



TOWN OF WEYMOUTH, MASSACHUSETTS

Annual Financial Statements
For the Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Weymouth, 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 Weymouth, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Town's 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Weymouth Contributory Retirement System (Pension Trust Fund) which represents 88 percent and 62 percent, of the assets and deferred outflows, and revenues of the aggregate remaining fund information respectively. Those financial statements and required supplementary information were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Contributory Retirement System (Pension Trust Fund), is based on the report of the other auditor.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors'

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Weymouth, Massachusetts, as of June 30, 2020, (except the Weymouth Contributory Retirement System, which is as of December 31, 2019), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 12, 2021 on our consideration of the Town's internal control over financial reporting and on



our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Melanson

Andover, Massachusetts
May 12, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Weymouth, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other required 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 our finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Town'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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include water and sewer activities.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water and sewer operations, which are considered to be major funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured employee health programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

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

Notes to 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.

Required Supplementary Information (Other than MD&A)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(316,327,570), a change of \$(11,805,728) and net position in business-type activities was \$56,168,887, a change of \$(1,632,170).
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$27,719,884, a change of \$(17,759,706) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,625,076, a change of \$(1,493,952) in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	NET POSITION (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 86,753	\$ 93,465	\$ 10,561	\$ 9,514	\$ 97,314	\$ 102,979
Capital assets	<u>183,486</u>	<u>146,370</u>	<u>89,697</u>	<u>89,491</u>	<u>273,183</u>	<u>235,861</u>
Total assets	270,239	239,835	100,258	99,005	370,497	338,840
Deferred outflows of resources	75,129	38,407	6,001	598	81,130	39,005
Liabilities						
Long-term liabilities outstanding	584,551	521,759	48,764	41,096	633,315	562,855
Other liabilities	<u>48,129</u>	<u>37,378</u>	<u>322</u>	<u>338</u>	<u>48,451</u>	<u>37,716</u>
Total liabilities	632,680	559,137	49,086	41,434	681,766	600,571
Deferred inflows of resources	29,016	23,627	1,004	368	30,020	23,995
Net investment in capital assets	132,199	120,575	60,141	56,388	192,340	176,963
Restricted	21,387	20,470	-	-	21,387	20,470
Unrestricted	<u>(469,914)</u>	<u>(445,567)</u>	<u>(3,972)</u>	<u>1,413</u>	<u>(473,886)</u>	<u>(444,154)</u>
Total net position	\$ <u>(316,328)</u>	\$ <u>(304,522)</u>	\$ <u>56,169</u>	\$ <u>57,801</u>	\$ <u>(260,159)</u>	\$ <u>(246,721)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(260,158,683), a change of \$(13,437,898) in comparison to the prior year.

The largest portion of net position \$192,339,877 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$21,387,486 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(473,886,046) primarily resulting from unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION (in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 13,178	\$ 14,774	\$ 28,319	\$ 26,539	\$ 41,497	\$ 41,313
Operating grants and contributions	64,373	61,975	8	-	64,381	61,975
Capital grants and contributions	4,685	2,094	2,724	1,818	7,409	3,912
General revenues:						
Property taxes	111,579	106,743	-	-	111,579	106,743
Excises	7,683	7,699	-	-	7,683	7,699
Penalties and interest on taxes	2,561	2,965	-	-	2,561	2,965
Grants and contributions not restricted to specific programs	9,302	9,321	-	601	9,302	9,922
Investment income	1,356	1,155	31	39	1,387	1,194
Other	2,445	2,132	5	1	2,450	2,133
Total revenues	<u>217,162</u>	<u>208,858</u>	<u>31,087</u>	<u>28,998</u>	<u>248,249</u>	<u>237,856</u>
Expenses:						
General government	11,301	10,185	-	-	11,301	10,185
Public safety	38,271	35,046	-	-	38,271	35,046
Education	147,472	135,749	-	-	147,472	135,749
Public works	15,864	17,637	-	-	15,864	17,637
Health and human services	2,237	2,155	-	-	2,237	2,155
Culture and recreation	5,991	4,628	-	-	5,991	4,628
Intergovernmental	6,887	6,868	-	-	6,887	6,868
Interest on long-term debt	1,761	1,521	-	-	1,761	1,521
Miscellaneous	109	1	-	-	109	1
Water	-	-	13,343	8,906	13,343	8,906
Sewer	-	-	18,451	16,272	18,451	16,272
Total expenses	<u>229,893</u>	<u>213,790</u>	<u>31,794</u>	<u>25,178</u>	<u>261,687</u>	<u>238,968</u>
Change in net position before transfers	(12,731)	(4,932)	(707)	3,820	(13,438)	(1,112)
Transfers in (out)	925	2,982	(925)	(2,982)	-	-
Change in net position	<u>(11,806)</u>	<u>(1,950)</u>	<u>(1,632)</u>	<u>838</u>	<u>(13,438)</u>	<u>(1,112)</u>
Net position - beginning of year	<u>(304,522)</u>	<u>(302,572)</u>	<u>57,801</u>	<u>56,963</u>	<u>(246,721)</u>	<u>(245,609)</u>
Net position - end of year	<u>\$ (316,328)</u>	<u>\$ (304,522)</u>	<u>\$ 56,169</u>	<u>\$ 57,801</u>	<u>\$ (260,159)</u>	<u>\$ (246,721)</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(11,805,728). Key elements of this change are as follows:

Increase to OPEB expense from GASB 75, primarily resulting from a change in the discount rate	\$ (26,749,656)
Capital grants and contributions	4,684,805
Capital assets financed with current year revenues	11,086,627
Other	<u>(827,504)</u>
Total	<u>\$ (11,805,728)</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$(1,632,170). This reduction in net position is driven by the increase in OPEB resulting from the decrease in the discount rate from 3.58% to 2.28%, as well as the increase in pension expense and capital contribution revenue.

Financial Analysis of the Town’s Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

General Fund

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,625,076, while total fund balance was \$18,684,720. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned fund balance	\$ 14,625,076	\$ 16,119,028	\$ (1,493,952)	9%
Total fund balance	\$ 18,684,720	\$ 19,485,840	\$ (801,120)	11%

*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System of \$8,926,928.

The total fund balance of the general fund changed by \$(801,078) during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$	(482,367)
Expenditures less than budget		4,314,400
End of year appropriation carryforwards		2,514,617
Use of prior year appropriations to fund carryforwards		(1,092,070)
Use of free cash as a funding source		(7,113,567)
Change in stabilization		1,340,632
Other		(282,765)
Total	\$	<u><u>(801,120)</u></u>

Included in the total general fund balance are the Town's stabilization accounts with the following balances:

	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>
General stabilization	\$ 8,506,146	\$ 7,088,470	\$ 1,417,676
Special purpose stabilization	<u>90,405</u>	<u>167,449</u>	<u>(77,044)</u>
Total	<u><u>\$ 8,596,551</u></u>	<u><u>\$ 7,255,919</u></u>	<u><u>\$ 1,340,632</u></u>

Other Major Funds

The Chapman Middle School fund accounts for funds used for the construction of the new Chapman Middle School. The Chapman Middle School fund balance changed by \$(6,221,261) due primarily to the timing of permanent financing and the capital project disbursements.

The Public Library Construction fund accounts for funds used and grants received for the construction of the Town's library. The Public Library Construction fund balance changed by \$(8,963,063) due primarily to the timing receipts from grants and permanent financing and the capital project disbursements.

The Capital Articles Fund is used to account for long-term capital articles related to various Town and School projects, primarily funded through free cash. The Capital Articles fund balance changed by \$(561,718) due to expenditure of prior year carryforwards, which do not have a current year revenue source.

Non-Major Governmental Funds

The non-major fund balance changed by \$(1,212,544) primarily from timing differences between the receipt of permanent financing of capital projects and capital project disbursements.

Proprietary funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the water fund at the end of the year amounted to \$(6,086,435), a change of \$(3,632,901) in comparison to the prior year. This reduction in net position is driven by the increase in the net pension liability and related deferred outflows and deferred inflows of \$3,310,154 and increase in the net OPEB liability and related deferred outflows and deferred inflows of \$1,333,213.

Unrestricted net position of the sewer fund at the end of the year amounted to \$2,114,148, a change of \$(1,752,500) in comparison to the prior year. This reduction in net position is driven by the increase in the net pension liability and related deferred outflows and deferred inflows of \$1,304,582 and increase in the net OPEB liability and related deferred outflows and deferred inflows of \$427,064.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$8,205,637. Additionally, there were other reclassifications that had no impact on the overall budget. This increase was related primarily to the following:

- \$532,229 increase in education appropriations.
- \$354,162 increase in public works appropriations.
- \$7,043,273 increase in transfers to other funds which comprised of \$1,000,000 transfer to the Stabilization fund, \$5,945,273 to the Capital Articles fund, and \$98,000 to various special revenue funds.

Of this increase, \$7,113,567 was funded through the use of free cash and \$1,092,070 was funded through the use of prior year encumbrances.

Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$273,182,383 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- \$19,689,876 public library construction
- \$10,361,231 Chapman Middle School construction

- \$3,663,044 road and sidewalk improvements
- \$1,383,466 Smelt Brook building improvements
- \$1,263,188 modular classroom improvements
- \$1,006,218 seawall improvement
- \$947,170 sewer treatment plant improvements
- \$864,189 school technology upgrades

Additional information on capital assets can be found in the Notes to the Financial Statements.

Change in Credit Rating

During the fiscal year, the S&P's credit rating remained AA.

