



TOWN OF WEYMOUTH, MASSACHUSETTS

Annual Financial Statements
For the Year Ended June 30, 2021

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S 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 (the Town), as of and for the year ended June 30, 2021, except for the Weymouth Contributory Retirement System which is as of an for the year ended December 31, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Weymouth Contributory Retirement System (Pension Trust Fund) which represents 88 percent and 62 percent, respectively, of the assets and deferred outflows, and revenues of the aggregate remaining fund information. 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 is based solely 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 auditor's

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Greenfield, Massachusetts
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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 the 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, 2021, (except the Weymouth Contributory Retirement System, which is as of December 31, 2020), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 24 to the financial statements, in fiscal year 2021, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 January 7, 2023 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.

A handwritten signature in black ink that reads "Melanson".

Andover, Massachusetts
January 7, 2023



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, 2021.

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 are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains 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 and 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. The Town's 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 the Town'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 Town's near-term financing decisions. Reconciliations are provided to facilitate the 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 Town. 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 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

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 \$(306,811,520), a change of \$9,503,956; and net position in business-type activities was \$60,158,879, a change of \$3,989,992.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$92,511,151, a change of \$64,779,173 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,912,442, a change of \$(712,634) 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 year.

	NET POSITION (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 136,077	\$ 86,753	\$ 13,973	\$ 10,561	\$ 150,050	\$ 97,314
Capital assets	<u>247,266</u>	<u>183,486</u>	<u>88,994</u>	<u>89,697</u>	<u>336,260</u>	<u>273,183</u>
Total Assets	383,343	270,239	102,967	100,258	486,310	370,497
Deferred Outflows of Resources	62,533	75,129	1,798	6,001	64,331	81,130
Liabilities						
Other liabilities	32,192	48,129	297	322	32,489	48,451
Long-term liabilities	<u>650,537</u>	<u>584,551</u>	<u>41,952</u>	<u>48,764</u>	<u>692,489</u>	<u>633,315</u>
Total Liabilities	682,729	632,680	42,249	49,086	724,978	681,766
Deferred Inflows of Resources	69,958	29,016	2,357	1,004	72,315	30,020
Net Position						
Net investment in capital assets	161,654	132,199	62,864	60,141	224,518	192,340
Restricted	14,966	21,387	-	-	14,966	21,387
Unrestricted	<u>(483,431)</u>	<u>(469,914)</u>	<u>(2,705)</u>	<u>(3,972)</u>	<u>(486,136)</u>	<u>(473,886)</u>
Total Net Position	\$ <u>(306,811)</u>	\$ <u>(316,328)</u>	\$ <u>60,159</u>	\$ <u>56,169</u>	\$ <u>(246,652)</u>	\$ <u>(260,159)</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$(246,652,641), a change of \$13,493,948 in comparison to the prior year.

The largest portion of net position \$224,517,717 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 \$14,695,937 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 \$(486,136,295) primarily resulting from unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues:						
Charges for services	\$ 12,857	\$ 13,178	\$ 30,458	\$ 28,319	\$ 43,315	\$ 41,497
Operating grants and contributions	68,470	64,373	-	8	68,470	64,381
Capital grants and contributions	16,059	4,685	2,380	2,724	18,439	7,409
General revenues:						
Property taxes	117,792	111,579	-	-	117,792	111,579
Excises	7,824	7,683	-	-	7,824	7,683
Penalties and interest on taxes	2,687	2,561	-	-	2,687	2,561
Grants and contributions not restricted to specific	9,295	9,302	-	-	9,295	9,302
Investment income	619	1,356	44	31	663	1,387
Enbridge Mitigation	10,000	-	-	-	10,000	-
Miscellaneous	2,293	2,445	-	5	2,293	2,450
Total Revenues	<u>247,896</u>	<u>217,162</u>	<u>32,882</u>	<u>31,087</u>	<u>280,778</u>	<u>248,249</u>
Expenses						
General government	16,722	11,301	-	-	16,722	11,301
Public safety	33,879	38,271	-	-	33,879	38,271
Education	154,876	147,472	-	-	154,876	147,472
Public works	13,086	15,864	-	-	13,086	15,864
Health and human services	1,396	2,237	-	-	1,396	2,237
Culture and recreation	9,525	5,991	-	-	9,525	5,991
Intergovernmental	7,490	6,887	-	-	7,490	6,887
Interest on long-term debt	2,433	1,870	-	-	2,433	1,870
Water services	-	-	10,012	13,343	10,012	13,343
Sewer services	-	-	17,865	18,451	17,865	18,451
Total Expenses	<u>239,407</u>	<u>229,893</u>	<u>27,877</u>	<u>31,794</u>	<u>267,284</u>	<u>261,687</u>
Change in Net Position Before Transfers	8,489	(12,731)	5,005	(707)	13,494	(13,438)
Transfers In (Out)	1,015	925	(1,015)	(925)	-	-
Change in Net Position	9,504	(11,806)	3,990	(1,632)	13,494	(13,438)
Net Position - Beginning of Year (as restated)	<u>(316,315)</u>	<u>(304,522)</u>	<u>56,169</u>	<u>57,801</u>	<u>(260,146)</u>	<u>(246,721)</u>
Net Position - End of Year	<u>\$ (306,811)</u>	<u>\$ (316,328)</u>	<u>\$ 60,159</u>	<u>\$ 56,169</u>	<u>\$ (246,652)</u>	<u>\$ (260,159)</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$9,503,956. Key elements of this change are as follows:

Change in net OPEB liability, net of related deferrals	(20,555,831)
Change in net pension liability, net of related deferrals	2,700,991
Capital grants and contributions	16,059,244
Other	<u>3,367,888</u>
Total	<u>\$ 9,503,956</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$3,989,992. This increase in net position is driven by the decrease in OPEB and Pension expense and the increase in 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 the Town’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 \$13,912,442, while total fund balance was \$26,616,384. Unassigned fund balance decreased by \$(712,634) primarily from positive budgetary results of \$5,184,325 (exclusive of the one-time Enbridge mitigation revenue of \$10,000,000 committed for a particular purpose, less the use of certified “free cash” for fiscal year 2021 of \$3,306,862, and less the

commitment of stabilization of \$2,718,906 for capital purposes. 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>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned fund balance	\$ 13,912,442	\$ 14,625,076	\$ (712,634)	8%
Total fund balance	\$ 26,616,384	\$ 18,684,720	\$ 7,931,664	15%

*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$9,995,107.

The total fund balance of the general fund changed by \$7,931,664 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 12,600,697
Expenditures less than budget	3,196,770
Use of prior year appropriations to fund carryforwards	(2,514,616)
Use of free cash as a funding source	(372,583)
Change in stabilization	(2,389,194)
Other	<u>(2,589,410)</u>
Total	<u>\$ 7,931,664</u>

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

	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>
General stabilization	\$ 6,114,300	\$ 8,506,146	\$ (2,391,846)
Special purpose stabilization	<u>93,057</u>	<u>90,405</u>	<u>2,652</u>
Total	<u>\$ 6,207,357</u>	<u>\$ 8,596,551</u>	<u>\$ (2,389,194)</u>

Other Major Funds

The fund balance of the Chapman Middle School major governmental fund changed by \$58,605,414, primarily from timing differences between permanent financing and the capital project disbursements.

The fund balance of the ARPA major governmental fund changed by \$1,048.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$(1,758,953) primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

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 \$(6,745,070), a change of \$(658,635) in comparison to the prior year.

Unrestricted net position of the Sewer Fund at the end of the year amounted to \$4,039,893, a change of \$1,925,745 in comparison to the prior year.

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 \$5,821,478. Additionally, there were other reclassifications that had no impact on the overall budget. This increase was related primarily to the following:

- \$554,380 increase in general government appropriations.
- \$1,155,556 increase in education appropriations.
- \$386,658 increase in public works appropriations.
- \$3,184,279 increase in transfers to other funds which is comprised of \$2,934,279 to the Capital Articles Fund, and \$250,000 to various trust funds.

Of this increase, \$3,306,862 was funded through the use of free cash and \$2,514,616 was funded through the use of prior year encumbrances.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$336,259,618 (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:

- \$49,484,679 Chapman Middle School construction
- \$6,364,804 public library construction
- \$5,576,867 road and sidewalk improvements
- \$1,022,623 school building improvements

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

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$158,658,863, all of which was backed by the full faith and credit of the Town.

The Town maintained its AA rating from S&P for general obligation debt.

