GELD</u>
Retired employee members and beneficiaries		
currently receiving benefits	52	7
Active employee members	<u>98</u>	<u>12</u>
Total	<u>150</u>	<u>19</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 50% of premiums for medical plans and the group term life insurance plan. The remainder of the cost is funded by general revenues of the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis and annually anticipates contributing additional funding above that amount into the OPEB Trust Fund. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2021, the Town's average contribution rate was approximately 7.2% of covered payroll and for the year ended December 31, 2020 the GELD's average contribution rate was 3.3% of covered payroll.

Net OPEB Liability – The Town's net OPEB liability was measured as of June 30, 2021, using an actuarial valuation as of July 1, 2020, and GELD's was measured as of December 31, 2020 using an actuarial valuation of January 1, 2020. The components of the net OPEB liability (asset) are as follows:

	<u>Town</u>	<u>GELD</u>
Total OPEB Liability	\$9,647,823	\$ 1,302,616
Plan fiduciary net position	<u>(721,567)</u>	<u>(1,557,845)</u>
Net OPEB liability	<u>\$8,926,256</u>	<u>\$ (255,229)</u>
Plan fiduciary net position as a percentage of the total		
OPEB liability	7.48%	119.59%

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

Investment rate of return	6.62%, Town - 5.82%, GELD
Municipal bond rate	2.18%, Town - 1.93%, GELD
Discount rate	6.75%, Town - 6.00%, GELD
Inflation	2.50%
Health care trend rate	4.5%, Town - 4.00%, GELD
Salary increases	3.00%
Pre-retirement mortality	General: RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2016; set forward 1 year for females
Post-retirement mortality	General: RP-2014 Blue Collar healthy annuitants projected generationally using Scale MP-2016; set forward 1 year for females
Disabled mortality	General: RP-2014 Blue Collar healthy annuitants projected generationally using Scale MP-2016; set forward 1 year
Actuarial cost method	Entry age normal - Level percentage of payroll

Key assumption changes effective Fiscal Year ending June 30, 2021

Single Equivalent Discount Rate 6.75% previously 6.5% for Town

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75% for Town and 6.00% for GELD which represented a blend of the yield or index rate of 2.18% at June 30, 2021 (1.93% at December 31, 2020 for GELD) for twenty-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher used for unfunded periods and the long-term expected rate of return of 6.62% for Town and 5.82% for GELD.

Long Term Expected Rate of Return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Town		GELD	
	Target Allocation	Expected Investment Rate of Return	Target Allocation	Expected Investment Rate of Return
Domestic equity - large cap	28.25%	4.90%	39.00%	4.90%
Domestic equity - small/mid cap	22.25%	5.40%	12.75%	5.40%
International equity - developed market	12.50%	5.32%	7.50%	5.32%
International equity - emerging market	6.00%	6.26%	0.00%	6.26%
Domestic fixed income	20.25%	1.40%	40.75%	1.40%
International fixed income	4.00%	1.30%	0.00%	1.30%
Alternatives	6.50%	6.32%	0.00%	6.32%
Real estate	0.00%	6.25%	0.00%	6.25%
Cash and equivalents	0.25%	0.00%	0.00%	0.00%
	<u>100.00%</u>		<u>100.00%</u>	

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

	Discount Rate (GELD as of December 31, 2020)			
	Current			
	Rate	1% Decrease	Current Discount	1% Increase
Net OPEB (Asset) Liability - Town	6.75%	\$ 10,240,350	\$ 8,926,256	\$ 7,844,917
Net OPEB (Asset) Liability - GELD	6.00%	(61,189)	(255,229)	(442,636)

	Healthcare Trend Rate (GELD as of Decmber 31, 2020)			
	Current			
	Rate	1% Decrease	Current Trend	1% Increase
Net OPEB (Asset) Liability - Town	4.50%	\$ 7,718,276	\$ 8,926,256	\$ 10,410,301
Net OPEB (Asset) Liability - GELD	4.00%	(451,750)	(255,229)	(3,341)

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2021 (December 31, 2020, for GELD):