Long-term debt

At the end of the current fiscal year, total bonded debt outstanding was \$68,838,720, all of which was backed by the full faith and credit of the Town.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Weymouth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town Auditor
Town of Weymouth
75 Middle Street
Weymouth, Massachusetts 02189

TOWN OF WEYMOUTH, MASSACHUSETTS

Statement of Net Position
June 30, 2020

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 62,642,502	\$ 3,814,113	\$ 66,456,615
Investments	10,330,622	-	10,330,622
Receivables, net of allowance for uncollectibles:			
Property taxes	2,346,278	-	2,346,278
Excises	1,160,815	-	1,160,815
User fees	314,054	6,747,381	7,061,435
Departmental and other	140,325	-	140,325
Intergovernmental	4,451,820	-	4,451,820
Total Current Assets	81,386,416	10,561,494	91,947,910
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	5,367,319	-	5,367,319
Capital assets:			
Land and construction in progress	85,297,403	5,052,899	90,350,302
Other assets, net of accumulated depreciation	98,188,544	84,643,537	182,832,081
Total Noncurrent Assets	188,853,266	89,696,436	278,549,702
Total Assets	270,239,682	100,257,930	370,497,612
Deferred Outflows of Resources			
Related to pensions	6,968,740	511,953	7,480,693
Related to OPEB	68,136,423	5,488,924	73,625,347
Other	23,641	-	23,641
Total Deferred Outflows of Resources	75,128,804	6,000,877	81,129,681
Liabilities			
Current:			
Warrants payable	3,397,459	-	3,397,459
Accrued liabilities	6,856,286	322,148	7,178,434
Tax refunds payable	467,698	-	467,698
Notes payable	37,190,198	-	37,190,198
Other current liabilities	218,346	-	218,346
Current portion of long-term liabilities:			
Bonds payable	4,557,348	3,653,280	8,210,628
Compensated absences	238,157	4,050	242,207
Landfill liability	10,000	-	10,000
Total Current Liabilities	52,935,492	3,979,478	56,914,970
Noncurrent:			
Bonds payable, net of current portion	34,288,830	26,339,262	60,628,092
Net pension liability	95,372,090	6,140,714	101,512,804
Net OPEB liability	445,469,027	12,549,714	458,018,741
Compensated absences	4,524,984	76,956	4,601,940
Landfill liability	90,000	-	90,000
Total Noncurrent Liabilities	579,744,931	45,106,646	624,851,577
Total Liabilities	632,680,423	49,086,124	681,766,547
Deferred Inflows of Resources			
Related to pensions	7,922,888	510,130	8,433,018
Related to OPEB	21,092,745	493,666	21,586,411
Total Deferred Inflows of Resources	29,015,633	1,003,796	30,019,429
Net Position			
Invested in capital assets, net of related debt	132,198,703	60,141,174	192,339,877
Restricted for:			
Grants and other statutory restrictions	20,922,335	-	20,922,335
Permanent funds:			
Nonexpendable	142,724	-	142,724
Expendable	322,427	-	322,427
Unrestricted	(469,913,759)	(3,972,287)	(473,886,046)
Total Net Position	\$ (316,327,570)	\$ 56,168,887	\$ (260,158,683)

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues			Net (Expenses) Revenues
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
General government	\$ 11,301,386	\$ 6,105,302	\$ 3,294,145	\$ -	\$ (1,901,939)
Public safety	38,271,134	1,758,085	1,262,756	-	(35,250,293)
Education	147,472,218	2,925,737	56,654,324	4,142,084	(83,750,073)
Public works	15,883,855	1,462,105	2,337,141	20,000	(12,064,609)
Health and human services	2,236,973	114,661	440,163	-	(1,682,149)
Culture and recreation	5,991,210	812,047	384,384	542,721	(4,252,058)
Intergovernmental	6,887,077	-	-	-	(6,887,077)
Interest	1,761,495	-	-	-	(1,761,495)
Miscellaneous	108,947	-	-	-	(108,947)
	229,914,295	13,177,937	64,372,913	4,704,805	(147,658,640)
Business-Type Activities					
Water services	13,342,873	10,340,666	8,108	601,867	(2,392,232)
Sewer services	18,450,681	17,977,851	-	2,122,111	1,649,281
	31,793,554	28,318,517	8,108	2,723,978	(742,951)
Total	\$ 261,707,849	\$ 41,496,454	\$ 64,381,021	\$ 7,428,783	(148,401,591)

(continued)

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH
Statement of Activities
For the Year Ended June 30, 2020

(continued)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (147,658,640)	\$ (742,951)	\$ (148,401,591)
General Revenues and Transfers:			
Property taxes	111,579,484	-	111,579,484
Excise taxes	7,683,252	-	7,683,252
Penalties, interest, and other taxes	2,561,576	-	2,561,576
Grants and contributions not restricted to specific programs	9,301,783	-	9,301,783
Investment income	1,356,157	31,203	1,387,360
Other	2,445,660	4,578	2,450,238
Transfers	<u>925,000</u>	<u>(925,000)</u>	<u>-</u>
Total General Revenues and Transfers	135,852,912	(889,219)	134,963,693
Change in Net Position	(11,805,728)	(1,632,170)	(13,437,898)
Net Position:			
Beginning of Year	<u>(304,521,842)</u>	<u>57,801,057</u>	<u>(246,720,785)</u>
End of Year	<u>\$ (316,327,570)</u>	<u>\$ 56,168,887</u>	<u>\$ (260,158,683)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Chapman Middle School Fund	Public Library Construction	Capital Articles Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and short-term investments	\$ 17,438,073	\$ 8,778,739	\$ 7,958,347	\$ 10,342,714	\$ 18,013,775	\$ 62,531,648
Investments	10,330,622	-	-	-	-	10,330,622
Receivables:						
Property taxes	8,281,597	-	-	-	-	8,281,597
Excises	2,205,815	-	-	-	-	2,205,815
User fees	-	-	-	-	314,054	314,054
Departmental and other	37,086	-	-	-	103,239	140,325
Intergovernmental	-	-	-	-	3,754,777	3,754,777
Total Assets	<u>\$ 38,293,193</u>	<u>\$ 8,778,739</u>	<u>\$ 7,958,347</u>	<u>\$ 10,342,714</u>	<u>\$ 22,185,845</u>	<u>\$ 87,558,838</u>
Liabilities						
Warrants payable	\$ 3,397,459	\$ -	\$ -	\$ -	\$ -	\$ 3,397,459
Accrued liabilities	6,060,550	-	-	-	-	6,060,550
Tax refunds payable	467,698	-	-	-	-	467,698
Notes payable	-	15,000,000	15,470,198	-	6,720,000	37,190,198
Total Liabilities	9,925,707	15,000,000	15,470,198	-	6,720,000	47,115,905
Deferred Inflows of Resources						
Unavailable revenues	9,682,766	-	-	-	3,040,283	12,723,049
Fund Balances						
Nonspendable	-	-	-	-	142,724	142,724
Restricted	-	-	-	-	17,278,146	17,278,146
Committed	90,405	-	-	10,342,714	-	10,433,119
Assigned	3,969,239	-	-	-	-	3,969,239
Unassigned	14,625,076	(6,221,261)	(7,511,851)	-	(4,995,308)	(4,103,344)
Total Fund Balances	<u>18,684,720</u>	<u>(6,221,261)</u>	<u>(7,511,851)</u>	<u>10,342,714</u>	<u>12,425,562</u>	<u>27,719,884</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,293,193</u>	<u>\$ 8,778,739</u>	<u>\$ 7,958,347</u>	<u>\$ 10,342,714</u>	<u>\$ 22,185,845</u>	<u>\$ 87,558,838</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2020

Total governmental fund balances	\$	27,719,884
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		183,485,947
Long-term receivable not reported in governmental funds.		697,043
Revenues are reported on the accrual basis of accounting and are not deferred until collection.		11,110,049
Long-term liabilities, including bonds payable, net pension liability, net OPEB liability (net of deferrals) are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(538,437,265)
Other		<u>(903,228)</u>
Net position of governmental activities	\$	<u><u>(316,327,570)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Chapman Middle School Fund	Public Library Construction	Capital Articles Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 110,852,873	\$ -	\$ -	\$ -	\$ -	\$ 110,852,873
Excises	7,414,128	-	-	-	-	7,414,128
Penalties, interest, and other taxes	2,431,353	-	-	-	130,223	2,561,576
Charges for services	4,763,243	-	-	-	1,377,689	6,140,932
Intergovernmental	48,269,702	4,142,084	542,721	20,000	15,030,589	68,005,096
Licenses and permits	1,695,175	-	-	-	447,120	2,142,295
Fines and forfeitures	73,472	-	-	-	5,007,584	5,081,056
Contributions	-	-	-	-	653,051	653,051
Investment income	1,187,793	-	117,680	-	50,684	1,356,157
Miscellaneous	1,054,205	-	-	236,032	848,838	2,139,075
Total Revenues	177,741,944	4,142,084	660,401	256,032	23,545,778	206,346,239
Expenditures						
Current:						
General government	6,542,691	-	-	30,543	4,880,924	11,454,158
Public safety	22,337,956	-	-	568,159	1,564,532	24,470,647
Education	81,833,026	10,363,345	-	897,960	11,670,182	104,764,513
Public works	9,230,779	-	-	5,164,097	3,026,920	17,421,796
Health and human services	1,129,706	-	-	-	291,995	1,421,701
Culture and recreation	2,275,777	-	19,963,464	932,264	1,453,307	24,624,812
Employee Benefits	37,828,577	-	-	-	-	37,828,577
Debt service:						
Principal	4,190,200	-	-	-	190,000	4,380,200
Interest and costs	1,648,027	-	-	-	20,187	1,668,214
Intergovernmental	6,887,077	-	-	-	-	6,887,077
Total Expenditures	173,903,816	10,363,345	19,963,464	7,593,023	23,098,047	234,921,695
Excess (deficiency) of revenues over expenditures	3,838,128	(6,221,261)	(19,303,063)	(7,336,991)	447,731	(28,575,456)
Other Financing Sources (Uses)						
Bond proceeds	-	-	9,810,000	-	-	9,810,000
Bond premium	-	-	530,000	-	350,750	880,750
Transfers in	2,220,050	-	-	7,145,273	624,275	9,989,598
Transfers out	(6,859,298)	-	-	(370,000)	(2,635,300)	(9,864,598)
Total Other Financing Sources (Uses)	(4,639,248)	-	10,340,000	6,775,273	(1,660,275)	10,815,750
Change in fund balance	(801,120)	(6,221,261)	(8,963,063)	(561,718)	(1,212,544)	(17,759,706)
Fund Balance, at Beginning of Year, as reclassified	19,485,840	-	1,451,212	10,904,432	13,638,106	45,479,590
Fund Balance, at End of Year	\$ 18,684,720	\$ (6,221,261)	\$ (7,511,851)	\$ 10,342,714	\$ 12,425,562	\$ 27,719,884

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2020

Net changes in fund balances - total governmental funds \$ (17,759,706)

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:

Capital outlay	43,691,650
Loss on disposal of assets	(53,886)
Depreciation	(6,521,381)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Issuance of debt	(9,810,000)
Repayments of debt	4,380,200
Other	(324,038)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.