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, Massachusetts' finances for all those with an interest in the Town'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, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 116,786,454	\$ 7,849,205	\$ 124,635,659
Investments	6,114,300	-	6,114,300
Receivables, net of allowance for uncollectibles:			
Property taxes	1,696,775	-	1,696,775
Excises	1,293,297	-	1,293,297
User fees	279,476	6,113,550	6,393,026
Utility Liens	-	-	-
Departmental and other	338,123	-	338,123
Intergovernmental	<u>3,444,249</u>	<u>10,167</u>	<u>3,454,416</u>
Total Current Assets	129,952,674	13,972,922	143,925,596
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	5,672,025	-	5,672,025
Intergovernmental	452,212	-	452,212
Capital assets:			
Nondepreciable capital assets	141,530,138	6,577,904	148,108,042
Other capital assets, net of accumulated depreciation	<u>105,735,540</u>	<u>82,416,036</u>	<u>188,151,576</u>
Total Noncurrent Assets	<u>253,389,915</u>	<u>88,993,940</u>	<u>342,383,855</u>
Total Assets	383,342,589	102,966,862	486,309,451
Deferred Outflows of Resources			
Related to pension	11,765,198	618,474	12,383,672
Related to OPEB	<u>50,767,542</u>	<u>1,179,191</u>	<u>51,946,733</u>
Total Deferred Outflows of Resources	62,532,740	1,797,665	64,330,405

(continued)

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

TOWN OF WEYMOUTH, MASSACHUSETTS

Statement of Net Position
June 30, 2021

(continued)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Liabilities			
Current:			
Warrants and accounts payable	2,650,781	-	2,650,781
Accrued liabilities	10,952,939	296,200	11,249,139
Unearned revenue	8,902,108	-	8,902,108
Notes payable	9,417,036	-	9,417,036
Other current liabilities	269,298	-	269,298
Current portion of long-term liabilities:			
Bonds payable	7,076,794	3,432,675	10,509,469
Compensated absences	203,235	3,699	206,934
Landfill liability	10,000	-	10,000
Total Current Liabilities	<u>39,482,191</u>	<u>3,732,574</u>	<u>43,214,765</u>
Noncurrent:			
Bonds payable, net of current portion	134,124,030	23,356,588	157,480,618
Compensated absences, net of current portion	3,861,465	45,785	3,907,250
Landfill liability, net of current portion	80,000	-	80,000
Net pension liability	85,897,592	5,374,744	91,272,336
Net OPEB liability	<u>419,283,568</u>	<u>9,738,807</u>	<u>429,022,375</u>
Total Noncurrent Liabilities	<u>643,246,655</u>	<u>38,515,924</u>	<u>681,762,579</u>
Total Liabilities	682,728,846	42,248,498	724,977,344
Deferred Inflows of Resources			
Related to pension	19,492,852	1,184,982	20,677,834
Related to OPEB	<u>50,465,151</u>	<u>1,172,168</u>	<u>51,637,319</u>
Total Deferred Inflows of Resources	69,958,003	2,357,150	72,315,153
Net Position			
Net investment in capital assets	161,653,661	62,864,056	224,517,717
Restricted for:			
Community preservation	4,201,185	-	4,201,185
State education grants	1,108,936	-	1,108,936
State town grants	1,468,787	-	1,468,787
Federal education grants	285,187	-	285,187
Federal town grants	700,657	-	700,657
School revolving	2,011,022	-	2,011,022
Town revolving	2,137,542	-	2,137,542
Donations and gifts	794,512	-	794,512
Other	1,615,831	-	1,615,831
Permanent funds:			
Nonexpendable	488,557	-	488,557
Expendable	153,721	-	153,721
Unrestricted	<u>(483,431,118)</u>	<u>(2,705,177)</u>	<u>(486,136,295)</u>
Total Net Position	<u>\$ (306,811,520)</u>	<u>\$ 60,158,879</u>	<u>\$ (246,652,641)</u>

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

TOWN OF WEYMOUTH, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues			Net (Expenses) Revenues
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 16,722,122	\$ 6,748,752	\$ 3,393,698	\$ -	\$ (6,579,672)
Public safety	33,878,882	2,291,225	671,261	-	(30,916,396)
Education	154,875,971	996,185	61,785,032	13,642,207	(78,452,547)
Public works	13,085,433	1,780,678	2,033,109	-	(9,271,646)
Health and human services	1,395,873	94,312	382,273	-	(919,288)
Culture and recreation	9,525,354	945,697	205,065	2,417,037	(5,957,555)
Intergovernmental	7,489,875	-	-	-	(7,489,875)
Interest	2,433,414	-	-	-	(2,433,414)
Total Governmental Activities	239,406,924	12,856,849	68,470,438	16,059,244	(142,020,393)
Business-Type Activities					
Water services	10,012,397	11,308,557	-	1,029,942	2,326,102
Sewer services	17,864,525	19,149,608	-	1,350,000	2,635,083
Total Business Activities	27,876,922	30,458,165	-	2,379,942	4,961,185
Total	\$ 267,283,846	\$ 43,315,014	\$ 68,470,438	\$ 18,439,186	(137,059,208)

(continued)

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

TOWN OF WEYMOUTH, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2021

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (142,020,393)	\$ 4,961,185	\$ (137,059,208)
General Revenues, Contributions, and Transfers:			
Property taxes	117,792,051	-	117,792,051
Excise taxes	7,823,688	-	7,823,688
Penalties, interest, and other taxes	2,687,235	-	2,687,235
Grants and contributions not restricted to specific programs	9,294,581	-	9,294,581
Investment income	618,571	43,807	662,378
Endbridge Mitigation	10,000,000	-	10,000,000
Other	2,293,223	-	2,293,223
Transfers	<u>1,015,000</u>	<u>(1,015,000)</u>	<u>-</u>
Total General Revenues, Contributions and Transfers	<u>151,524,349</u>	<u>(971,193)</u>	<u>150,553,156</u>
Change in Net Position	9,503,956	3,989,992	13,493,948
Net Position:			
Beginning of Year, as restated	<u>(316,315,476)</u>	<u>56,168,887</u>	<u>(260,146,589)</u>
End of Year	\$ <u>(306,811,520)</u>	\$ <u>60,158,879</u>	\$ <u>(246,652,641)</u>

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

TOWN OF WEYMOUTH, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Chapman Middle School Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 31,380,435	\$ 52,384,153	\$ 8,903,156	\$ 23,853,110	\$ 116,520,854
Investments	6,114,300	-	-	-	6,114,300
Receivables:					
Property taxes	7,882,800	-	-	-	7,882,800
Excises	2,376,297	-	-	-	2,376,297
User fees	-	-	-	279,476	279,476
Departmental and other	16,472	-	-	321,651	338,123
Intergovernmental	-	-	-	3,445,249	3,445,249
Total Assets	<u>\$ 47,770,304</u>	<u>\$ 52,384,153</u>	<u>\$ 8,903,156</u>	<u>\$ 27,899,486</u>	<u>\$ 136,957,099</u>
Liabilities					
Warrants and accounts payable	\$ 2,650,781	\$ -	\$ -	\$ -	\$ 2,650,781
Accrued liabilities	8,735,625	-	-	1,030,919	9,766,544
Notes payable	-	-	-	9,417,036	9,417,036
Unearned revenue	-	-	8,902,108	-	8,902,108
Other liabilities	33,576	-	-	235,722	269,298
Total Liabilities	11,419,982	-	8,902,108	10,683,677	31,005,767
Deferred Inflows of Resources					
Unavailable revenues	9,733,938	-	-	3,706,243	13,440,181
Fund Balances					
Nonspendable	-	-	-	153,721	153,721
Restricted	-	52,384,153	1,048	16,796,416	69,181,617
Committed	10,093,057	-	-	9,031,757	19,124,814
Assigned	2,610,885	-	-	-	2,610,885
Unassigned	13,912,442	-	-	(12,472,328)	1,440,114
Total Fund Balances	<u>26,616,384</u>	<u>52,384,153</u>	<u>1,048</u>	<u>13,509,566</u>	<u>92,511,151</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 47,770,304</u>	<u>\$ 52,384,153</u>	<u>\$ 8,903,156</u>	<u>\$ 27,899,486</u>	<u>\$ 136,957,099</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, 2021

Total Governmental Fund Balances	\$ 92,511,151
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	247,265,678
• Long-term receivable not reported in governmental funds.	451,212
• Internal services funds are used by management to account for worker's compensation activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	48,928
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	11,843,181
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable	(141,200,824)
Compensated absences	(4,064,700)
Landfill	(90,000)
Net pension liability and related deferred inflows and outflows of resources	(93,625,246)
Net OPEB liability and related deferred inflows and outflows of resources	(418,981,177)
• Accrued interest	<u>(969,723)</u>
Net position of governmental activities	<u>\$ (306,811,520)</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, 2021