	Town			GELD (as of December 31, 2020)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at July 1, 2020	\$ 9,435,692	\$ 398,607	\$ 9,037,085	\$ 1,470,289	\$ 1,386,599	\$ 83,690
Changes for the year:						
Service cost	290,989	-	290,989	44,453	-	44,453
Interest	619,730	-	619,730	85,843	-	85,843
Difference between expected and actual experience	-	-	(156,807)	(156,807)	-	(156,807)
Changes of assumptions	(307,696)	-	(307,696)	(96,903)	-	(96,903)
Net investment income	-	145,866	(145,866)	-	44,259	(44,259)
Employer contributions	-	567,986	(567,986)	-	171,246	(171,246)
Benefit payments withdrawn from trust	-	(390,892)	390,892	-	(44,259)	44,259
Benefit payments	(390,892)	-	(390,892)	(44,259)	-	(44,259)
Net changes	212,131	322,960	(267,636)	(167,673)	171,246	(338,919)
Balances at June 30, 2021	\$ 9,647,823	\$ 721,567	\$ 8,769,449	\$ 1,302,616	\$ 1,557,845	\$ (255,229)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the Town recognized OPEB expense of \$790,019. For the year ended December 31, 2020, GELD recognized OPEB income of \$10,358. Deferred outflows of resources and deferred inflows of resources related to OPEB were reported as follows:

	Town		GELD	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,642,612	\$ -	\$ -	\$ 130,904
Changes of assumptions	-	1,930,513	39,072	79,962
Net difference between projected and actual earnings	2,097	92,045	42,788	154,283
Totals	\$ 1,644,709	\$ 2,022,558	\$ 81,860	\$ 365,149

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

Town		GELD	
June 30		December	
2022	\$ (88,544)	2021	\$ (59,954)
2023	(88,545)	2022	(59,954)
2024	(90,111)	2023	(81,348)
2025	(101,075)	2024	(53,809)
2026	(9,574)	2025	(28,224)
Total	\$ (377,849)	Total	\$ (283,289)

Investment Custody – In accordance with Massachusetts General Laws, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of

Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

Investment Policy – The Plan assets of the OPEB Trust are invested in accordance with the Town's OPEB Investment Policy Statement. Notably, the Trust is able to invest in a diversified investment portfolio that is both prudent and appropriate given the Town's actuarial assumed discount rate, target rate of return, investment objective and risk tolerance. Specific portfolio allocation is described previously under long-term expected rate of return. GELD invests its plan assets in a pooled fund MMWEC.

Investment Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 26.85% and for December 30, 2020 was 12.35% for GELD. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Risk Financing

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

The Town is a member of the Minuteman-Nashoba Health Group, which is a health insurance risk-pool consisting of 16 governmental units. The Group offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. The Town is obligated to pay the Group its required premiums and, in the event the group is terminated, it proportionate share of a deficit, should one exist.

D. Commitments and Contingencies

General – During its day-to-day operations, the Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2021, cannot be determined, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2021.

Grant Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, would not have a material effect on its financial condition.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town does not believe it has failed to comply with any of these agreements.

MMWEC Participation – The GELD 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, 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 Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix One project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 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 Millstone Unit 3 extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 3.7% interest in W.F. Wyman Unit No. 4 plant, which is owned and operated 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 Department has entered into PSAs with MMWEC. Under the PSAs, the Department is required to make certain payments to MMWEC solely from Department revenues. Among other things, PSAs require each Project Participant to pay its pro rata share of MMWEC’s costs related to the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants may be required to increase (step-up) their payments and correspondingly their Participant’s share of Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs. Under the PSAs each Participant is unconditionally obligated to make all 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 PSAs, 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. The Seabrook and Millstone Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act. Originally enacted in 1957, the Act has been renewed several times. In July, 2005, Congress extended the Act until the end of 2025.

At December 31, 2020, MMWEC has no debt service obligations outstanding relating to the Projects. MMWEC is involved in various legal actions, the outcome of which, in the opinion of MMWEC management, will not have a material effect on the financial position of MMWEC.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses discussed above) associated with the Department’s Project Capability of the Projects in which it participates was \$15,072,382 for the year ended December 31, 2020.