521,175

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 government funds:

Net pension liability and related deferred outflows and inflows of resources	1,442,846
Net OPEB liability and related deferred outflows and inflows of resources	(26,749,656)
Other	(686,880)

Other differences	63,948
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Change in net position of governmental activities \$ (11,805,728)

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water	Sewer	Total	Internal Service Fund
	<u>Fund</u>	<u>Fund</u>		Fund
Assets				
Current:				
Cash and short-term investments	\$ 1,719,868	\$ 2,094,245	\$ 3,814,113	\$ 110,854
User fees	<u>2,374,920</u>	<u>4,372,461</u>	<u>6,747,381</u>	<u>-</u>
Total current assets	4,094,788	6,466,706	10,561,494	110,854
Noncurrent:				
Capital assets:				
Land and construction in progress	1,804,371	3,248,528	5,052,899	-
Other capital assets, net of accumulated depreciation	<u>57,893,051</u>	<u>26,750,486</u>	<u>84,643,537</u>	<u>-</u>
Total noncurrent assets	<u>59,697,422</u>	<u>29,999,014</u>	<u>89,696,436</u>	<u>-</u>
Total Assets	63,792,210	36,465,720	100,257,930	110,854
Deferred Outflows of Resources				
Related to pensions	371,393	140,560	511,953	-
Related to OPEB	<u>4,174,522</u>	<u>1,314,402</u>	<u>5,488,924</u>	<u>-</u>
Total Deferred Outflows of Resources	4,545,915	1,454,962	6,000,877	-
Liabilities				
Current:				
Accrued liabilities	241,861	80,287	322,148	-
Other current liabilities	-	-	-	218,346
Current portion of long-term liabilities:				
Bonds payable	2,491,249	1,162,031	3,653,280	-
Compensated absences	<u>2,826</u>	<u>1,224</u>	<u>4,050</u>	<u>-</u>
Total current liabilities	2,735,936	1,243,542	3,979,478	218,346
Noncurrent:				
Bonds payable, net of current portion	22,652,862	3,686,400	26,339,262	-
Net pension liability	4,454,743	1,685,971	6,140,714	-
Net OPEB liability	9,480,988	3,068,726	12,549,714	-
Compensated absences	<u>53,697</u>	<u>23,259</u>	<u>76,956</u>	<u>-</u>
Total noncurrent liabilities	<u>36,642,290</u>	<u>8,464,356</u>	<u>45,106,646</u>	<u>-</u>
Total Liabilities	39,378,226	9,707,898	49,086,124	218,346
Deferred Inflows of Resources				
Related to pension	370,071	140,059	510,130	-
Related to OPEB	<u>372,952</u>	<u>120,714</u>	<u>493,666</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>743,023</u>	<u>260,773</u>	<u>1,003,796</u>	<u>-</u>
Net Position				
Net investment in capital assets	34,303,311	25,837,863	60,141,174	-
Unrestricted	<u>(6,086,435)</u>	<u>2,114,148</u>	<u>(3,972,287)</u>	<u>(107,492)</u>
Total Net Position	<u>\$ 28,216,876</u>	<u>\$ 27,952,011</u>	<u>\$ 56,168,887</u>	<u>\$ (107,492)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Proprietary Funds
Statement of Revenues, Expenses, And Changes in Fund Net Position
For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Operating Revenues				
Charges for services	\$ 10,340,666	\$ 17,977,851	\$ 28,318,517	\$ -
Other	4,578	-	4,578	-
Total Operating Revenues	10,345,244	17,977,851	28,323,095	-
Operating Expenses				
Salaries and benefits	8,302,131	3,902,942	12,205,073	766,223
Other operating expenses	2,551,726	13,303,262	15,854,988	-
Depreciation	1,924,473	1,049,136	2,973,609	-
Total Operating Expenses	12,778,330	18,255,340	31,033,670	766,223
Operating Loss	(2,433,086)	(277,489)	(2,710,575)	(766,223)
Nonoperating Revenues (Expenses)				
Contributions revenue	-	-	-	-
Intergovernmental revenue	8,108	-	8,108	-
Investment income	17,871	13,332	31,203	-
Interest expense	(564,543)	(195,341)	(759,884)	-
Total Nonoperating Revenues, Net	(538,564)	(182,009)	(720,573)	-
Loss Before Transfers and Capital Contributions	(2,971,650)	(459,498)	(3,431,148)	(766,223)
Capital Contributions	601,867	2,122,111	2,723,978	-
Transfers in	-	-	-	800,000
Transfers out	(370,000)	(555,000)	(925,000)	-
Change in Net Position	(2,739,783)	1,107,613	(1,632,170)	33,777
Net Position at Beginning of Year	30,956,659	26,844,398	57,801,057	(141,269)
Net Position at End of Year	\$ 28,216,876	\$ 27,952,011	\$ 56,168,887	\$ (107,492)

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Funds
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 9,937,867	\$ 17,157,149	\$ 27,095,016	\$ -
Payments to vendors and employees	(6,234,500)	(15,461,838)	(21,696,338)	-
Payments of employee benefits and expenses	-	-	-	(783,308)
Net Cash Provided By (Used for) Operating Activities	3,703,367	1,695,311	5,398,678	(783,308)
Cash Flows From Noncapital Financing Activities:				
Transfers in	-	-	-	800,000
Transfers out	(370,000)	(555,000)	(925,000)	-
Net Cash Provided By (Used For) Noncapital Financing Activities	(370,000)	(555,000)	(925,000)	800,000
Cash Flows From Capital and Related Financing Activities				
Proceeds from issuance of bonds and notes	-	250,000	250,000	-
Acquisition and construction of capital assets	(613,453)	(2,571,125)	(3,184,578)	-
Principal payments on bonds	(2,457,616)	(1,263,218)	(3,720,834)	-
Intergovernmental revenues	-	750,000	750,000	-
Interest expense	(564,543)	(195,341)	(759,884)	-
Capital contributions	601,867	2,122,111	2,723,978	-
Other non-operating income	5,313	-	5,313	-
Net Cash (Used For) Capital and Related Financing Activities	(3,028,432)	(907,573)	(3,936,005)	-
Cash Flows From Investing Activities				
Investment income	17,871	13,332	31,203	-
Net Cash Provided By Investing Activities	17,871	13,332	31,203	-
Net Change in Cash and Short-Term Investments	322,806	246,070	568,876	16,692
Cash and Short-Term Investments, Beginning of Year	1,397,062	2,598,175	3,995,237	94,162
Cash and Short-Term Investments, End of Year	\$ 1,719,868	\$ 2,844,245	\$ 4,564,113	\$ 110,854
Reconciliation of Operating Loss to Net Cash Provided by (Used For) Operating Activities				
Operating Loss	\$ (2,433,086)	\$ (277,489)	\$ (2,710,575)	\$ (766,223)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation	1,924,473	1,049,136	2,973,609	-
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees	(407,377)	(820,702)	(1,228,079)	-
Deferred outflows - related to pensions	(76,140)	(42,194)	(118,334)	-
Deferred outflows - related to OPEB	(4,021,271)	(1,263,345)	(5,284,616)	-
Accrued liabilities	(26,702)	11,556	(15,146)	(17,085)
Net pension liability	3,016,223	1,206,716	4,222,939	-
Net OPEB liability	5,257,819	1,661,742	6,919,561	-
Compensated absences	2,692	1,165	3,857	-
Deferred inflows - related to pensions	370,071	140,059	510,130	-
Deferred inflows - related to OPEB	96,665	28,667	125,332	-
Net Cash Provided By (Used For) Operating Activities	\$ 3,703,367	\$ 1,695,311	\$ 5,398,678	\$ (783,308)

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	<u>Pension and OPEB Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets			
Cash and short-term investments	\$ 7,653,067	\$ 1,156,640	\$ 1,210,746
Investments:			
Corporate bonds	11,127,489	-	-
Corporate equities	44,349,365	-	-
Federal agency securities	9,786,676	-	-
Mutual funds	33,617,524	-	-
External investment pool	99,453,873	-	-
Real estate	<u>16,041,101</u>	<u>-</u>	<u>-</u>
Total Investments	214,376,028	-	-
Accounts receivable	<u>123,343</u>	<u>-</u>	<u>526,900</u>
Total Assets	222,152,438	1,156,640	<u>\$ 1,737,646</u>
Liabilities			
Accounts payable	295,939	-	-
Investment purchases payable	171,867	-	-
Other liabilities	<u>-</u>	<u>-</u>	<u>1,737,646</u>
Total Liabilities	<u>467,806</u>	<u>-</u>	<u>\$ 1,737,646</u>
Net Position			
Restricted for pensions purposes	217,314,229	-	
Restricted for OPEB purposes	4,370,403	-	
Restricted for individual organizations and other governments	<u>-</u>	<u>1,156,640</u>	
Total Net Position	<u>\$ 221,684,632</u>	<u>\$ 1,156,640</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Fiduciary Funds
Statement of changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	<u>Pension and OPEB Trust Funds</u>	<u>Private Purpose Trust Funds</u>
Additions		
Contributions:		
Employer	\$ 21,167,173	\$ -
Plan members	4,387,845	-
Other systems and Commonwealth of Massachusetts	1,148,494	
Private donations	-	87,121
	26,703,512	87,121
Total contributions		
Investment Income:		
Increase (decrease) in fair value of investments	38,779,545	17,482
Less: investment expense	(1,081,523)	-
	37,698,022	17,482
Net investment income		
Total additions	64,401,534	104,603
Deductions		
Benefit payments	28,901,567	-
Reimbursements to other systems	775,455	-
Administration	532,491	-
Refunds	307,340	-
Other	-	101,191
	30,516,853	101,191
Total deductions		
Net increase	33,884,681	3,412
Net position restricted for pensions and other purposes		
Beginning of year	187,799,951	1,153,228
End of year	\$ 221,684,632	\$ 1,156,640

The accompanying notes are an integral part of these financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Weymouth (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable.