	General <u>Fund</u>	Chapman Middle School <u>Fund</u>	ARPA <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues					
Property taxes	\$ 116,948,748	\$ -	\$ -	\$ 908,625	\$ 117,857,373
Excises	7,691,194	-	-	-	7,691,194
Penalties, interest, and other taxes	2,563,693	-	-	123,542	2,687,235
Charges for services	5,545,113	-	-	643,976	6,189,089
Intergovernmental	48,838,375	13,642,207	-	18,899,560	81,380,142
Licenses and permits	2,257,279	-	-	344,294	2,601,573
Fines and forfeitures	46,451	-	-	3,353,776	3,400,227
Contributions	-	-	-	415,034	415,034
Investment income	537,251	-	1,048	80,272	618,571
Miscellaneous	<u>10,812,791</u>	<u>-</u>	<u>-</u>	<u>629,777</u>	<u>11,442,568</u>
Total Revenues	195,240,895	13,642,207	1,048	25,398,856	234,283,006
Expenditures					
Current:					
General government	7,857,413	-	-	6,275,392	14,132,805
Public safety	22,769,001	-	-	1,091,540	23,860,541
Education	85,131,841	49,536,793	-	16,840,156	151,508,790
Public works	9,320,560	-	-	8,538,510	17,859,070
Health and human services	537,164	-	-	457,838	995,002
Culture and recreation	2,715,016	-	-	11,361,421	14,076,437
Employee Benefits	40,350,790	-	-	-	40,350,790
Debt service:					
Principal	4,325,000	-	-	-	4,325,000
Interest and costs	2,538,268	-	-	-	2,538,268
Intergovernmental	<u>7,489,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,489,875</u>
Total Expenditures	<u>183,034,928</u>	<u>49,536,793</u>	<u>-</u>	<u>44,564,857</u>	<u>277,136,578</u>
Excess (Deficiency) of Revenues over Expenditures	12,205,967	(35,894,586)	1,048	(19,166,001)	(42,853,572)
Other Financing Sources (Uses)					
Proceeds of bonds	-	88,180,000	-	11,435,000	99,615,000
Bond premiums	-	6,320,000	-	1,482,745	7,802,745
Transfers in	2,226,482	-	-	8,522,329	10,748,811
Transfers out	<u>(6,500,785)</u>	<u>-</u>	<u>-</u>	<u>(4,033,026)</u>	<u>(10,533,811)</u>
Total Other Financing Sources (Uses)	<u>(4,274,303)</u>	<u>94,500,000</u>	<u>-</u>	<u>17,407,048</u>	<u>107,632,745</u>
Change in Fund Balance	7,931,664	58,605,414	1,048	(1,758,953)	64,779,173
Fund Balances, at Beginning of Year, as reclassified	<u>18,684,720</u>	<u>(6,221,261)</u>	<u>-</u>	<u>15,268,519</u>	<u>27,731,978</u>
Fund Balances, at End of Year	<u>\$ 26,616,384</u>	<u>\$ 52,384,153</u>	<u>\$ 1,048</u>	<u>\$ 13,509,566</u>	<u>\$ 92,511,151</u>

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, 2021

Net Changes in Fund Balances - Total Governmental Funds	\$ 64,779,173																										
<ul style="list-style-type: none"> • 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay</td> <td style="width: 20%; text-align: right;">70,585,372</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(6,805,641)</td> </tr> </table> • The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Issuance of general obligation bonds</td> <td style="width: 20%; text-align: right;">(99,615,000)</td> </tr> <tr> <td>Repayments of general obligation bonds</td> <td style="text-align: right;">4,380,000</td> </tr> <tr> <td>Premiums on general obligation bond</td> <td style="text-align: right;">(7,143,287)</td> </tr> </table> • 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 certain 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 unavailable revenue, net of the change in allowance for doubtful accounts. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;">733,132</td> </tr> </table> • 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Change in compensated absences</td> <td style="width: 20%; text-align: right;">698,441</td> </tr> <tr> <td>Change in landfill liability</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Change in net pension liability and related deferred outflows and inflows</td> <td style="text-align: right;">2,700,991</td> </tr> <tr> <td>Change in net OPEB liability and related deferred outflows and inflows</td> <td style="text-align: right;">(20,555,831)</td> </tr> <tr> <td>Change in accrued interest on bonds payable</td> <td style="text-align: right;">(173,984)</td> </tr> </table> • Internal services funds are used by management to accounts for worker's compensation activities. The net activity of internal service funds is reported with governmental activities. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;">156,420</td> </tr> </table> • Other differences <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;">(245,830)</td> </tr> </table> 		Capital outlay	70,585,372	Depreciation	(6,805,641)	Issuance of general obligation bonds	(99,615,000)	Repayments of general obligation bonds	4,380,000	Premiums on general obligation bond	(7,143,287)		733,132	Change in compensated absences	698,441	Change in landfill liability	10,000	Change in net pension liability and related deferred outflows and inflows	2,700,991	Change in net OPEB liability and related deferred outflows and inflows	(20,555,831)	Change in accrued interest on bonds payable	(173,984)		156,420		(245,830)
Capital outlay	70,585,372																										
Depreciation	(6,805,641)																										
Issuance of general obligation bonds	(99,615,000)																										
Repayments of general obligation bonds	4,380,000																										
Premiums on general obligation bond	(7,143,287)																										
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Change in net OPEB liability and related deferred outflows and inflows	(20,555,831)																										
Change in accrued interest on bonds payable	(173,984)																										
	156,420																										
	(245,830)																										
Change in Net Position of Governmental Activities	\$ <u>9,503,956</u>																										

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

TOWN OF WEYMOUTH, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Assets				
Current:				
Cash and short-term investments	\$ 2,550,420	\$ 5,298,785	\$ 7,849,205	\$ 265,603
User fees, net of allowance for uncollectibles	2,210,081	3,903,469	6,113,550	-
Intergovernmental receivables	<u>10,167</u>	<u>-</u>	<u>10,167</u>	<u>-</u>
Total Current Assets	4,770,668	9,202,254	13,972,922	265,603
Noncurrent:				
Capital assets:				
Nondepreciable capital assets	3,107,505	3,470,399	6,577,904	-
Other capital assets, net of accumulated depreciation	<u>56,147,752</u>	<u>26,268,284</u>	<u>82,416,036</u>	<u>-</u>
Total Noncurrent Assets	<u>59,255,257</u>	<u>29,738,683</u>	<u>88,993,940</u>	<u>-</u>
Total Assets	64,025,925	38,940,937	102,966,862	265,603
Deferred Outflows of Resources				
Related to pension	448,668	169,806	618,474	-
Related to OPEB	<u>841,537</u>	<u>337,654</u>	<u>1,179,191</u>	<u>-</u>
Total Deferred Outflows of Resources	1,290,205	507,460	1,797,665	-
Liabilities				
Current:				
Accrued liabilities	215,913	80,287	296,200	-
Other current liabilities	-	-	-	216,675
Current portion of long-term liabilities:				
Bonds payable	2,409,300	1,023,375	3,432,675	-
Compensated absences	<u>2,232</u>	<u>1,467</u>	<u>3,699</u>	<u>-</u>
Total Current Liabilities	2,627,445	1,105,129	3,732,574	216,675
Noncurrent:				
Bonds payable, net of current portion	20,243,563	3,113,025	23,356,588	-
Compensated absences, net of current portion	42,398	3,387	45,785	-
Net pension liability	3,899,075	1,475,669	5,374,744	-
Net OPEB liability	<u>6,950,162</u>	<u>2,788,645</u>	<u>9,738,807</u>	<u>-</u>
Total Noncurrent Liabilities	<u>31,135,198</u>	<u>7,380,726</u>	<u>38,515,924</u>	<u>-</u>
Total Liabilities	33,762,643	8,485,855	42,248,498	216,675
Deferred Inflows of Resources				
Related to pension	859,638	325,344	1,184,982	-
Related to OPEB	<u>836,525</u>	<u>335,643</u>	<u>1,172,168</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,696,163</u>	<u>660,987</u>	<u>2,357,150</u>	<u>-</u>
Net Position				
Net investment in capital assets	36,602,394	26,261,662	62,864,056	-
Unrestricted	<u>(6,745,070)</u>	<u>4,039,893</u>	<u>(2,705,177)</u>	<u>48,928</u>
Total Net Position	<u>\$ 29,857,324</u>	<u>\$ 30,301,555</u>	<u>\$ 60,158,879</u>	<u>\$ 48,928</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, 2021

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Operating Revenues				
Charges for services	\$ 11,308,557	\$ 19,149,608	\$ 30,458,165	\$ -
Total Operating Revenues	11,308,557	19,149,608	30,458,165	-
Operating Expenses				
Salaries and benefits	4,918,087	2,835,908	7,753,995	643,580
Other operating expenses	2,655,789	13,695,560	16,351,349	-
Depreciation	1,931,086	1,135,529	3,066,615	-
Other	-	55,000	55,000	-
Total Operating Expenses	9,504,962	17,721,997	27,226,959	643,580
Operating Income (Loss)	1,803,595	1,427,611	3,231,206	(643,580)
Nonoperating Revenues (Expenses)				
Investment income	4,346	39,461	43,807	-
Interest expense	(507,435)	(142,528)	(649,963)	-
Total Nonoperating (Expenses), Net	(503,089)	(103,067)	(606,156)	-
Income (Loss) Before Transfers and Capital Contributions	1,300,506	1,324,544	2,625,050	(643,580)
Capital Contributions	1,029,942	1,350,000	2,379,942	-
Transfers in	-	-	-	800,000
Transfers out	(690,000)	(325,000)	(1,015,000)	-
Change in Net Position	1,640,448	2,349,544	3,989,992	156,420
Net Position, Beginning of Year	28,216,876	27,952,011	56,168,887	(107,492)
Net Position, End of Year	\$ 29,857,324	\$ 30,301,555	\$ 60,158,879	\$ 48,928