Other Power Supply – The GELD has entered into an All Requirements Bulk Power Sales Agreement (All Requirements Agreement) with MMWEC, under which MMWEC provides, delivers, and sells all electric power and energy to the Light Department, whether through owned generation, purchased power contracts or other power supply arrangements.

Under the term of the All Requirements Agreement, the Light Department is committed to purchase additional power through MMWEC in future years for the amounts listed in the table below:

For Years Ending December 31,	Power Purchase Commitments
2021	\$ 438,434
2022	33,726
2023	33,726
2024	33,818
2025	28,087
Total	<u>\$ 567,791</u>

Berkshire Wind Cooperative – The GELD is a member of the Berkshire Wind Cooperation Corporation (the “Cooperative”).

The Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light 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 Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the 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 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 Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its *pro rata* share of the costs related to 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 Cooperative Member fail to make any payment when due, other 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 year ended December 31, 2020 are listed in the table below:

Phase	Percentage Share	Total Capital Expenditures	Debt Service Billed	Operations & Maintenance Billed
Berkshire Phase 1	5.533%	\$ 3,055,989	\$ 265,826	\$ 93,404

The estimated aggregate amount of the required payments for future years for the GELD's pro rata share of the Phases in which it participates is shown below:

For Years Ending December 31,	Total Phase 1 Debt Service
2021	\$ 267,742
2022	267,825
2023	267,770
2024	268,115
2025	267,714
2026 - 2030	1,339,304
Total	<u>\$ 2,678,470</u>

E. Landfill Closure and Post-Closure Care Costs

The Town's landfill is closed, and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions ("post-closure care") at the site for 30 years after the landfill cover is installed. In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring; \$583,014 has been recorded as a governmental activity's liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

IV. Implementation of New GASB Pronouncements

Current Year Implementations

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

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement was to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information

for certain component units. The provisions of this Statement became effective for the Town in fiscal year 2021. The adoption of this standard did not have an impact on the Town's financial statements.

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

Future Implementations –

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

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

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

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

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

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

Town is currently evaluating whether adoption will have a material impact on the financial statements.

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

V. Prior Period Restatements

The Town reclassified its community preservation, library trust, and capital projects activities reported at June 30, 2020. The result was an increase to the Community Preservation Act Fund, Library Trust Funds, Capital Projects Funds, and decrease to the Nonmajor Governmental Funds, which had no net impact to the total governmental fund balances. The impact of this restatement is illustrated in the table below:

	Governmental Funds			
	Community Preservation Act Funds	Library Trust Funds	Capital Projects Funds	Nonmajor Governmental Funds
Prior year as presented	\$ -	\$ -	\$ -	\$ 7,661,554
Restate community preservation balance	1,278,010	-	-	(1,278,010)
Restate library trust balances	-	4,230,731	-	(4,230,731)
Restate capital projects balances	-	-	377,272	(377,272)
As restated	\$ 1,278,010	\$ 4,230,731	\$ 377,272	\$ 1,775,541

Prior period restatements were required to properly reflect additional Business-type enterprise fund receivables in order to reflect unbilled revenue and future MCWT debt principal subsidies at the end of June 30, 2020. The impact of these restatements is illustrated in the table below:

	Business-type: Enterprise Funds	
	Water	Sewer
Prior year as presented	\$ 9,357,416	\$ 5,587,168
Record MCWT debt principal subsidy	48,295	947
Record unbilled charges	222,104	103,954
As restated	\$ 9,627,815	\$ 5,692,069

TOWN OF GROTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2021

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

		Year Ended June 30,							
		2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset)	*	1.60%	1.59%	1.49%	1.51%	1.58%	1.60%	1.62%	1.62%
Town's proportionate share of the net pension liability (asset)	*	\$24,595,262	\$25,513,416	\$23,290,688	\$21,402,700	\$22,421,400	\$20,586,198	\$19,495,870	\$19,293,598
Town's covered-employee payroll	\$	8,305,473	\$ 7,971,673	\$ 7,545,657	\$ 7,236,359	\$ 7,051,413	\$ 6,891,765	\$ 6,626,697	\$ 6,764,657
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		296.1%	320.1%	308.7%	295.8%	318.0%	298.7%	294.2%	285.2%
Plan fiduciary net position as a percentage of the total pension liability		53.4%	49.5%	46.4%	49.3%	45.5%	46.1%	47.7%	46.2%