Fiduciary Component Unit: The Weymouth Contributory Retirement System (the System) was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a part of the pension and OPEB trust fund in the fiduciary fund financial statements. Additional financial information of the System can be obtained by contacting the System located at 807 Broad Street, Weymouth, MA 02189.

Government-wide and Fund Financial Statements

Government-wide 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial

statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both 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. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The 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.
- The Chapman Middle School fund accounts for funds used for the construction of the new Chapman Middle School
- The Public Library Construction fund accounts for funds used and grants received for the construction of the Town's library.
- The Capital Articles fund is used to account for long-term capital articles related to various Town and School projects, primarily funded through free cash.

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 liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- Water enterprise fund
- Sewer enterprise fund

The self-insured workers compensation program is reported as an internal service fund in the accompanying financial statements.

The fiduciary 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 liabilities are incurred.

The Town reports the following fiduciary funds:

- The pension and OPEB trust funds are used to accumulate resources for retiree post-employment benefits.
- The private-purpose trust fund is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The agency funds account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus. The Agency fund represents primarily police and fire details, student activity funds, and performance bonds.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments".

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

Investments, generally, are presented at fair value, except for certificates of deposits, which are carried at cost. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using the net asset value (NAV). The NAV per share is the amount of net assets attributable to each share of capital stock outstanding at the close of the period investments measured at the NAV for fair value are not subject to level classification.

Property Tax Limitations

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override is voted. The actual fiscal year 2020 tax levy reflected an excess capacity of \$27,177.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$15,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30 - 50
Building improvements	20 - 50
Machinery, equipment and other	20 - 50
Infrastructure	3 - 20

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

2. Stewardship, Compliance, and Accountability

Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Town Council (the "Council"). The Mayor's Office presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Council, which has full authority to decrease and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget requires majority Council and Mayoral approval via a supplemental appropriations or re-appropriation. Additionally, department heads whose appropriations are reduced must approve the transfers.

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

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

The Town Accountant has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting and reporting system. Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the general fund and proprietary funds. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2020.

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

3. Deposits and Investments

Town (Excluding the Pension and OPEB Trust Funds)

State statutes (MGL Chapter 44, Section 55) place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations have maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consists of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, Certain External Investment Pools and Pool Participants, to report its investments at amortized cost, which approximates the net asset value of 1.00 per share. MMDT has a maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust and OPEB funds.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned. The Town does not have a custodial credit risk policy for deposits.

As of June 30, 2020, \$5,215,438 of the Town’s bank balances of \$73,421,474, was exposed to custodial credit risk as uninsured and uncollateralized. \$2,811,124 of the Town’s bank balance is on deposit with the Massachusetts Municipal Depository Trust, which is not subject to custodial credit risk disclosure.

Investment Summary

The following is a summary of the Town’s investments as of June 30, 2020 (in thousands):

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ 1,825
Corporate bonds	1,429
Corporate equities	1,406
Equity mutual funds	141
Fixed income mutual funds	1,382
Municipal fixed income	160
Federal agency securities	1,553
U.S. Treasury notes	<u>2,435</u>
Total investments	<u>\$ 10,331</u>

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town’s custodial credit risk policy requires that proof of securities purchased from any bank or dealer be provided to the Treasurer and recorded on the Town’s books. The Town manages custodial credit risk exposure with SIPC and excess SIPC insurance.

As of June 30, 2020, \$8,506,145 of the Town’s total investments were subject to custodial credit exposure because the related securities are uninsured, unregistered, and/or held by the Town’s brokerage firm, which is also the counterparty to these securities as follows (in thousands):

<u>Investment Type</u>	<u>Amount</u>	Held by Counterparty's <u>Trust or Agent</u>
Corporate bonds	\$ 1,429	\$ 1,429
Corporate equities	1,406	1,406
Municipal fixed income	160	160
Federal agency securities	1,553	1,553
U.S. Treasury notes	2,435	2,435
Total	<u>\$ 6,983</u>	<u>\$ 6,983</u>

Credit Risk – Investments of Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Town’s investment policies related to credit risk are to pre-qualify the financial institutions, brokers/dealers, and advisors with which the Town will do business, diversify the investment portfolio so that potential losses on individual securities will be minimized, and collateralize public deposits through pledging of appropriate securities as the only way to fully guarantee the safety of such deposits.

As of June 30, 2020, the credit quality ratings, as rated by S&P Global Ratings, of the Town’s debt securities are as follows, in thousands:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>			
		<u>AAA</u>	<u>AA+</u>	<u>AA+ - AA-</u>	<u>BBB+ - BBB</u>
Corporate bonds	\$ 1,429	\$ -	\$ -	\$ 925	\$ 504
Fixed income mutual funds	1,382	1,382	-	-	-
Municipal fixed income	160	-	160	-	-
Federal agency securities	1,553	-	1,553	-	-
Total	<u>\$ 4,524</u>	<u>\$ 1,382</u>	<u>\$ 1,713</u>	<u>\$ 925</u>	<u>\$ 504</u>

Concentration of Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Town places no limit on the amount the Town may invest in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2020, the Town did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk – Investments of Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's policy related to interest rate risk is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Thereafter</u>
Corporate bonds	\$ 1,429	\$ 256	\$ 979	\$ 194	\$ -
Fixed income mutual funds	1,382	-	1,382	-	-
Municipal Fixed Income	160	-	-	-	160
Federal agency securities	1,553	252	1,139	162	
U.S. Treasury notes	<u>2,435</u>	<u>150</u>	<u>2,006</u>	<u>279</u>	
Total	<u>\$ 6,959</u>	<u>\$ 658</u>	<u>\$ 5,506</u>	<u>\$ 635</u>	<u>\$ 160</u>

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

Fair Value

The Town 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 and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3

measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town has the following fair value measurements as of June 30, 2020 (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate bonds	\$ 1,429	\$ -	\$ 1,429	\$ -
Corporate equities	1,406	1,406	-	-
Equity mutual funds	141	141	-	-
Fixed income mutual funds	1,382	-	1,382	-
Municipal fixed income	160	-	160	-
Federal agency securities	1,553	-	1,553	-
U.S. Treasury notes	<u>2,435</u>	2,435	-	-
Total	<u>\$ 8,506</u>			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily

available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Investments – OPEB Trust Fund

Generally, the Town’s OPEB investment policies mirror that of the Town as discussed in the previous note.

The following is a summary of the OPEB Trust Fund’s investments as of June 30, 2020 (in thousands):

<u>Investment Type</u>	<u>Amount</u>
External investment pool- Plymouth County OPEB Trust	\$ <u>4,370</u>

Custodial Credit Risk

As of June 30, 2020, all of the OPEB Trust Fund’s total investments were subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the OPEB Trust Fund’s brokerage firm, which is also the counterparty to these securities.

Credit Risk – Investments of Debt Securities

All of the OPEB Trust Funds investments were unrated as of June 30, 2020.

Concentration of Credit Risk

All of the OPEB Trust’s Investments are invested in external investment pools, which are excluded from concentration of credit disclosure.

Interest Rate Risk

Information about the sensitivity of the fair values of the OPEB Trust Fund’s investments to market interest rate fluctuations was not disclosed by the Plymouth County OPEB Trust (PCOT).

Fair Value

The OPEB Trust Fund has the following fair value measurements as of June 30, 2020:

<u>Investment Type</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Investments measured at the net asset value (NAV):				
External investment pools	\$ 4,370	\$ -	Monthly	30 Days

5. Investments – Pension Trust Fund (The System)

The following is a summary of the System’s investments as of December 31, 2019 (in thousands):

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 11,127
Corporate equities	44,350
Equity mutual funds	33,618
External investment pool	95,083
Federal agency securities	9,787
Real estate	<u>16,041</u>
Total investments	<u>\$ 210,006</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The System’s credit risk policy requires that proof of securities purchased from any bank or dealer be provided to the Treasurer and recorded on the Town’s books.

Custodial credit risk information was not provided as part of the Weymouth Contributory Retirement System’s Financial Statements.

Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk – Investments of Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Massachusetts General Law, Chapter 32, Section 23, limits the investment of System funds, to the extent not required for current disbursements, in the PRIT Fund or in securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth, provided that no more than the established percentage of assets, is invested in any one security.

Presented below (in thousands) is the actual rating as of year-end for each debt-related investments of the System (all U.S. Treasury and agency securities have an implied credit rating of AAA):

<u>Investment Type</u>	<u>Rating as of Year End</u>									
	<u>Amount</u>	<u>AAA</u>	<u>AA1</u>	<u>AA2</u>	<u>AA3</u>	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>BAA1 and Below</u>	<u>Unrated</u>
Corporate bonds	\$ 11,127	\$ 911	\$ 286	\$ 413	\$ 176	\$ 438	\$ 993	\$ 1,427	\$ 5,489	\$ 994
Federal agency securities	9,787	588	-	-	-	-	-	-	-	9,199
Total	<u>\$ 20,914</u>	<u>\$ 1,499</u>	<u>\$ 286</u>	<u>\$ 413</u>	<u>\$ 176</u>	<u>\$ 438</u>	<u>\$ 993</u>	<u>\$ 1,427</u>	<u>\$ 5,489</u>	<u>\$ 10,193</u>

Concentration of Credit Risk

Massachusetts General Law Chapter 32, Section 23 limits the amount the System may invest in any one issuer or security type, with the exception of the PRIT Fund.