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, 2021

	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	\$ 11,463,228	\$ 19,618,600	\$ 31,081,828	\$ -
Payments to vendors and employees	(6,489,360)	(15,748,764)	(22,238,124)	-
Payments of employee benefits and expenses	-	-	-	(645,251)
Net Cash Provided By (Used for) Operating Activities	4,973,868	3,869,836	8,843,704	(645,251)
Cash Flows From Noncapital Financing Activities				
Transfers in	-	-	-	800,000
Transfers out	(690,000)	(325,000)	(1,015,000)	-
Net Cash Provided By (Used For) Noncapital Financing Activities	(690,000)	(325,000)	(1,015,000)	800,000
Cash Flows From Capital and Related Financing Activities				
Proceeds from issuance of bonds and notes	-	450,000	450,000	-
Acquisition and construction of capital assets	(1,488,921)	(875,198)	(2,364,119)	-
Principal payments on bonds	(2,491,248)	(1,162,031)	(3,653,279)	-
Intergovernmental revenues	1,029,942	1,350,000	2,379,942	-
Interest expense	(507,435)	(142,528)	(649,963)	-
Net Cash (Used For) Capital and Related Financing Activities	(3,457,662)	(379,757)	(3,837,419)	-
Cash Flows From Investing Activities				
Investment income	4,346	39,461	43,807	-
Net Cash Provided By Investing Activities	4,346	39,461	43,807	-
Net Change in Cash and Short-Term Investments	830,552	3,204,540	4,035,092	154,749
Cash and Short-Term Investments, Beginning of Year	1,719,868	2,094,245	3,814,113	110,854
Cash and Short-Term Investments, End of Year	\$ 2,550,420	\$ 5,298,785	\$ 7,849,205	\$ 265,603
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities				
Operating Income (Loss)	\$ 1,803,595	\$ 1,427,611	\$ 3,231,206	\$ (643,580)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,931,086	1,135,529	3,066,615	-
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees receivable	164,839	468,992	633,831	-
Intergovernmental receivables	(10,168)	-	(10,168)	-
Deferred outflows - related to pensions	(77,275)	(29,246)	(106,521)	-
Deferred outflows - related to OPEB	3,332,985	976,748	4,309,733	-
Accrued liabilities	(25,947)	-	(25,947)	(1,671)
Net pension liability	(555,668)	(210,302)	(765,970)	-
Net OPEB liability	(2,530,826)	(280,081)	(2,810,907)	-
Compensated absences	(11,893)	(19,629)	(31,522)	-
Deferred inflows - related to pensions	489,567	185,285	674,852	-
Deferred inflows - related to OPEB	463,573	214,929	678,502	-
Net Cash Provided By (Used For) Operating Activities	\$ 4,973,868	\$ 3,869,836	\$ 8,843,704	\$ (645,251)

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

TOWN OF WEYMOUTH, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	<u>Pension and OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
Assets			
Cash and short-term investments	\$ 5,183,175	\$ 1,311,149	\$ 255,835
Investments:			
Corporate equities	76,043,431	-	-
Mutual funds	38,982,530	-	-
External investment pool	115,196,491	-	-
Real estate	<u>13,326,448</u>	<u>-</u>	<u>-</u>
Total Investments	243,548,900	-	-
Accounts receivable	<u>49,555</u>	<u>-</u>	<u>3,603</u>
Total Assets	248,781,630	1,311,149	259,438
Liabilities			
Warrants and accounts payable	54,974	-	-
Investment purchases payable	<u>109,960</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>164,934</u>	<u>-</u>	<u>-</u>
Net Position			
Restricted for pension	242,947,291	-	-
Restricted for OPEB	5,669,405	-	-
Restricted for individuals and organizations	<u>-</u>	<u>1,311,149</u>	<u>259,438</u>
Total Net Position	<u>\$ 248,616,696</u>	<u>\$ 1,311,149</u>	<u>\$ 259,438</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, 2021

	Pension and OPEB <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
Additions			
Contributions:			
Employer	\$ 22,433,979	\$ -	\$ -
Plan members	4,584,977	-	-
Other systems and Commonwealth of Massachusetts	251,123	-	-
Reimbursements from other systems	773,788	-	-
Private donations	-	258,886	-
Fees collected for students	-	-	140,353
	<u>28,043,867</u>	<u>258,886</u>	<u>140,353</u>
Total Contributions	28,043,867	258,886	140,353
Investment Income:			
Increase in fair value of investments	30,667,620	6,523	303
Less: investment expense	<u>(142,114)</u>	<u>-</u>	<u>-</u>
Net Investment Income	<u>30,525,506</u>	<u>6,523</u>	<u>303</u>
Total Additions	58,569,373	265,409	140,656
Deductions			
Benefit payments	30,287,858	-	-
Reimbursements to other systems	502,214	-	-
Administrative expenses	556,767	-	-
Refunds	290,470	-	-
Other	-	110,900	-
Payments on behalf of students	-	-	163,117
	<u>31,637,309</u>	<u>110,900</u>	<u>163,117</u>
Total Deductions	31,637,309	110,900	163,117
Change in Net Position	26,932,064	154,509	(22,461)
Restricted Net Position			
Beginning of year	<u>221,684,632</u>	<u>1,156,640</u>	<u>281,899</u>
End of year	\$ <u><u>248,616,696</u></u>	\$ <u><u>1,311,149</u></u>	\$ <u><u>259,438</u></u>

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, Massachusetts (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town.

Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2021, no entities met the component unit requirements of GASB 14 (as amended). The criteria provided in Governmental Accounting Standards Board Codification section 2100 has also been considered, and as a result, the component units discussed below are included in the Town's reporting entity because of their operational significance and financial relationship with the Town.

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. 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 Town'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 *ARPA Fund* accounts for funds received by the Town through the American Rescue Plan Act.

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 Town's 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 Fund* are used to accumulate resources for retiree post-employment benefits.
- The *Private-Purpose Trust Funds* are 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 or private organizations.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements.

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 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 short-term investments.

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

The Town invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

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. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

Capital Assets

Capital assets, which include buildings and improvements, machinery, equipment, and furnishings, 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 three 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 furnishings	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 current assets/deferred outflows and current liabilities/deferred inflows. The Town has 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 by clarifying existing governmental fund type definitions, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) 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, and surplus set aside to be used in the subsequent year’s budget.
- *Unassigned* represents amounts that are available to be spent in future periods and general stabilization funds and deficit funds. The General Fund is the only fund that reports a positive unassigned fund balance.

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 use either through 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 GAAP 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 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, 2021. 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 Fund)

Massachusetts General Laws (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 having 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 Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. MMDT has an average 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.

Deposits

Custodial Credit Risk

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 formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2021, \$3,591,798 of the Town’s bank balances of \$129,889,351, was exposed to custodial credit risk as uninsured and uncollateralized, \$91,460,846 was collateralized by securities held by the pledging institution, \$30,218,918 was collateralized by securities held by the pledging financial institution’s trust department or agent, but not in the Town’s name, and \$4,617,789 was invested in MMDT, which is not subject to this disclosure.

Investments

The following is a summary of the Town’s investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 1,341,747
Equity mutual funds	987,004
Fixed income mutual funds	1,127,760
Municipal fixed income	152,104
Federal agency securities	757,675
U.S. Treasury notes	<u>1,748,010</u>
Total	<u>\$ 6,114,300</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, 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, 2021, \$3,999,536 was subject to custodial credit exposure because the related securities were uninsured, unregistered, and held by the Town's brokerage firm, which is also the counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	Held by Counterparty's <u>Trust or Agent</u>
Corporate bonds	\$ 1,341,747	\$ 1,341,747
Municipal fixed income	152,104	152,104
Federal agency securities	757,675	757,675
U.S. Treasury notes	<u>1,748,010</u>	<u>1,748,010</u>
Total	\$ <u>3,999,536</u>	\$ <u>3,999,536</u>

Credit Risk – Investments in 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, 2021, the credit quality ratings, as rated by S&P Global Ratings, of the Town's debt securities were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
Corporate bonds	\$ 1,341,747	\$ -	\$ 189,075	\$ 560,294	\$ 592,378
Fixed income mutual funds	1,127,760	1,127,760	-	-	-
Federal agency securities	<u>757,675</u>	<u>-</u>	<u>757,675</u>	<u>-</u>	<u>-</u>
Total	\$ <u>3,227,182</u>	\$ <u>1,127,760</u>	\$ <u>946,750</u>	\$ <u>560,294</u>	\$ <u>592,378</u>

Concentration of 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, 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.