SCHEDULE OF THE TOWN CONTRIBUTIONS TO PENSION PLAN
(dollar amounts are in thousands)

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,090,290	\$ 1,973,053	\$ 2,081,699	\$ 1,966,279	\$ 1,839,040	\$ 1,737,842	\$ 1,560,704	\$ 1,476,492
Contributions in relation to the actuarially determined contribution	2,090,290	1,973,053	2,081,699	1,966,279	1,839,040	1,737,842	1,560,704	1,476,492
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 8,305,473	\$ 7,971,673	\$ 7,545,657	\$ 7,236,359	\$ 7,051,413	\$ 6,891,765	\$ 6,626,697	\$ 6,764,657
Contributions as a percentage of covered-employee payroll	25.2%	24.8%	27.6%	27.2%	26.1%	25.2%	23.6%	21.8%

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

* The net pension liability as reported in the basic financial statements differs from this schedule due to the Light Department implementing GASB #68 one year later than the Town.

See accompanying independent auditor's report.

TOWN OF GROTON, MASSACHUSETTS

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

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

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	\$ 290,989	\$ 286,592	\$ 328,620	\$ 460,696	\$ 395,760
Interest	619,730	550,245	645,543	461,403	334,604
Differences between expected and actual experience	-	777,133	-	-	2,270,297
Changes in assumptions	(307,696)	(887,465)	(2,198,188)	-	-
Benefit payments	(390,892)	(344,921)	(300,225)	(269,876)	(226,325)
Net change in total OPEB liability	212,131	381,584	(1,524,250)	652,223	2,774,336
Total OPEB liability - beginning of year	9,435,692	9,054,108	10,578,358	9,926,135	7,151,799
Total OPEB liability - end of year (a)	<u>\$ 9,647,823</u>	<u>\$ 9,435,692</u>	<u>\$ 9,054,108</u>	<u>\$ 10,578,358</u>	<u>\$ 9,926,135</u>
Plan fiduciary net position:					
Contributions - employer	\$ 567,986	\$ 513,921	\$ 400,204	\$ 369,826	\$ 226,325
Net investment income	145,866	15,891	12,377	1,388	12
Benefit payments	(390,892)	(344,921)	(300,225)	(269,876)	(226,325)
Net change in Plan fiduciary net position	322,960	184,891	112,356	101,338	12
Plan fiduciary net position - beginning of year	398,607	213,716	101,360	22	10
Plan fiduciary net position - end of year (b)	<u>\$ 721,567</u>	<u>\$ 398,607</u>	<u>\$ 213,716</u>	<u>\$ 101,360</u>	<u>\$ 22</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 8,926,256</u>	<u>\$ 9,037,085</u>	<u>\$ 8,840,392</u>	<u>\$ 10,476,998</u>	<u>\$ 9,926,113</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.48%	4.22%	2.36%	0.96%	0.00%
Covered payroll	\$ 7,892,268	\$ 7,662,396	\$ 6,857,693	\$ 6,552,226	\$ 6,657,954
Net OPEB liability as a percentage of covered-payroll	113.10%	117.94%	128.91%	159.90%	149.09%

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

See independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB - TOWN
YEARS ENDED JUNE 30, 2021**

**SCHEDULE OF CONTRIBUTIONS - TOWN
LAST 10 FISCAL YEARS**

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 767,568	\$ 936,392	\$ 934,511	\$ 1,043,834	\$ 978,898
Contributions in relation to the actuarially-determined contribution	(567,986)	(513,921)	(400,204)	(369,826)	(226,325)
Contribution deficiency (excess)	<u>\$ 199,582</u>	<u>\$ 422,471</u>	<u>\$ 534,307</u>	<u>\$ 674,008</u>	<u>\$ 752,573</u>
Covered-employee payroll	\$ 7,892,268	\$ 7,662,396	\$ 6,857,693	\$ 6,552,226	\$ 6,657,954
Contribution as a percentage of covered-employee payroll	7.20%	6.71%	5.84%	5.64%	3.40%

Notes to Schedule:

Valuation Date	July 1, 2019
Asset Valuation Method	Market Value of Assets as of Reporting Date
Actuarial Cost Method	Individual Entry Age Normal
Amortization Period	30 years
Investment rate of return	6.62%
Municipal Bond Rate	2.18%
Single Equivalent Discount Rate	6.75%
Inflation	2.50%
Healthcare cost trend rates	4.50%
Salary increases	3.00%

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

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Annual money weighted rate of return, net of investment expense	26.85%	4.31%	4.71%	0.88%	0.01%

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

See independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB - GELD
YEAR ENDED DECEMBER 31, 2020SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - GELD
LAST 10 FISCAL YEARS

	Year Ended December 31,			
	2020	2019	2018	2017
Total OPEB liability:				
Service cost	\$ 44,453	\$ 47,023	\$ 42,255	\$ 43,054
Interest	85,843	81,077	76,041	64,746
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(156,807)	-	(2,836)	115,369
Changes in assumptions	(96,903)	56,750	-	-
Benefit payments	(44,259)	(37,091)	(35,542)	(32,739)
Net change in total OPEB liability	(167,673)	147,759	79,918	190,430
Total OPEB liability - beginning of year	1,470,289	1,322,530	1,242,612	1,052,182
Total OPEB liability - end of year (a)	<u>\$ 1,302,616</u>	<u>\$ 1,470,289</u>	<u>\$ 1,322,530</u>	<u>\$ 1,242,612</u>
Plan fiduciary net position:				
Contributions - employer	\$ 44,259	\$ 37,091	\$ 89,971	\$ 238,739
Net investment income	171,246	204,052	(37,566)	118,827
Benefit payments	(44,259)	(37,091)	(35,542)	(32,739)
Net change in plan fiduciary net position	171,246	204,052	16,863	324,827
Plan fiduciary net position - beginning of year	1,386,599	1,182,547	1,165,684	840,857
Plan fiduciary net position - end of year (b)	<u>\$ 1,557,845</u>	<u>\$ 1,386,599</u>	<u>\$ 1,182,547</u>	<u>\$ 1,165,684</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ (255,229)</u>	<u>\$ 83,690</u>	<u>\$ 139,983</u>	<u>\$ 76,928</u>
Plan fiduciary net position as a percentage of the total OPEB liability	119.59%	94.31%	89.42%	93.81%
Covered-payroll	\$ 1,325,944	\$ 1,180,461	\$ 1,151,904	\$ 1,118,353
Net OPEB liability as a percentage of covered-payroll	-19.25%	7.09%	12.15%	6.88%

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

See independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB - GELD
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF CONTRIBUTIONS - GELD
LAST 10 FISCAL YEARS

	Year Ended December 31,			
	2020	2019	2018	2017
Actuarially-determined contribution	\$ 31,942	\$ 52,619	\$ 51,849	\$ 57,538
Contributions in relation to the actuarially-determined contribution	(44,259)	(37,091)	(89,971)	(238,739)
Contribution deficiency (excess)	<u>\$ (12,317)</u>	<u>\$ 15,528</u>	<u>\$ (38,122)</u>	<u>\$ (181,201)</u>
Covered-employee payroll	\$ 1,325,944	\$ 1,180,461	\$ 1,151,904	\$ 1,118,353
Contribution as a percentage of covered-employee payroll	3.34%	3.14%	7.81%	21.35%

Notes to Schedule:

Valuation Date	January 1, 2020
Asset Valuation Method	Market Value of Assets as of Reporting Date
Actuarial Cost Method	Individual Entry Age Normal
Investment rate of return	5.82%
Single Equivalent Discount Rate	6.00%
Inflation	2.50%
Healthcare cost trend rates	5.00%
Salary increases	3.00%

SCHEDULE OF INVESTMENT RETURNS - GELD
LAST 10 FISCAL YEARS

	Year Ended December 31,			
	2020	2019	2018	2017
Annual money weighted rate of return, net of investment expense	12.35%	17.26%	-3.10%	12.88%