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

As of December 31, 2019, the System did not have any investments subject to concentration of credit risk disclosure as any investment classifications exceeding 5% are exempt.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The System does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the System's investments to market interest rate fluctuations is as follows (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Thereafter</u>
Corporate bonds	\$ 11,127	\$ 205	\$ 4,478	\$ 2,455	\$ 3,989
Federal agency securities	9,787	345	212	94	9,136
Total	<u>\$ 20,914</u>	<u>\$ 550</u>	<u>\$ 4,690</u>	<u>\$ 2,549</u>	<u>\$ 13,125</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The System does not have formal investment policies related to foreign currency risk.

Fair Value

The System 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. The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – Inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

The net asset value (NAV) per share is the amount of net assets attributable to each share of capital stock outstanding at the close of the period. Investments measured at the NAV for fair value are not subject to level classification.

The System has the following fair value measurements as of December 31, 2018 (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate bonds	\$ 11,127	\$ -	\$ 11,127	\$ -
Corporate equities	44,350	44,350	-	-
Equity mutual funds	33,618	33,618	-	-
Federal agency securities	9,787	-	9,787	-
Real estate	16,041	-	-	16,041
Investments measured at the net asset value (NAV):				
External investment pool	<u>95,083</u>	-	-	-
Total	<u>\$ 210,006</u>			
<u>Investment Type</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
External investment pool	\$ 95,083	\$ -	Daily	N/A

6. Property Taxes and Excises Receivable

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements accordingly.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 1/2 % of the prior year's levy plus the taxes on property newly added to the tax rolls.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Boat excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2020 consist of the following (in thousands):

	Gross Amount <u>(fund basis)</u>	Allowance for Doubtful <u>Accounts</u>	Current <u>Portion</u>	Long- Term <u>Portion</u>
Real estate taxes	\$ 2,041	\$ (241)	\$ 1,800	\$ -
Personal property taxes	70	(15)	55	-
Tax liens	5,653	(286)	-	5,367
Deferred taxes	518	(26)	492	-
Total property taxes	<u>\$ 8,282</u>	<u>\$ (568)</u>	<u>\$ 2,347</u>	<u>\$ 5,367</u>
Motor vehicle excise	\$ 2,162	\$ (1,020)	\$ 1,142	
Boat excise	43	(25)	18	
Total excises	<u>\$ 2,205</u>	<u>\$ (1,045)</u>	<u>\$ 1,160</u>	

7. User Fee Receivables

Receivables for user charges and betterments at June 30, 2020 consist of the following (in thousands):

	Gross <u>Amount</u>	Allowance for Doubtful <u>Accounts</u>	Net <u>Amount</u>
Water	\$ 2,526	\$ (151)	\$ 2,375
Sewer	4,659	(287)	4,372
Total	<u>\$ 7,185</u>	<u>\$ (438)</u>	<u>\$ 6,747</u>

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2020.

9. Interfund Fund Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the

governmental and proprietary fund financial statements. The following is an analysis of interfund transfers:

<u>Governmental Activities</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,220,050	\$ (6,859,298)
Capital Articles Fund	7,145,273	(370,000)
Workers Comp (ISF)	800,000	-
Nonmajor Funds:		
Special Revenue Funds:		
Receipts Reserved	464,294	(448,269)
School Revolving	-	(155,050)
Town Revolving	-	(2,010,000)
Other special revenue funds	148,000	(10,000)
Capital Project Funds	<u>11,981</u>	<u>(11,981)</u>
Subtotal Nonmajor Funds	624,275	(2,635,300)
 <u>Business-Type Activities</u>		
Sewer Fund	-	(555,000)
Water Fund	<u>-</u>	<u>(370,000)</u>
Subtotal Business-Type Funds	<u>-</u>	<u>(925,000)</u>
Total	<u>\$ 10,789,598</u>	<u>\$ (10,789,598)</u>

The transfer into the general fund of \$2,220,050 was funded by the special revenue funds as follows: \$1,800,000 from the solid waste removal fund, \$210,000 from Comcast settlement fund, and \$155,050 from the Basket Pro/Weycare fund. \$5,945,273 of the transfers out of the general fund and \$870,000 of the transfers out of the business-type funds were transferred to fund the Capital articles fund. \$800,000 of the transfers out of the general fund were transferred to fund the internal service fund. The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

10. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 129,491	\$ 4,499	\$ -	\$ 133,990
Machinery, equipment, and furnishings	40,584	3,275	(935)	42,924
Infrastructure	<u>53,774</u>	<u>3,340</u>	<u>-</u>	<u>57,114</u>
Total capital assets, being depreciated	223,849	11,114	(935)	234,028
Less accumulated depreciation for:				
Buildings and improvements	(71,920)	(2,947)	-	(74,867)
Machinery, equipment, and furnishings	(28,420)	(2,879)	880	(30,419)
Infrastructure	<u>(29,858)</u>	<u>(695)</u>	<u>-</u>	<u>(30,553)</u>
Total accumulated depreciation	<u>(130,198)</u>	<u>(6,521)</u>	<u>880</u>	<u>(135,839)</u>
Capital assets, being depreciated, net	93,651	4,593	(55)	98,189
Capital assets, not being depreciated:				
Land	32,163	759	-	32,922
Construction in progress	<u>20,555</u>	<u>43,693</u>	<u>(11,873)</u>	<u>52,375</u>
Total capital assets, not being depreciated	<u>52,718</u>	<u>44,452</u>	<u>(11,873)</u>	<u>85,297</u>
Governmental activities capital assets, net	<u>\$ 146,369</u>	<u>\$ 49,045</u>	<u>\$ (11,928)</u>	<u>\$ 183,486</u>
	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 46,303	\$ -	\$ -	\$ 46,303
Machinery, equipment, and furnishings	2,560	473	(290)	2,743
Infrastructure	<u>97,404</u>	<u>1,173</u>	<u>-</u>	<u>98,577</u>
Total capital assets, being depreciated	146,267	1,646	(290)	147,623
Less accumulated depreciation for:				
Buildings and improvements	(29,130)	(786)	-	(29,916)
Machinery, equipment, and furnishings	(2,058)	(125)	285	(1,898)
Infrastructure	<u>(29,102)</u>	<u>(2,063)</u>	<u>-</u>	<u>(31,165)</u>
Total accumulated depreciation	<u>(60,290)</u>	<u>(2,974)</u>	<u>285</u>	<u>(62,979)</u>
Capital assets, being depreciated, net	85,977	(1,328)	(5)	84,644
Capital assets, not being depreciated:				
Land	1,650	-	-	1,650
Construction in progress	<u>1,864</u>	<u>3,185</u>	<u>(1,646)</u>	<u>3,403</u>
Total capital assets, not being depreciated	<u>3,514</u>	<u>3,185</u>	<u>(1,646)</u>	<u>5,053</u>
Business-type activities capital assets, net	<u>\$ 89,491</u>	<u>\$ 1,857</u>	<u>\$ (1,651)</u>	<u>\$ 89,697</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities	
General government	\$ 244
Public safety	987
Education	3,324
Public works	1,719
Human services	1
Culture and recreation	<u>246</u>
Total governmental activities	<u>\$ 6,521</u>
Business-Type Activities	
Water	\$ 1,925
Sewer	<u>1,049</u>
Total business-type activities	<u>\$ 2,974</u>

11. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

Other deferred outflows of resources consist of unamortized deferred losses on debt refundings of \$23,641.

12. Warrants Payable

Warrants payable represent 2020 expenditures paid by July 15, 2020.

13. Accrued Liabilities

Accrued liabilities represent 2020 expenditures paid in 2021.

14. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Appellate Tax Board.

15. Notes Payable

The Town had the following note outstanding at June 30, 2020:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/20</u>
Public Library Construction	1.75%	08/28/19	08/27/20	\$ 10,636,125
Field and Park Improvements	1.75%	08/28/19	08/27/20	2,000,000
Primary School Boiler	1.75%	08/28/19	08/27/20	720,000
Chapman Middle School	1.75%	08/28/19	08/27/20	15,000,000
Abigail Adams Middle School	1.75%	08/28/19	08/27/20	2,000,000
Modular classrooms	1.75%	08/28/19	08/27/20	2,000,000
Public Library Construction	2.00%	06/04/20	06/18/21	4,834,073
Total				\$ <u>37,190,198</u>

The following summarizes activity in notes payable during fiscal year 2020:

	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
General Obligation BAN	\$ 23,996,125	\$ -	\$ (23,996,125)	\$ -
General Obligation BAN	-	32,356,125	-	32,356,125
General Obligation BAN	-	4,834,073	-	4,834,073
Total	\$ <u>23,996,125</u>	\$ <u>37,190,198</u>	\$ <u>(23,996,125)</u>	\$ <u>37,190,198</u>

16. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings currently outstanding are as follows:

Governmental Activities

<u>General Obligation Bonds</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/20</u>
Public offerings:				
Landfill refunding bond	\$ 695,630	07/15/20	3.86%	\$ 80,000
School planning refunding bond	174,000	07/15/20	3.86%	20,000
School remodeling bond	1,130,000	09/15/20	2.82%	100,000
General obligation bond of 2012	8,100,000	09/15/21	2.23%	1,560,000
General obligation refunding	7,885,000	09/15/24	1.74%	2,124,600
General obligation bond of 2016	1,993,000	06/30/29	2.15%	1,685,000
General obligation bond of 2015	13,845,000	10/15/29	1.90%	9,050,000
Parks and field bond	4,130,000	03/01/32	2.84%	3,685,000
General obligation bond of 2016	1,750,000	06/30/32	2.37%	1,305,000
General obligation library bond	9,810,000	08/15/47	2.36%	9,810,000
General obligation bond of 2019	7,690,000	03/01/36	2.31%	<u>7,215,000</u>
Total general obligation bonds				<u>36,634,600</u>
Total governmental activities				<u>\$ 36,634,600</u>