Individual investments exceeding 5% of the Town’s total investments were as follows at June 30, 2021:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Verizon	\$ 308,702	5.05%

Interest Rate Risk – Investments in 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 was as follows at June 30, 2021:

<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	\$ 1,341,747	\$ -	\$ 1,341,747	\$ -	\$ -
Fixed income mutual funds	1,127,760	-	1,127,760	-	-
Municipal Fixed Income	152,104	-	-	-	152,104
Federal agency securities	757,675	-	757,675	-	-
U.S. Treasury notes	<u>1,748,010</u>	<u>-</u>	<u>1,748,010</u>	<u>-</u>	<u>-</u>
Total	\$ <u>5,127,296</u>	\$ <u>-</u>	\$ <u>4,975,192</u>	\$ <u>-</u>	\$ <u>152,104</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 Town does not have formal investment policies related to foreign currency risk.

At June 30, 2021, none of the Town’s investments were exposed 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 an asset or liability 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 are accessible 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 had the following fair value measurements as of June 30, 2021:

<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	\$ 1,341,747	\$ -	\$ 1,341,747	\$ -
Equity mutual funds	987,004	987,004	-	-
Fixed income mutual funds	1,127,760	-	1,127,760	-
Municipal fixed income	152,104	-	152,104	-
Federal agency securities	757,675	-	757,675	-
U.S. Treasury notes	<u>1,748,010</u>	<u>1,748,010</u>	<u>-</u>	<u>-</u>
Total	\$ <u>6,114,300</u>	\$ <u>2,735,014</u>	\$ <u>3,379,286</u>	\$ <u>-</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 is 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 OPEB Trust Fund 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, 2021:

<u>Investment Type</u>	<u>Amount</u>
External investment pool- Plymouth County OPEB Trust	\$ <u>5,669,405</u>

Custodial Credit Risk

As of June 30, 2021, 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 in Debt Securities

All of the OPEB Trust Funds investments were unrated as of June 30, 2021.

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).

Foreign Currency Risk

At June 30, 2021, none of the OPEB Trust Fund’s investments were exposed to foreign currency risk.

Fair Value

The OPEB Trust Fund has the following fair value measurements as of June 30, 2021:

<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 using NAV:				
External investment pools	\$ 5,669,405	\$ -	Monthly	30 Days

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

5. Investments – Pension Trust Fund (the System)

The following is a summary of the System’s investments as of December 31, 2020:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 76,043,431
Equity mutual funds	38,982,530
External investment pool	109,527,086
Real estate	<u>13,326,448</u>
Total	<u>\$ 237,879,495</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, investments or collateral securities that are in the possession of another party will not be recovered. 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 in 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 pension 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 of Massachusetts, provided that no more than the established percentage of assets, is invested in any one security.

Credit risk information was not provided as part of the Weymouth Contributory Retirement System’s financial statements.

Concentration of Credit Risk

Massachusetts General Laws Chapter 32, Section 23 limit 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, 2020, 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.

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

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.

At December 31, 2020, none of the System’s investments were exposed 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 an asset or liability. 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 are accessible 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 outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

The System has the following fair value measurements as of December 31, 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 equities	\$ 76,043,431	\$ 76,043,431	\$ -	\$ -
Equity mutual funds	38,982,530	38,982,530	-	-
Real estate	13,326,448	-	-	13,326,448
Investments measured at the net asset value (NAV):				
External investment pool	<u>109,527,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 237,879,495</u>	<u>\$ 115,025,961</u>	<u>\$ -</u>	<u>\$ 13,326,448</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	\$ 109,527,086	\$ -	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, respectively.

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. The actual fiscal year 2021 tax levy reflected an excess capacity of \$82,241.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. 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, 2021 consisted 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	\$ 1,299	\$ (138)	\$ 1,161	\$ -
Personal property taxes	84	(51)	33	-
Tax liens	5,971	(299)	-	5,672
Deferred taxes	<u>529</u>	<u>(26)</u>	<u>503</u>	<u>-</u>
Total property taxes	<u>\$ 7,883</u>	<u>\$ (514)</u>	<u>\$ 1,697</u>	<u>\$ 5,672</u>
Motor vehicle excise	\$ 2,337	\$ (1,059)	\$ 1,278	
Boat excise	<u>39</u>	<u>(24)</u>	<u>15</u>	
Total excises	<u>\$ 2,376</u>	<u>\$ (1,083)</u>	<u>\$ 1,293</u>	

7. User Fees Receivables

Receivables for user charges and betterments at June 30, 2021 consisted of the following (in thousands):

	Gross Amount	Allowance for Doubtful <u>Accounts</u>	Net Amount
Water	\$ 2,331	\$ (121)	\$ 2,210
Sewer	<u>4,145</u>	<u>(242)</u>	<u>3,903</u>
Total	<u>\$ 6,476</u>	<u>\$ (363)</u>	<u>\$ 6,113</u>

8. Intergovernmental Receivables

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2021.

9. Interfund 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 following is an analysis of interfund transfers:

<u>Governmental Activities</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,226,482	\$ (6,500,785)
Workers Compensation (ISF)	800,000	-
Nonmajor Funds:		
Special Revenue Funds	1,377,056	(2,898,983)
Capital Project Funds	<u>7,145,273</u>	<u>(1,134,043)</u>
Subtotal Nonmajor Funds	8,522,329	(4,033,026)
 <u>Business-Type Activities</u>		
Sewer Fund	-	(325,000)
Water Fund	<u>-</u>	<u>(690,000)</u>
Subtotal Business-Type Funds	<u>-</u>	<u>(1,015,000)</u>
 Total	 <u>\$ 11,548,811</u>	 <u>\$ (11,548,811)</u>

Of the transfer into the General Fund, \$1,775,000 was transferred from the Solid Waste Removal Fund, \$223,300 from the Community Preservation Fund, \$84,965 from the Tailings Trust Fund, \$60,000 from the Waterways Fund, and \$50,000 from the Comcast Settlement Fund. Of the transfer out of the General Fund, \$5,653,185 was transferred to the Capital Articles Fund, and \$800,000 was transferred to 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, 2021 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	\$ 133,990	\$ 1,016	\$ -	\$ 135,006
Machinery, equipment, and furnishings	42,924	6,191	-	49,115
Infrastructure	<u>57,114</u>	<u>7,145</u>	<u>-</u>	<u>64,259</u>
Total Capital Assets, Being Depreciated	234,028	14,352	-	248,380
Less Accumulated Depreciation For:				
Buildings and improvements	(74,867)	(3,202)	-	(78,069)
Machinery, equipment, and furnishings	(30,419)	(2,963)	50	(33,332)
Infrastructure	<u>(30,553)</u>	<u>(780)</u>	<u>90</u>	<u>(31,243)</u>
Total Accumulated Depreciation	<u>(135,839)</u>	<u>(6,945)</u>	<u>140</u>	<u>(142,644)</u>
Capital Assets, Being Depreciated, Net	98,189	7,407	140	105,736
Capital Assets, Not Being Depreciated:				
Land	32,922	1,242	-	34,164
Construction in progress (CIP)	<u>52,375</u>	<u>70,585</u>	<u>(15,594)</u>	<u>107,366</u>
Total Capital Assets, Not Being Depreciated	<u>85,297</u>	<u>71,827</u>	<u>(15,594)</u>	<u>141,530</u>
Governmental Activities Capital Assets, Net	<u>\$ 183,486</u>	<u>\$ 79,234</u>	<u>\$ (15,454)</u>	<u>\$ 247,266</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	2,743	-	-	2,743
Infrastructure	<u>98,577</u>	<u>839</u>	<u>-</u>	<u>99,416</u>
Total Capital Assets, Being Depreciated	147,623	839	-	148,462
Less Accumulated Depreciation For:				
Buildings and improvements	(29,916)	(786)	-	(30,702)
Machinery, equipment, and furnishings	(1,898)	(189)	-	(2,087)
Infrastructure	<u>(31,165)</u>	<u>(2,092)</u>	<u>-</u>	<u>(33,257)</u>
Total Accumulated Depreciation	<u>(62,979)</u>	<u>(3,067)</u>	<u>-</u>	<u>(66,046)</u>
Capital Assets, Being Depreciated, Net	84,644	(2,228)	-	82,416
Capital Assets, Not Being Depreciated:				
Land	1,650	18	-	1,668
Construction in progress (CIP)	<u>3,403</u>	<u>2,364</u>	<u>(857)</u>	<u>4,910</u>
Total Capital Assets, Not Being Depreciated	<u>5,053</u>	<u>2,382</u>	<u>(857)</u>	<u>6,578</u>
Business-Type Activities Capital Assets, Net	<u>\$ 89,697</u>	<u>\$ 154</u>	<u>\$ (857)</u>	<u>\$ 88,994</u>

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

Governmental Activities	
General government	\$ 255
Public safety	1,030
Education	3,469
Public works	1,794
Human services	140
Culture and recreation	<u>257</u>
Total Governmental Activities	<u>\$ 6,945</u>
Business-Type Activities	
Water	\$ 1,931
Sewer	<u>1,136</u>
Total Business-Type Activities	<u>\$ 3,067</u>

11. Deferred Outflows of Resources

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

12. Notes Payable

The Town had the following notes outstanding at June 30, 2021:

	Interest <u>Rate</u>	Date of <u>Issue</u>	Date of <u>Maturity</u>	Balance at <u>6/30/21</u>
General Obligation BAN	1.50%	08/26/20	08/26/21	\$ 1,417,036
General Obligation BAN	2.00%	06/18/21	12/02/21	<u>8,000,000</u>
Total				<u>\$ 9,417,036</u>