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

See independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

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

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Favorable
	Budget	Budget	Amounts		Adjusted	(Unfavorable)
REVENUES						
Real estate and personal property taxes, net	\$ 35,016,686	\$ 35,072,686	\$ 35,072,686		\$ 35,124,995	\$ -
Intergovernmental	932,470	932,470	2,125,151		2,125,151	1,192,681
Motor vehicle and other excises	1,705,341	1,705,341	2,019,066		2,019,066	313,725
License and permits	300,000	300,000	465,011		465,011	165,011
Departmental and other revenue	1,550,939	1,550,939	1,246,327		1,246,327	(304,612)
Penalties and interest on taxes	110,000	110,000	140,840		140,840	30,840
Fines and forfeitures	20,000	20,000	23,548		23,548	3,548
Investment income	40,000	40,000	39,470		39,470	(530)
Total Revenues	39,675,436	39,731,436	41,132,099		41,184,408	1,400,663
EXPENDITURES						
General government	3,010,579	3,121,250	2,711,794	\$ 39,558	2,751,352	369,898
Public safety	5,085,956	5,193,732	4,737,258	24,894	4,762,152	431,580
Education	23,680,684	23,680,684	23,680,684	-	23,680,684	-
Public works	1,814,204	1,898,008	1,772,580	53,595	1,826,175	71,833
Health and human services	343,960	351,959	304,353	326	304,679	47,280
Culture and recreation	1,570,103	1,571,716	1,398,199	39,127	1,437,326	134,390
Pension and fringe benefits	3,989,909	3,989,909	3,968,630	7,584	3,976,214	13,695
State and county tax assessments	94,829	94,829	94,829	-	94,829	-
Debt service	1,762,479	1,762,479	1,762,386	-	1,762,386	93
Total Expenditures	41,352,703	41,664,566	40,430,713	165,084	40,595,797	1,068,769
OTHER FINANCING SOURCES (USES)						
Transfers in	1,271,536	1,332,741	1,332,741	-	1,332,741	-
Transfers out	(339,618)	(376,718)	(376,718)	-	(376,718)	-
Total Other Financing Sources (Uses)	931,918	956,023	956,023	-	956,023	-
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE	(745,349)	(977,107)	\$ 1,657,409	\$ (165,084)	\$ 1,544,634	\$ 2,469,432
Other budget items:						
Undesignated surplus (free cash)	297,090	528,848				
Prior year encumbrances	553,047	553,047				
Prior year deficits	(104,788)	(104,788)				
Total other budget items	745,349	977,107				
Net budget	\$ -	\$ -				

The notes to the financial statements are an integral part of this statement.

TOWN OF GROTON, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund and each enterprise fund. Financial orders are initiated by the Town Administrator, recommended by the Town Finance Committee and approved by Town Meeting. Expenditures may not legally exceed appropriations at the department level or in the categories of personnel and non-personnel expenses. Department heads may transfer, without Town Meeting approval, appropriation balances from one account to another within their department or budget, and within the categories of personnel and non-personnel. The Town Meeting however must approve any transfer of unencumbered appropriation balances between departments or agencies. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

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

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 41,184,408
Stabilization revenue	\$ -	\$ 81,493	81,493
Change in accruing tax revenues	(309,805)	-	(309,805)
Indirect cost allocations	-	(257,598)	(257,598)
Revenues on a GAAP basis	<u>\$ (309,805)</u>	<u>\$ (176,105)</u>	<u>\$ 40,698,498</u>
Expenditures on a budgetary basis			\$ 40,430,713
OPEB contribution	\$ -	\$ 177,094	177,094
Other funds deficit elimination	-	1,861	1,861
Indirect cost allocations	-	(257,598)	(257,598)
Expenditures on a GAAP basis	<u>\$ -</u>	<u>\$ (78,643)</u>	<u>\$ 40,352,070</u>
Other financing sources (uses) on a budgetary basis			\$ 699,759
Stabilization transfers	\$ -	\$ (390,272)	(390,272)
OPEB contribution	-	177,094	177,094
Other funds account closures	7,688	-	7,688
Other funds deficit elimination	-	1,861	1,861
Other financing sources (uses) on a GAAP basis	<u>\$ 7,688</u>	<u>\$ (211,317)</u>	<u>\$ 496,130</u>

Appropriation Deficits – During fiscal year 2021, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$75,439, which will be funded through subsequent fiscal year taxation and local receipts.