Business-Type Activities

		Serial	Interest	Amount
		Maturities	Rate(s) %	Outstanding
		<u>Through</u>		as of
				<u>6/30/20</u>
<u>General Obligation Bonds</u>				
Public offerings:				
Sewer bond 1 refunding	\$ 586,834	07/15/20	3.86%	\$ 55,000
Refunding water 1	304,440	07/15/20	3.85%	35,000
Refunding water 2	305,400	07/15/20	3.85%	35,000
Refunding water 3	217,430	07/15/20	3.85%	25,000
Water treatment plant and mains	2,290,000	09/15/21	2.23%	450,000
Sewer 1-5 Refunding	9,015,000	09/15/24	1.74%	4,015,400
Refunding water 4	2,922,000	06/30/29	2.15%	<u>2,620,000</u>
Total general obligation bonds				7,235,400
<u>Loans - Direct Borrowings</u>				
MWRA loan 2	\$ 250,000	08/15/29	0.00%	250,000
MWRA sewer bond WRA-P9-39	197,500	08/30/28	0.00%	177,750
MWPAT DW-06-12	20,000,000	07/15/28	2.00%	9,958,718
MWRA sewer bond 16-073 11/17	212,500	11/15/27	0.00%	170,000
MWRA sewer bond 16-073	73,750	02/15/27	0.00%	51,625
MWPAT DW 02-02	411,907	08/01/22	5.01%	85,485
MWRA sewer bond 13-089	643,280	02/15/21	0.00%	128,656
MWPAT DW 00-20	338,891	02/01/21	5.09%	25,000
MWPAT DW-06-12-A (O)	16,379,794	07/15/32	2.00%	<u>11,909,908</u>
Total loans - direct borrowings				<u>22,757,142</u>
Total business-type activities				\$ <u>29,992,542</u>

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2020 are as follows:

	<u>Bonds - Public Offerings</u>			
	<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$	4,380,000	\$	1,316,920
2022		4,195,000		1,137,190
2023		3,344,600		979,448
2024		2,685,000		850,856
2025		2,715,000		750,456
2026 - 2030		9,375,000		2,401,868
2031 - 2035		4,215,000		963,749
2035 - 2040		2,050,000		570,516
2041 - 2045		2,210,000		323,059
2045 - 2048		1,465,000		55,563
Total	\$	<u>36,634,600</u>	\$	<u>9,349,625</u>

<u>Business-Type</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,575,000	\$ 250,559	\$ 2,078,279	\$ 422,538
2022	1,425,000	192,491	1,962,675	384,447
2023	1,185,400	139,158	2,001,523	345,417
2024	955,000	96,350	2,012,688	306,316
2025	950,000	61,525	2,053,178	267,124
2026 - 2030	1,145,000	112,000	9,597,835	730,721
2031 - 2033	-	-	3,050,964	92,403
Total	\$ <u>7,235,400</u>	\$ <u>852,083</u>	\$ <u>22,757,142</u>	\$ <u>2,548,966</u>

Changes in General Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable:						
Public offerings	\$ 31,205	\$ 9,810	\$ (4,380)	\$ 36,635	\$ (4,380)	\$ 32,255
Unamortized premium	1,917	520	(225)	2,212	(178)	2,034
Subtotal	33,122	10,330	(4,605)	38,847	(4,558)	34,289
Net pension liability	123,018	-	(27,646)	95,372	-	95,372
Net OPEB liability	361,154	84,315	-	445,469	-	445,469
Compensated absences	4,355	626	(218)	4,763	(238)	4,525
Landfill liability	110	-	(10)	100	(10)	90
Total	<u>\$ 521,759</u>	<u>\$ 95,271</u>	<u>\$ (32,479)</u>	<u>\$ 584,551</u>	<u>\$ (4,806)</u>	<u>\$ 579,745</u>
Business-Type Activities						
Bonds payable:						
Public offerings	\$ 8,860	\$ -	\$ (1,625)	\$ 7,235	\$ (1,575)	\$ 5,660
Loans payable (direct borrowings)	24,611	250	(2,104)	22,757	(2,078)	20,679
Subtotal	33,471	250	(3,729)	29,992	(3,653)	26,339
Net pension liability	1,918	4,223	-	6,141	-	6,141
Net OPEB liability	5,630	6,920	-	12,550	-	12,550
Compensated absences	77	8	(4)	81	(4)	77
Total	<u>\$ 41,096</u>	<u>\$ 11,401</u>	<u>\$ (3,733)</u>	<u>\$ 48,764</u>	<u>\$ (3,657)</u>	<u>\$ 45,107</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

Bonds and loans, issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the general fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the general fund and enterprise funds.

17. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$100,000 reported as landfill postclosure care liability at June 30, 2020 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

18. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding OPEB note. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

19. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town implemented *GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2020:

Nonspendable

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Council resolution, special purpose stabilization funds, and various special revenue funds.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been

established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned

Represents amounts that are available to be spent in future periods and general stabilization funds and deficit funds.

Following is a breakdown of the Town's fund balances at June 30, 2020:

	General Fund	Chapman Middle School Fund	Public Library Construction	Capital Articles Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Nonexpendable permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 142,724	\$ 142,724
Total Nonexpendable	-	-	-	-	142,724	142,724
Restricted						
Bonded projects	-	-	-	-	1,780,675	1,780,675
Special revenue funds:						
Circuit breaker	-	-	-	-	1,246,847	1,246,847
State school grants	-	-	-	-	336,179	336,179
State town grants	-	-	-	-	1,523,562	1,523,562
Federal school grants	-	-	-	-	810,217	810,217
Federal town grants	-	-	-	-	182,559	182,559
Receipts reserved	-	-	-	-	4,957,717	4,957,717
School revolving	-	-	-	-	2,463,015	2,463,015
Town revolving	-	-	-	-	2,715,209	2,715,209
Other special revenue funds	-	-	-	-	939,739	939,739
Expendable permanent funds	-	-	-	-	322,427	322,427
Total Restricted	-	-	-	-	17,278,146	17,278,146
Committed						
Capital articles fund	-	-	-	10,342,714	-	10,342,714
Stabilization fund for specific purposes*	90,405	-	-	-	-	90,405
Total Committed	90,405	-	-	10,342,714	-	10,433,119
Assigned						
Encumbrances:						
General government	389,245	-	-	-	-	389,245
Public safety	70,718	-	-	-	-	70,718
Education	1,155,556	-	-	-	-	1,155,556
Public works	386,658	-	-	-	-	386,658
Human services	3,150	-	-	-	-	3,150
Culture and recreation	6,741	-	-	-	-	6,741
Employee benefits	307,997	-	-	-	-	307,997
Intergovernmental	197,000	-	-	-	-	197,000
GIC	1,452,174	-	-	-	-	1,452,174
Total Assigned	3,969,239	-	-	-	-	3,969,239
Unassigned						
General fund	6,118,930	-	-	-	-	6,118,930
General stabilization fund	8,506,146	-	-	-	-	8,506,146
Deficit fund balances	-	(6,221,261)	(7,511,851)	-	(4,995,308)	(18,728,420)
Total Unassigned	14,625,076	(6,221,261)	(7,511,851)	-	(4,995,308)	(4,103,344)
Total Fund Balance	\$ 18,684,720	\$ (6,221,261)	\$ (7,511,851)	\$ 10,342,714	\$ 12,425,562	\$ 27,719,884

* Massachusetts General Law Ch. 40 §58 allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.

20. Weymouth Contributory Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Weymouth Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 870 Broad Street, Weymouth, Massachusetts 02189.

Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable

service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4, have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the members death.

- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree’s beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member’s designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town’s contribution to the System for the year ended June 30, 2020 was \$11,389,412 which was equal to its annual required contribution.

Summary of Significant Accounting Policies

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pensions

At June 30, 2020, the Town reported a liability of \$101,512,804 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The Town’s proportion of the net pension liability was based on

a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the Town's proportion was 97.41%, which was an increase of 0.03% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$14,561,303. In addition, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 2,450,287	\$ -
Changes of assumptions	4,876,806	-
Net difference between projected and actual earnings on pension plan investments		8,433,018
Changes in proportion and differences between contributions and proportionate share of contributions	<u>153,600</u>	<u>-</u>
Total	<u>\$ 7,480,693</u>	<u>\$ 8,433,018</u>

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

Year ended June 30:	
2021	\$ 834,431
2022	75,501
2023	2,572,004
2024	(4,435,165)
2025	<u>904</u>
Total	<u>\$ (952,325)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Cost-of-living adjustment	3.00% of \$12,000
Salary increases	3.50% ultimate rate
Investment rate of return	7.50%
Actuarial cost method	Entry age normal cost method

Mortality rates were based on the RP-2014 table adjusted to 2006, projected generationally using MP-2016.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period ended December 31, 2017.

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic large cap	34.00%	4.75%
International equity	17.50%	5.45%
Core fixed equity	15.00%	1.45%
Real estate	10.00%	4.10%
Hedge funds	7.00%	3.60%
Domestic small cap	5.50%	5.15%
Private equity	5.00%	7.60%
Global bonds	5.00%	1.65%
Commodities	1.00%	2.35%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Current	
1% Decrease	Discount Rate	1% Increase
<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
\$ 133,999,019	\$ 101,512,804	\$ 79,559,986

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

21. Massachusetts Teachers’ Retirement System (MTRS)

Plan Description

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers’ Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service,

and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019. This valuation used the following assumptions:

- (a) 7.25% (changed from 7.35%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.
- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2014 Employees table projected generationally with Scale BB and a base year 2014 (gender distinct)

- Post-retirement - reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 (gender distinct)
- Disability – assumed to be in accordance with the RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct).

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.90%
Portfolio completion strategies	11.00%	3.90%
Core fixed income	15.00%	1.30%
Private equity	13.00%	8.20%
Real estate	10.00%	3.60%
Value added fixed income	8.00%	4.70%
Timber/natural resources	4.00%	4.10%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming

it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease to <u>6.25%</u>	Current Discount Rate <u>7.25%</u>	1% Increase to <u>8.25%</u>
\$ 31,232,100	\$ 25,214,020	\$ 20,062,500

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)* and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

Town Proportions

In fiscal year 2019 (the most recent measurement period), the Town’s proportionate share of the MTRS’ collective net pension liability was approximately \$155,906,482 based on a proportionate share of 0.618%. As required by GASB 68, the Town has recognized its portion of the Commonwealth’s contribution of \$8,926,928 as both a revenue and expenditure in the general fund, and its portion of the collective pension expense of \$18,906,367 as both a revenue and expense in the governmental activities.

22. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of *Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2017 the Town of Weymouth established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2020.

General Information about the OPEB Plan

Plan Description

The Town of Weymouth provides post-employment healthcare benefits for retired employees through the Town of Weymouth's plan. The Town of Weymouth provides health insurance coverage through Allways Health Partners, Fallon, Harvard Pilgrim, Tufts, Unicare, Health NE, and Medicare. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

The Town of Weymouth provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town of Weymouth and meet the eligibility criteria will receive these benefits.

Funding Policy

The Town of Weymouth's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget limitations/authorizations.

Plan Membership

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	1,231
Active employees	<u>1,372</u>
Total	<u><u>2,603</u></u>

Investments

The OPEB trust fund assets consist entirely of external investment pool investments.

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50%, average, including inflation
Investment rate of return	7.00%
Municipal bond rate	2.21%
Discount rate	2.28% (previously 3.58%)
Healthcare cost trend rates	8.00% for 2020, fluctuating 0.50% to an ultimate rate of 5.00% as of 2026 and later years
Participation rate	80% of the active Town of Weymouth employees eligible for post-employment medical benefits are assumed to elect Medical Coverage immediately upon retirement. 60% of active Town of Weymouth employees eligible for post-employment medical benefits are assumed to elect Life Insurance coverage immediately upon retirement. For the Town of Weymouth plans 60% of spouses are assumed to participate.

Mortality rates were based on The RP-2014 Mortality Tables at 2006, sex-distinct, for employees projected using MP-2016 for active members, The RP-2014 Mortality Tables at 2006, sex-distinct, for Healthy Annuitants projected using MP-2016 for retired members, and The RP-2014 Mortality Tables at 2006, sex-distinct, for Healthy Annuitants projected using MP-2016. Set forward 2 years for disabled members.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study as of 2014.

Target Allocations

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

expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic large stocks	30.00%	5.38%
Domestic mid stock	15.00%	6.68%
Domestic small stocks	5.00%	7.70%
International developed markets equity	16.00%	7.42%
International emerging markets equity	7.00%	8.58%
Core fixed income	18.00%	1.85%
High yield fixed income	5.00%	3.96%
Real estate	4.00%	4.17%
Total	<u>100.00%</u>	

Contributions

In addition to the implicit subsidy contribution, the Town’s policy is to contribute an amount provided annually by the budget.

Discount Rate

The discount rate used to measure the net OPEB liability was 2.28%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 7.00% and municipal bond rate of 2.21% (based on the Bond Buyer 20 bond index 20-year municipal bond rate as of June 30, 2020).

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2020, were as follows:

Total OPEB liability	\$ 462,389,145
Plan fiduciary net position	<u>4,370,403</u>
Net OPEB liability	<u>\$ 458,018,742</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.95%

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 371,053,053	\$ 4,268,901	\$ 366,784,152
Changes for the year:			
Service cost	12,391,363	-	12,391,363
Interest	13,557,826	-	13,557,826
Contributions - employer	-	9,468,360	(9,468,360)
Net investment income	-	101,502	(101,502)
Changes in assumptions	74,855,262	-	74,855,262
Benefit payments	<u>(9,468,360)</u>	<u>(9,468,360)</u>	<u>-</u>
Net Changes	<u>91,336,091</u>	<u>101,502</u>	<u>91,234,589</u>
Balances, end of year	<u>\$ 462,389,144</u>	<u>\$ 4,370,403</u>	<u>\$ 458,018,741</u>

Changes of assumptions reflect a change in the discount rate from 3.58% in 2019 to 2.28% in 2020, and the removal of the Cadillac Tax assumption.

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (1.28%)	Current Discount Rate (2.28%)	1% Increase (3.28%)
\$ 547,209,693	\$ 458,018,741	\$ 388,395,899

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it as calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (7.00%)	Current Healthcare Cost Trend Rates (8.00%)	1% Increase (9.00%)
\$ 376,557,896	\$ 458,018,741	\$ 566,462,731

OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB

For the year ended June 30, 2020, the Town of Weymouth recognized an OPEB expense of \$37,978,293. At June 30, 2020, the Town of Weymouth reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ (17,932,716)
Changes in assumptions	70,055,956	-
Changes in proportion	3,569,391	(3,569,391)
Net difference between projected and actual earnings on OPEB investment	-	(84,304)
Total	\$ <u>73,625,347</u>	\$ <u>(21,586,411)</u>

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

<u>Year Ended June 30:</u>	
2021	\$ 12,181,931
2022	12,181,931
2023	12,230,502
2024	14,703,430
2025	<u>741,142</u>
Total	\$ <u>52,038,936</u>

23. Consolidation of Pension and OPEB Trust Funds

The Weymouth Contributory Retirement System and the Weymouth OPEB Trust Funds are presented in a single column in the accompanying fiduciary fund financial statements. Details of the financial position and changes in net position are as follows:

	Pension Trust Fund <u>(December 31, 2019)</u>	Other Post-Employment Benefits Trust <u>Fund</u>	Pension and OPEB Trust Funds <u>Trust Funds</u>
Assets			
Cash and short-term investments	\$ 7,653,067	\$ -	\$ 7,653,067
Investments			
Corporate bonds	11,127,489	-	11,127,489
Corporate equities	44,349,365	-	44,349,365
Mutual funds	33,617,524	-	33,617,524
External investment pool	95,083,470	4,370,403	99,453,873
Federal agency securities	9,786,676	-	9,786,676
Real estate	16,041,101	-	16,041,101
Total investments	<u>210,005,625</u>	<u>4,370,403</u>	<u>214,376,028</u>
Accounts receivable	<u>123,343</u>	<u>-</u>	<u>123,343</u>
Total Assets	217,782,035	4,370,403	222,152,438
Liabilities			
Accounts payable	295,939	-	295,939
Investment purchases payable	<u>171,867</u>	<u>-</u>	<u>171,867</u>
Total Liabilities	467,806	-	467,806
Net Position			
Restricted for pensions	217,314,229	-	217,314,229
Restricted for OPEB purposes	<u>-</u>	<u>4,370,403</u>	<u>4,370,403</u>
Total Net Position	<u>\$ 217,314,229</u>	<u>\$ 4,370,403</u>	<u>\$ 221,684,632</u>

	Pension Trust Fund (year ended <u>December 31, 2019</u>)	Other Post-Employment Benefits Trust <u>Fund</u>	Pension and OPEB Trust Funds
Additions			
Contributions:			
Employers	\$ 11,698,813	\$ 9,468,360	\$ 21,167,173
Plan members	4,387,845	-	4,387,845
Other systems and Commonwealth of Massachusetts	<u>1,148,494</u>	<u>-</u>	<u>1,148,494</u>
Total contributions	17,235,152	9,468,360	26,703,512
Investment Income (Loss):			
Increase (decrease) in fair value of investments	38,779,545	-	38,779,545
Investment income (expense)	(1,183,025)	101,502	(1,081,523)
Less: management fees	<u>-</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>37,596,520</u>	<u>101,502</u>	<u>37,698,022</u>
Total additions	54,831,672	9,569,862	64,401,534
Deductions			
Benefit payments to plan members and beneficiaries	19,433,207	9,468,360	28,901,567
Reimbursements to other systems	775,455	-	775,455
Administrative expenses	532,491	-	532,491
Refunds to plan members	<u>307,340</u>	<u>-</u>	<u>307,340</u>
Total deductions	<u>21,048,493</u>	<u>9,468,360</u>	<u>30,516,853</u>
Net increase (decrease)	33,783,179	101,502	33,884,681
Net position restricted for pensions and OPEB purposes			
Beginning of year	<u>183,531,050</u>	<u>4,268,901</u>	<u>187,799,951</u>
End of year	<u>\$ 217,314,229</u>	<u>\$ 4,370,403</u>	<u>\$ 221,684,632</u>

24. Self-Insurance

The Town of Weymouth self-insures against claims for workers compensation. Annual estimated requirements for claims are provided in the Town's annual operating budget. The Town contracts with an insurance consultant for claims processing of the Town's workers compensation policy, which has no excess liability coverage for any employees. The Workers Compensation claims liability represents an estimate of future costs based on a historical analysis of similar claims for all employees excluding public safety. The Town is unable to make any reasonable estimate of its liability for public safety employees.

Changes in the aggregate liability for claims for the year ended June 30, 2020 are as follows:

	<u>Workers Compensation</u>
Claims liability, beginning of year	\$ 235,433
Claims incurred/recognized in fiscal year 2020	766,223
Claims paid in fiscal year 2020	<u>(783,310)</u>
Claims liability, end of year	<u>\$ 218,346</u>

25. Subsequent Events

Subsequent to June 30, 2020, the Town of Weymouth has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
General Obligation Bond	\$ 50,100,000	5.00%	08/13/20	08/15/48
General Obligation Bond Anticipation Note	\$ 8,000,000	1.50%	08/26/20	08/26/21

26. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures

which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end the Town’s general fund has \$2,517,065 in encumbrances that will be honored in the next fiscal year.