The following summarizes activity in notes payable during fiscal year 2021:

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
General Obligation BAN	\$ 32,356,125	\$ -	\$ (32,356,125)	\$ -
General Obligation BAN	4,834,073	-	(4,834,073)	-
General Obligation BAN	-	1,417,036	-	1,417,036
General Obligation BAN	-	8,000,000	-	8,000,000
Total	<u>\$ 37,190,198</u>	<u>\$ 9,417,036</u>	<u>\$ (37,190,198)</u>	<u>\$ 9,417,036</u>

13. Unearned Revenue

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

14. 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 outstanding are as follows:

Governmental Activities

	Original	Serial	Interest	Amount
<u>General Obligation Bonds</u>	<u>Issue</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
		<u>Through</u>		<u>as of</u>
				<u>6/30/21</u>
Public offerings:				
General obligation bond of 2012	\$ 8,100,000	09/15/21	2.23%	\$ 780,000
General obligation refunding	7,885,000	09/15/24	1.74%	1,404,600
General obligation bond of 2016	1,993,000	06/30/29	2.15%	1,370,000
General obligation bond of 2015	13,845,000	10/15/29	1.90%	7,715,000
Parks and field bond	4,130,000	03/01/32	2.84%	3,450,000
General obligation bond of 2016	1,750,000	06/30/32	2.37%	1,195,000
General obligation library bond	9,810,000	08/15/47	2.36%	9,615,000
General obligation bond of 2019	7,690,000	03/01/36	2.31%	6,725,000
General obligation bond	50,100,000	06/30/49	2.52%	50,100,000
General obligation bond	49,515,000	09/15/50	2.55%	<u>49,515,000</u>
Total general obligation bonds				<u>131,869,600</u>
Total Governmental Activities				\$ <u>131,869,600</u>

		Serial Maturities Through	Interest Rate(s) %	Outstanding as of <u>6/30/21</u>
<u>General Obligation Bonds</u>				
Public offerings:				
Water treatment plant and mains	\$ 2,290,000	09/15/21	2.23%	\$ 225,000
Sewer 1-5 Refunding	9,015,000	09/15/24	1.74%	3,110,400
Refunding water 4	2,922,000	06/30/29	2.15%	<u>2,325,000</u>
Total general obligation bonds				5,660,400
<u>Loans - Direct Borrowings</u>				
MWRA loan 2	\$ 250,000	08/15/29	0.00%	225,000
MWRA sewer bond WRA-P9-39	197,500	08/30/28	0.00%	158,000
MWPAT DW-06-12	20,000,000	07/15/28	2.00%	8,938,631
MWRA sewer bond 16-073 11/17	212,500	11/15/27	0.00%	148,750
MWRA sewer bond 16-073	73,750	02/15/27	0.00%	44,250
MWRA sewer bond	450,000	11/30/23	0.00%	450,000
MWPAT DW 02-02	411,907	08/01/22	5.01%	56,990
MWPAT DW-06-12-A (O)	16,379,794	07/15/32	2.00%	<u>11,107,242</u>
Total loans - direct borrowings				<u>21,128,863</u>
Total Business-Type Activities				<u>\$ 26,789,263</u>

Future Debt Service

The annual payments to retire all general obligation bonds outstanding as of June 30, 2021 are as follows:

Governmental Activities	<u>Bonds - Public Offerings</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,640,000	\$ 3,761,695
2023	5,519,600	3,877,661
2024	4,965,000	3,637,694
2025	5,115,000	3,420,294
2026	4,710,000	3,190,094
2027 - 2031	23,270,000	12,688,480
2032 - 2036	21,130,000	8,062,319
2037 - 2041	22,175,000	4,807,228
2042 - 2046	24,650,000	1,047,572
2047-2051	<u>13,695,000</u>	<u>71,175</u>
Total	\$ <u>131,869,600</u>	\$ <u>44,564,212</u>

Business-Type Activities	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,425,000	\$ 192,491	\$ 2,007,675	\$ 384,447
2023	1,185,400	139,158	2,046,523	345,417
2024	955,000	96,350	2,057,688	306,316
2025	950,000	61,525	2,098,178	267,124
2026	290,000	40,000	2,139,513	227,114
2027 - 2031	855,000	50,900	8,723,524	554,675
2032 - 2034	<u>-</u>	<u>-</u>	<u>2,055,762</u>	<u>41,335</u>
Total	\$ <u>5,660,400</u>	\$ <u>580,424</u>	\$ <u>21,128,863</u>	\$ <u>2,126,428</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2021, 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	\$ 36,635	\$ 99,615	\$ (4,380)	\$ 131,870	\$ (6,640)	\$ 125,230
Unamortized premium	<u>2,212</u>	<u>7,366</u>	<u>(247)</u>	<u>9,331</u>	<u>(437)</u>	<u>8,894</u>
Subtotal	38,847	106,981	(4,627)	141,201	(7,077)	134,124
Net pension liability	95,372	-	(9,474)	85,898	-	85,898
Net OPEB liability	445,469	-	(26,185)	419,284	-	419,284
Compensated absences	4,763	203	(902)	4,064	(203)	3,861
Landfill liability	<u>100</u>	<u>-</u>	<u>(10)</u>	<u>90</u>	<u>(10)</u>	<u>80</u>
Total	<u>\$ 584,551</u>	<u>\$ 107,184</u>	<u>\$ (41,198)</u>	<u>\$ 650,537</u>	<u>\$ (7,290)</u>	<u>\$ 643,247</u>
Business-Type Activities						
Bonds payable:						
Public offerings	\$ 7,235	\$ -	\$ (1,575)	\$ 5,660	\$ (1,425)	\$ 4,235
Loans payable (direct borrowings)	<u>22,757</u>	<u>450</u>	<u>(2,077)</u>	<u>21,130</u>	<u>(2,008)</u>	<u>19,122</u>
Subtotal	29,992	450	(3,652)	26,790	(3,433)	23,357
Net pension liability	6,141	-	(766)	5,375	-	5,375
Net OPEB liability	12,550	-	(2,811)	9,739	-	9,739
Compensated absences	<u>81</u>	<u>2</u>	<u>(35)</u>	<u>48</u>	<u>(2)</u>	<u>46</u>
Total	<u>\$ 48,764</u>	<u>\$ 452</u>	<u>\$ (7,264)</u>	<u>\$ 41,952</u>	<u>\$ (3,435)</u>	<u>\$ 38,517</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.

15. 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 \$90,000 reported as landfill postclosure care liability at June 30, 2021 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

16. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Town that apply 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, in accordance with GASB Statements No. 69 and 75, 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.

17. Governmental Funds - Balances

The Town's fund balances at June 30, 2021 are comprised of the following:

	General Fund	Chapman Middle School Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Nonexpendable permanent funds	\$ -	\$ -	\$ -	\$ 153,721	\$ 153,721
Total Nonexpendable	-	-	-	153,721	153,721
Restricted					
Bonded projects	-	52,384,153	-	1,984,200	54,368,353
Special revenue funds:					
Community preservation fund	-	-	-	4,201,185	4,201,185
State education grants	-	-	-	1,108,936	1,108,936
State town grants	-	-	-	1,468,787	1,468,787
Federal education grants	-	-	-	285,187	285,187
Federal town grants	-	-	1,048	700,657	701,705
School revolving	-	-	-	2,011,022	2,011,022
Town revolving	-	-	-	2,137,542	2,137,542
Donations and gifts	-	-	-	794,512	794,512
Other	-	-	-	1,615,831	1,615,831
Expendable permanent funds	-	-	-	488,557	488,557
Total Restricted	-	52,384,153	1,048	16,796,416	69,181,617
Committed					
Capital articles fund	-	-	-	9,031,757	9,031,757
Stabilization fund for specific purposes*	93,057	-	-	-	93,057
Enbridge Mitigation	10,000,000	-	-	-	10,000,000
Total Committed	10,093,057	-	-	9,031,757	19,124,814
Assigned					
Encumbrances:					
General government	256,980	-	-	-	256,980
Public safety	43,700	-	-	-	43,700
Education	469,531	-	-	-	469,531
Public works	315,364	-	-	-	315,364
Human services	1,106	-	-	-	1,106
Culture and recreation	6,667	-	-	-	6,667
Employee benefits	3,688	-	-	-	3,688
Intergovernmental	63,854	-	-	-	63,854
GIC	1,449,995	-	-	-	1,449,995
Total Assigned	2,610,885	-	-	-	2,610,885
Unassigned					
General fund	7,798,142	-	-	-	7,798,142
General stabilization fund	6,114,300	-	-	-	6,114,300
Deficit fund balances	-	-	-	(12,472,328)	(12,472,328)
Total Unassigned	13,912,442	-	-	(12,472,328)	1,440,114
Total Fund Balance	\$ 26,616,384	\$ 52,384,153	\$ 1,048	\$ 13,509,566	\$ 92,511,151

* Massachusetts General Law Ch. 40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires 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-

18. 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 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.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of 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 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 member's 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, 2021 was \$11,756,986 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 Pension

At June 30, 2021, the Town reported a liability of \$91,272,336 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability 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,

2020, the Town's proportion was 97.45%, which was an increase of 0.04% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$8,858,355. In addition, the Town reported deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 1,923,584	\$ -
Changes of assumptions	6,272,324	-
Net difference between projected and actual earnings on pension plan investments	-	16,621,523
Changes in proportion and differences between contributions and proportionate share of contributions	<u>4,187,764</u>	<u>4,056,311</u>
Total	<u>\$ 12,383,672</u>	<u>\$ 20,677,834</u>

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

Year ended June 30:	
2022	\$ (1,573,573)
2023	923,921
2024	(6,086,019)
2025	(1,648,183)
2026	<u>89,692</u>
Total	<u>\$ (8,294,162)</u>

Actuarial Assumptions

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

Valuation Date	January 1, 2020
Cost-of-living adjustment	3.00% of \$15,000
Salary increases	3.50% ultimate rate
Investment rate of return	7.25%
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, 2020 valuation were based on the results of the most recent actuarial experience study for the period of January 1, 2020 to December 31, 2020.