27. Beginning Fund Balance Reclassification

The beginning (July 1, 2019) net position of the Town has been reclassified as follows:

Fund Basis Financial Statements:

	Public Library <u>Construction</u>	Nonmajor Governmental <u>Funds</u>
As previously reported	\$ (5,333,686)	\$ 20,423,004
Reclassification of Public Library Grant Special Revenue Fund	<u>6,784,898</u>	<u>(6,784,898)</u>
As reclassified	<u>\$ 1,451,212</u>	<u>\$ 13,638,106</u>

28. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the Town beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

Management is currently evaluating the impact of implementing the above GASB pronouncements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Required Supplemental Information
 General Fund
 Statement of Revenues and Other Sources,
 And Expenditures and Other Uses - Budget and Actual
 For the Year Ended June 30, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance with Final Budget Positive <u>(Negative)</u>
Revenues				
Property taxes	\$ 111,069,613	\$ 111,069,613	\$ 110,023,837	\$ (1,045,776)
Excise taxes	6,870,000	6,870,000	7,414,128	544,128
Penalties, interest and other taxes	2,638,000	2,638,000	2,431,353	(206,647)
Departmental	411,855	411,855	471,966	60,111
Intergovernmental	39,665,009	39,665,009	39,342,774	(322,235)
Licenses and permits	1,802,725	1,802,725	1,695,175	(107,550)
Interest Earnings	200,000	200,000	767,950	567,950
Fines and forfeitures	102,000	102,000	73,472	(28,528)
Miscellaneous	<u>982,000</u>	<u>982,000</u>	<u>1,038,180</u>	<u>56,180</u>
Total Revenues	163,741,202	163,741,202	163,258,835	(482,367)
Expenditures				
General government	8,820,826	8,997,804	7,682,369	1,315,435
Public safety	23,496,575	23,572,925	22,408,674	1,164,251
Education	73,619,894	74,152,123	74,014,380	137,743
Public works	10,306,303	10,660,465	9,844,574	815,891
Health and human services	1,282,435	1,285,171	1,132,856	152,315
Culture and recreation	2,410,083	2,417,674	2,282,518	135,156
Employee benefits	34,922,686	34,935,004	34,851,811	83,193
Debt service	10,668,428	10,668,428	10,542,237	126,191
Intergovernmental	<u>7,468,302</u>	<u>7,468,302</u>	<u>7,084,077</u>	<u>384,225</u>
Total Expenditures	<u>172,995,532</u>	<u>174,157,896</u>	<u>169,843,496</u>	<u>4,314,400</u>
Excess of revenues over expenditures	(9,254,330)	(10,416,694)	(6,584,661)	3,832,033
Other Financing Sources/Uses				
Transfers in	10,054,330	10,054,330	9,956,147	(98,183)
Transfers out	(800,000)	(7,843,273)	(7,843,273)	-
Use of free cash:				
Operating budget	-	883,566	883,566	-
Capital budget	-	5,230,001	5,230,001	-
Transfer to stabilization fund	-	1,000,000	1,000,000	-
Other source: prior year encumbrances	-	1,092,070	1,092,070	-
Total Other Financing Sources/Uses	<u>9,254,330</u>	<u>10,416,694</u>	<u>10,318,511</u>	<u>(98,183)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,733,850</u>	\$ <u>3,733,850</u>

See Independent Auditors' Report.

**Notes to the Required Supplemental Information
for General Fund Budget**

Budgetary Basis

The general fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
Revenues/expenditures/transfers (GAAP basis)	\$ 177,741,944	\$ 173,903,816	\$ (4,639,248)
Remove effect of combining stabilization and general fund	(419,843)	(79,211)	(1,000,000)
Add end-of-year appropriation carryforwards from expenditures	-	2,514,617	-
Prior year appropriations used to fund current year expenditures	-	-	1,092,070
To record use of free cash	-	-	7,113,567
To reclassify overhead costs	-	7,458,646	7,458,646
To reverse use of other funds	(4,307,302)	(4,668,949)	293,476
To reverse the effect of non-budgeted State contributions for teachers retirement	(8,926,928)	(8,926,928)	-
Other timing differences	<u>(829,036)</u>	<u>(358,495)</u>	<u>-</u>
Budgetary basis	<u>\$ 163,258,835</u>	<u>\$ 169,843,496</u>	<u>\$ 10,318,511</u>

See Independent Auditors' Report.

TOWN OF WEYMOUTH, MASSACHUSETTS

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

Weymouth Contributory Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2020	December 31, 2019	97.41%	\$101,512,804	\$ 44,250,529	229%	67.60%
June 30, 2019	December 31, 2018	97.38%	\$ 124,936,132	\$ 42,132,094	297%	58.90%
June 30, 2018	December 31, 2017	97.11%	\$ 90,965,998	\$ 40,489,492	225%	68.00%
June 30, 2017	December 31, 2016	97.24%	\$ 106,323,048	\$ 38,893,006	273%	61.60%
June 30, 2016	December 31, 2015	97.14%	\$ 100,568,641	\$ 37,745,958	266%	61.90%
June 30, 2015	December 31, 2014	97.06%	\$ 88,777,870	\$ 36,310,108	244%	65.27%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2020	June 30, 2019	0.618%	\$ -	\$ 155,906,482	\$ 155,906,482	\$ 44,997,008	-	53.95%
June 30, 2019	June 30, 2018	0.636%	\$ -	\$ 150,911,463	\$ 150,911,463	\$ 44,697,312	-	54.84%
June 30, 2018	June 30, 2017	0.641%	\$ -	\$ 146,666,891	\$ 146,666,891	\$ 43,518,480	-	54.25%
June 30, 2017	June 30, 2016	0.623%	\$ -	\$ 139,322,714	\$ 139,322,714	\$ 40,988,460	-	52.73%
June 30, 2016	June 30, 2015	0.642%	\$ -	\$ 131,456,065	\$ 131,456,065	\$ 40,668,594	-	55.38%
June 30, 2015	June 30, 2014	0.656%	\$ -	\$ 104,294,146	\$ 104,294,146	\$ 40,227,996	-	61.64%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF WEYMOUTH, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Weymouth Contributory Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	December 31, 2019	\$ 11,389,412	\$ 11,389,412.00	\$ -	\$ 44,738,759	25.46%
June 30, 2019	December 31, 2018	\$ 10,988,715	\$ 10,988,715	\$ -	\$ 42,132,094	26.08%
June 30, 2018	December 31, 2017	\$ 10,863,755	\$ 10,863,755	\$ -	\$ 40,489,492	26.83%
June 30, 2017	December 31, 2016	\$ 9,881,721	\$ 9,881,721	\$ -	\$ 38,893,006	25.41%
June 30, 2016	December 31, 2015	\$ 9,548,846	\$ 9,548,846	\$ -	\$ 37,745,958	25.30%
June 30, 2015	December 31, 2014	\$ 9,196,045	\$ 9,196,045	\$ -	\$ 36,310,108	25.33%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	June 30, 2019	\$ 8,926,928	\$ 8,926,928	\$ -	\$ 44,997,008	19.84%
June 30, 2019	June 30, 2018	\$ 8,367,990	\$ 8,367,990	\$ -	\$ 44,697,312	18.72%
June 30, 2018	June 30, 2017	\$ 7,918,114	\$ 7,918,114	\$ -	\$ 43,518,480	18.19%
June 30, 2017	June 30, 2016	\$ 7,007,803	\$ 7,007,803	\$ -	\$ 40,988,460	17.10%
June 30, 2016	June 30, 2015	\$ 6,556,429	\$ 6,556,429	\$ -	\$ 40,668,594	16.12%
June 30, 2015	June 30, 2014	\$ 7,245,815	\$ 7,245,815	\$ -	\$ 40,227,996	18.01%

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See Independent Auditors' Report.

TOWN OF WEYMOUTH, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in Net OPEB Liability

(Unaudited)
(Amounts expressed in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service cost	\$ 12,391	\$ 11,801	\$ 11,348	\$ 11,868
Interest	13,558	14,751	14,843	13,205
Differences between expected and actual experience	-	(29,692)	-	-
Changes of assumptions	74,855	16,597	(17,512)	-
Benefit payments, including refunds of member contributions	<u>(9,468)</u>	<u>(11,901)</u>	<u>(11,037)</u>	<u>(10,181)</u>
Net change in total OPEB liability	91,336	1,556	(2,358)	14,892
Total OPEB liability - beginning	<u>371,053</u>	<u>369,497</u>	<u>371,855</u>	<u>356,963</u>
Total OPEB liability - ending (a)	462,389	371,053	369,497	371,855
Plan Fiduciary Net Position				
Contributions - employer	9,468	12,101	11,287	10,381
Net investment income	101	203	364	345
Benefit payments, including refunds of member contributions	<u>(9,468)</u>	<u>(11,901)</u>	<u>(11,037)</u>	<u>(10,181)</u>
Net change in plan fiduciary net position	101	403	614	545
Plan fiduciary net position - beginning	<u>4,269</u>	<u>3,866</u>	<u>3,252</u>	<u>2,707</u>
Plan fiduciary net position - ending (b)	<u>4,370</u>	<u>4,269</u>	<u>3,866</u>	<u>3,252</u>
Net OPEB liability - ending (a-b)	<u>\$ 458,019</u>	<u>\$ 366,784</u>	<u>\$ 365,631</u>	<u>\$ 368,603</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF WEYMOUTH, MASSACHUSETTS

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)
(Amounts expressed in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability				
Total OPEB liability	\$ 462,389	\$ 371,053	\$ 369,497	\$ 371,855
Plan fiduciary net position	<u>4,370</u>	<u>4,269</u>	<u>3,866</u>	<u>3,252</u>
Net OPEB liability	<u>\$ 458,019</u>	<u>\$ 366,784</u>	<u>\$ 365,631</u>	<u>\$ 368,603</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.9%	1.2%	1.0%	0.9%
Covered employee payroll	\$ 87,183	\$ 84,234	N/A	N/A
Net OPEB liability as a percentage of covered employee payroll	525.35%	435.43%	N/A	N/A
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions				
Actuarially determined contribution	N/A	N/A	\$ 21,529	\$ 25,200
Contributions in relation to the actuarially determined contribution	<u>N/A</u>	<u>N/A</u>	<u>11,287</u>	<u>10,381</u>
Contribution deficiency	<u>N/A</u>	<u>N/A</u>	<u>\$ 10,242</u>	<u>\$ 14,819</u>
Covered employee payroll	\$ 87,183	\$ 84,234	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Investment Returns				
Annual money weighted rate of return, net of investment expense	2.38%	5.28%	11.35%	12.66%

Covered employee payroll figures not provided in 2017 or 2018 GASB 74/75 reports.
Actuarially determined contribution figures not provided in 2019 or 2020 GASB 74/75 reports.

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See Independent Auditors' Report.