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	30.00%	4.42%
International equity	12.50%	5.99%
US Bond	10.50%	0.29%
Domestic small cap	8.00%	4.81%
Real estate	7.50%	4.32%
Private equity	7.50%	7.47%
HFoF Multi-Strategy	7.00%	4.42%
EM Equity	5.00%	7.47%
Broad Real Assets	4.00%	2.95%
US Bonds - Dynamic	3.00%	0.88%
EM Bonds	2.50%	0.88%
Global Bonds	<u>2.50%</u>	0.00%
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 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 7.25%, 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
(6.25%)	(7.25%)	(8.25%)
\$ 126,347,615	\$ 91,272,336	\$ 61,536,998

Pension Plan Fiduciary Net Position

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

19. 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 of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts 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 of Massachusetts’ 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 to 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

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

Actuarial Assumptions

The net pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020. This valuation used the following assumptions:

- (a) 7.15% (changed from 7.25%) 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 Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Post-retirement - reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2018 (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, 2020 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%	4.80%
Core fixed income	15.00%	0.70%
Private equity	13.00%	8.20%
Portfolio completion strategies	11.00%	3.20%
Real estate	10.00%	3.50%
Value added fixed income	8.00%	4.20%
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 7.15%. 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	Current Discount	1% Increase
<u>6.15%</u>	<u>Rate 7.15%</u>	<u>8.15%</u>
\$ 35,411,955	\$ 28,544,844	\$ 22,908,510

Special Funding Situation

The Commonwealth of Massachusetts 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 Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth of Massachusetts 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 2020 (the most recent measurement period), the Town’s proportionate share of the MTRS’ collective net pension liability was approximately \$183,663,382 based on a proportionate share of 0.643%. As required by GASB 68, the Town has recognized its portion of the Commonwealth’s contribution of \$9,995,107 as both a revenue and expenditure in the general fund, and its portion of the collective pension expense of \$22,685,059 as both a revenue and expense in the governmental activities.

20. Other Post-Employment Benefits

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB 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 GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This 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, 2021.

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 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, 2021, 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 29.72%. 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, 2021, 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	6.75%
Municipal bond rate	2.16%
Discount rate	2.22% (previously 2.28%)
Healthcare cost trend rates	6.00% for 2021
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, 2021 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	32.20%	4.30%
Domestic mid stock	18.00%	4.70%
Domestic small stocks	14.00%	4.80%
International developed markets equity	8.00%	5.50%
International emerging markets equity	5.50%	4.70%
Core fixed income	12.90%	1.00%
High yield fixed income	4.00%	2.70%
Real estate	4.00%	3.90%
Cash	<u>1.40%</u>	0.00%
Total	<u><u>100.00%</u></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 2.22%. 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 6.75% and municipal bond rate of 2.16% (based on the Bond Buyer 20 bond index 20-year municipal bond rate as of June 30, 2021).

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2021, were as follows:

Total OPEB liability	\$ 434,691,780
Plan fiduciary net position	<u>5,669,405</u>
Net OPEB liability	<u><u>\$ 429,022,375</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	1.30%
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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	\$ 462,389,143	\$ 4,370,403	\$ 458,018,740
Changes for the year:			
Service cost	18,831,823	-	18,831,823
Interest	10,853,627	-	10,853,627
Contributions - employer	-	10,369,359	(10,369,359)
Net investment income	-	1,299,002	(1,299,002)
Differences between expected and actual experience	(43,489,143)	-	(43,489,143)
Changes in assumptions	(3,524,311)	-	(3,524,311)
Benefit payments	<u>(10,369,359)</u>	<u>(10,369,359)</u>	<u>-</u>
Net Changes	<u>(27,697,363)</u>	<u>1,299,002</u>	<u>(28,996,365)</u>
Balances, end of year	<u>\$ 434,691,780</u>	<u>\$ 5,669,405</u>	<u>\$ 429,022,375</u>

Changes of assumptions reflect a change in the discount rate from 2.28% in 2020 to 2.22% in 2021, 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 (1.22%)	Current Discount Rate (2.22%)	1% Increase (3.22%)
\$ 510,370,055	<u>\$ 429,022,375</u>	\$ 365,074,236

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 were 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 <u>(57.00%)</u>	Current Healthcare Cost Trend Rates <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
\$ 356,316,956	\$ 429,022,375	\$ 525,171,674

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, 2021, the Town of Weymouth reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ (47,748,528)
Changes in assumptions	51,946,733	(2,892,715)
Net difference between projected and actual earnings on OPEB investment	<u>-</u>	<u>(996,076)</u>
Total	<u>\$ 51,946,733</u>	<u>\$ (51,637,319)</u>

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

<u>Year Ended June 30:</u>	
2022	\$ 3,516,710
2023	3,565,281
2024	6,038,209
2025	(7,924,080)
2026	<u>(4,886,706)</u>
Total	<u>\$ 309,414</u>

21. Consolidation of Pension and OPEB Trust Funds

The Weymouth Contributory Retirement System and the Weymouth OPEB Trust Fund 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, 2020)</u>	Other Post-Employment Benefits Trust <u>Fund</u>	Pension and OPEB Trust Fund <u>Trust Fund</u>
Assets			
Cash and short-term investments	\$ 5,183,175	\$ -	\$ 5,183,175
Investments			
Corporate equities	76,043,431	-	76,043,431
Mutual funds	38,982,530	-	38,982,530
External investment pool	109,527,086	5,669,405	115,196,491
Real estate	<u>13,326,448</u>	<u>-</u>	<u>13,326,448</u>
Total investments	237,879,495	5,669,405	243,548,900
Accounts receivable	<u>49,555</u>	<u>-</u>	<u>49,555</u>
Total Assets	243,112,225	5,669,405	248,781,630
Liabilities			
Accounts payable	54,974	-	54,974
Investment purchases payable	<u>109,960</u>	<u>-</u>	<u>109,960</u>
Total Liabilities	164,934	-	164,934
Net Position			
Restricted for pension	242,947,291	-	242,947,291
Restricted for OPEB	<u>-</u>	<u>5,669,405</u>	<u>5,669,405</u>
Total Net Position	<u>\$ 242,947,291</u>	<u>\$ 5,669,405</u>	<u>\$ 248,616,696</u>

	Pension Trust Fund (year ended <u>December 31, 2020</u>)	Other Post-Employment Benefits Trust <u>Fund</u>	Pension and OPEB <u>Trust Fund</u>
Additions			
Contributions:			
Employers	\$ 12,064,620	\$ 10,369,359	\$ 22,433,979
Plan members	4,584,977	-	4,584,977
Other systems and Commonwealth of Massachusetts	251,123	-	251,123
Reimbursements from other systems	773,788	-	773,788
Transfers in	<u>-</u>	<u>0</u>	<u>-</u>
Total Contributions	17,674,508	10,369,359	28,043,867
Investment Income:			
Increase in fair value of investments	30,667,620	-	30,667,620
Investment income (expense)	<u>(1,441,116)</u>	<u>1,299,002</u>	<u>(142,114)</u>
Net Investment Income	<u>29,226,504</u>	<u>1,299,002</u>	<u>30,525,506</u>
Total Additions	46,901,012	11,668,361	58,569,373
Deductions			
Benefit payments to plan members and beneficiaries	19,918,499	10,369,359	30,287,858
Reimbursements to other systems	502,214	-	502,214
Administrative expenses	556,767	-	556,767
Refunds to plan members	<u>290,470</u>	<u>-</u>	<u>290,470</u>
Total Deductions	<u>21,267,950</u>	<u>10,369,359</u>	<u>31,637,309</u>
Change in Net Position	25,633,062	1,299,002	26,932,064
Net Position Restricted for Pension and OPEB			
Beginning of Year	<u>217,314,229</u>	<u>4,370,403</u>	<u>221,684,632</u>
End of Year	<u>\$ 242,947,291</u>	<u>\$ 5,669,405</u>	<u>\$ 248,616,696</u>

22. 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.

Workers' Compensation

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 employees. 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, 2021 are as follows:

	Workers <u>Compensation</u>
Claims liability, beginning of year	\$ 218,346
Claims incurred/recognized in fiscal year 2021	643,580
Claims paid in fiscal year 2021	<u>(645,251)</u>
Claims liability, end of year	<u>\$ 216,675</u>

23. 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 of the economic disruption. The extent of the impact of COVID-19 on the Town's 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 the Town's financial condition or results of operations remains 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 \$1,160,891 in encumbrances that will be honored in the next fiscal year.

24. Change in Accounting Principle

During fiscal year 2021, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

25. Beginning Fund Balance/Net Position Reclassification

The beginning (July 1, 2020) fund balance/net position of the Town has been restated as follows:

Government-Wide Financial Statements:

	Governmental <u>Activities</u>
As previously reported	\$ (316,327,570)
Implementation of GASB 84	<u>12,094</u>
As restated	<u><u>\$ (316,315,476)</u></u>

Fund Basis Financial Statements:

	Public Library Construction <u>Fund</u>	Capital Articles <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
As previously reported	\$ (7,511,851)	\$ 10,342,714	\$ 12,425,562
Public Library Construction not major in 2021	7,511,851	-	(7,511,851)
Capital Articles not major in 2021	-	(10,342,714)	10,342,714
Implementation of GASB 84	<u>-</u>	<u>-</u>	<u>12,094</u>
As reclassified	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,268,519</u></u>

26. Subsequent Events

Management has evaluated subsequent events through January 7, 2023, which is the date the financial statements were available to be issued.

Debt

Subsequent to June 30, 2021, the Town has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
General Obligation Bonds	\$ 3,640,000	5.00%	08/10/21	08/15/41

27. New Pronouncements

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 has not evaluated the effects this standard will have on the financial statements.

TOWN OF WEYMOUTH, MASSACHUSETTS

Required Supplementary Information
 General Fund
 Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual
 For the Year Ended June 30, 2021
 (Unaudited)

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 114,572,950	\$ 114,572,950	\$ 116,780,858	\$ 2,207,908
Excise taxes	6,845,000	6,845,000	7,691,194	846,194
Penalties, interest and other taxes	2,398,000	2,398,000	2,563,693	165,693
Departmental	347,050	347,050	465,233	118,183
Intergovernmental	39,605,009	39,605,009	38,843,268	(761,741)
Licenses and permits	1,802,700	1,802,700	2,257,279	454,579
Interest Earnings	200,000	200,000	209,443	9,443
Fines and forfeitures	92,000	92,000	46,451	(45,549)
Miscellaneous	<u>1,206,805</u>	<u>1,206,805</u>	<u>10,812,792</u>	<u>9,605,987</u>
Total Revenues	167,069,514	167,069,514	179,670,211	12,600,697
Expenditures				
General government	8,044,834	8,599,214	7,967,499	631,715
Public safety	23,767,156	23,837,874	22,812,701	1,025,173
Education	74,392,872	75,548,428	75,521,413	27,015
Public works	10,030,124	10,416,782	9,847,586	569,196
Health and human services	581,706	581,877	538,270	43,607
Culture and recreation	3,047,087	3,056,807	2,721,683	335,124
Employee benefits	36,695,194	37,003,190	37,364,283	(361,093)
Debt service	11,254,815	11,254,815	11,236,395	18,420
Intergovernmental	<u>8,309,342</u>	<u>8,461,342</u>	<u>7,553,729</u>	<u>907,613</u>
Total Expenditures	<u>176,123,130</u>	<u>178,760,329</u>	<u>175,563,559</u>	<u>3,196,770</u>
Excess of revenues over expenditures	(9,053,616)	(11,690,815)	4,106,652	15,797,467
Other Financing Sources/Uses				
Transfers in	9,853,616	9,853,616	9,240,474	(613,142)
Transfers out	(800,000)	(3,984,279)	(3,984,279)	-
Use of free cash:				
Operating budget	-	372,583	372,583	-
Capital budget	-	2,934,279	2,934,279	-
Other source: prior year encumbrances	<u>-</u>	<u>2,514,616</u>	<u>2,514,616</u>	<u>-</u>
Total Other Financing Sources/Uses	<u>9,053,616</u>	<u>11,690,815</u>	<u>11,077,673</u>	<u>(613,142)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,184,325</u>	\$ <u>15,184,325</u>

See Independent Auditor's Report and Notes to Required Supplementary Information.

**Notes to Required Supplementary 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 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, expenditures, and other financing sources (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)	\$ 195,240,895	\$ 183,034,928	\$ (4,274,303)
Remove effect of combining stabilization fund	(5,360,088)	(4,720,790)	2,718,906
Add end-of-year appropriation carryforwards from expenditures	-	1,160,891	-
Prior year appropriations used to fund current year expenditures	-	-	2,514,616
To record use of free cash	-	-	372,583
To reclassify overhead costs	-	7,013,992	7,013,992
To reverse the effect of non-budgeted State contributions for teachers retirement	(9,995,107)	(9,995,107)	-
Other timing differences	<u>(215,489)</u>	<u>(930,355)</u>	<u>(202,400)</u>
Budgetary basis	<u>\$ 179,670,211</u>	<u>\$ 175,563,559</u>	<u>\$ 8,143,394</u>

See Independent Auditor's 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, 2021	December 31, 2020	97.45%	\$91,272,336	\$ 46,822,392	195%	72.20%
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, 2021	June 30, 2020	0.643%	\$ -	\$ 183,663,382	\$ 183,663,382	\$ 48,750,510	-	50.67%
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 notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's 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>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, 2021	December 31, 2020	\$ 11,756,986	\$ 11,756,986	\$ -	\$ -	\$ 33,900,737	34.68%
June 30, 2020	December 31, 2019	\$ 11,389,412	\$ 11,389,412	\$ -	\$ -	\$ 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>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, 2021	June 30, 2020	\$ 9,995,107	\$ 9,995,107	\$ -	\$ -	\$ 48,750,510	20.50%
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%

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

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

See Independent Auditor's Report.

TOWN OF WEYMOUTH, MASSACHUSETTS

Required Supplementary Information
Schedule of Changes in Net OPEB Liability

(Unaudited)
(Amounts expressed in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service cost	\$ 18,832	\$ 12,391	\$ 11,801	\$ 11,348	\$ 11,868
Interest	10,854	13,558	14,751	14,843	13,205
Differences between expected and actual experience	(43,489)	-	(29,692)	-	-
Changes of assumptions	(3,525)	74,855	16,597	(17,512)	-
Benefit payments, including refunds of member contributions	<u>(10,369)</u>	<u>(9,468)</u>	<u>(11,901)</u>	<u>(11,037)</u>	<u>(10,181)</u>
Net change in total OPEB liability	(27,697)	91,336	1,556	(2,358)	14,892
Total OPEB liability - beginning	<u>462,389</u>	<u>371,053</u>	<u>369,497</u>	<u>371,855</u>	<u>356,963</u>
Total OPEB liability - ending (a)	434,692	462,389	371,053	369,497	371,855
Plan Fiduciary Net Position					
Contributions - employer	10,369	9,468	12,101	11,287	10,381
Net investment income	1,299	101	203	364	345
Benefit payments, including refunds of member contributions	<u>(10,369)</u>	<u>(9,468)</u>	<u>(11,901)</u>	<u>(11,037)</u>	<u>(10,181)</u>
Net change in plan fiduciary net position	1,299	101	403	614	545
Plan fiduciary net position - beginning	<u>4,370</u>	<u>4,269</u>	<u>3,866</u>	<u>3,252</u>	<u>2,707</u>
Plan fiduciary net position - ending (b)	<u>5,669</u>	<u>4,370</u>	<u>4,269</u>	<u>3,866</u>	<u>3,252</u>
Net OPEB liability - ending (a-b)	<u>\$ 429,023</u>	<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 Auditor's 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability					
Total OPEB liability	\$ 434,692	\$ 462,389	\$ 371,053	\$ 369,497	\$ 371,855
Plan fiduciary net position	<u>5,669</u>	<u>4,370</u>	<u>4,269</u>	<u>3,866</u>	<u>3,252</u>
Net OPEB liability	<u>\$ 429,023</u>	<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	1.3%	0.9%	1.2%	1.0%	0.9%
Covered employee payroll	\$ 96,361	\$ 87,183	\$ 84,234	N/A	N/A
Net OPEB liability as a percentage of covered employee payroll	445.22%	525.35%	435.43%	N/A	N/A
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions					
Actuarially determined contribution	N/A	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>N/A</u>	<u>11,287</u>	<u>10,381</u>
Contribution deficiency	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 10,242</u>	<u>\$ 14,819</u>
Covered employee payroll	\$ 96,361	\$ 87,183	\$ 84,234	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A
	<u>2021</u>	<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	29.72%	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 2019-2021 GASB 74/75 reports.

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 Auditor's Report.