

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

**TOWN OF NORTH ATTLEBOROUGH,
MASSACHUSETTS**

Report on Examination of
Basic Financial Statements
and Additional Information

Year Ended June 30, 2020



TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

Honorable Town Council
Town of North Attleborough, Massachusetts

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 North Attleborough, Massachusetts, (the "Town") as of and for the year ended June 30, 2020 (except for the North Attleborough Electric Department, which is as of December 31, 2019) 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

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Attleborough Electric Department, a component unit, which represent approximately 39.0%, 45.5% and 72.7%, respectively, of the total assets, net position and revenues of the Town's business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this blended presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Emphasis of Matter

We audited the Town's basic financial statements as of and for the year ended June 30, 2019, for which we issued an unmodified opinion dated January 23, 2020. As discussed in Note V, reclassifications of previously reported investment assets in the Town's OPEB trust were made between governmental activities and business-type activities, which required a restatement of liabilities and net position. Our opinion was 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, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2021, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Roselli, Clark & Associates". The signature is written in a cursive, flowing style.

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
February 3, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The Town's assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by nearly \$73.0 million (total net position) at June 30, 2020. The Town's total net position decreased by approximately \$6.1 million in fiscal year 2020.
- The Town continues to report a deficit in its unrestricted net position in its governmental activities. This deficit exceeded \$129.2 million at June 30, 2020. This deficit is due primarily to the recording of liabilities associated with the net OPEB and pension liabilities, which totaled over \$170.1 million at June 30, 2020 in the aggregate. These liabilities are applied to the Town's unrestricted net position and represent actuarial estimates of future postemployment benefits payable by the Town for retiree medical insurance and pensions.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$28.1 million, which was approximately \$3.2 million higher than the prior year. The Town reported positive changes in fund balances in its general fund and capital projects funds of approximately \$2.9 million and \$0.4 million, respectively, while reporting an approximately \$0.1 million decrease in its nonmajor governmental funds.
- Of the ending fund balance in the governmental funds at June 30, 2020, approximately \$12.0 million is available for spending at the government's discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.
- At June 30, 2020, unassigned fund balance for the general fund represented approximately 11% percent of total fiscal year 2020 general fund expenditures.
- The Town's total long-term debt in its governmental activities and business-type activities decreased nearly \$6.7 million in fiscal year 2020 in the aggregate. The Town's total long-term debt was approximately \$54.7 million at June 30, 2020.
- The COVID-19 pandemic and its associated public/private enterprise shutdowns affected the Town in a variety of ways. The Town recognized that its revenues from sources such as school and recreation programs, excise taxes, permits and other usage fees would not trend as anticipated. Payroll reductions were made in several areas and many budgeted expenses were either deferred, reduced, or eliminated entirely in fiscal year 2020.
- The Town received notice from the Commonwealth that it is entitled to approximately \$2.6 million through the federal Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act funds are restricted in their use; these funds can only be used for direct expenses related to COVID-19 and cannot be used as "revenue replacement" or other similar, unrestricted purposes.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town utilizes the proprietary funds to report activities of its enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, solid waste and electric department activities.

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees as well as a budget to actual comparison for the current year’s general fund operations.

Government-Wide Financial Analysis

The condensed comparative statements of net position for the two most recent years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2020	June 30, 2019 (a)	June 30, 2020	June 30, 2019 (a)	June 30, 2020	June 30, 2019 (a)
Assets:						
Current and other assets	\$ 35,148,087	\$ 35,337,175	\$ 81,341,994	\$ 79,866,911	\$ 116,490,081	\$ 115,204,086
Capital assets, net	<u>79,670,345</u>	<u>81,540,199</u>	<u>109,746,630</u>	<u>108,015,375</u>	<u>189,416,975</u>	<u>189,555,574</u>
Total Assets	<u>114,818,432</u>	<u>116,877,374</u>	<u>191,088,624</u>	<u>187,882,286</u>	<u>305,907,056</u>	<u>304,759,660</u>
Deferred Outflows of Resources	<u>33,704,716</u>	<u>37,138,933</u>	<u>5,292,659</u>	<u>3,867,828</u>	<u>38,997,375</u>	<u>41,006,761</u>
Liabilities:						
Long-term liabilities	184,096,534	177,724,856	47,881,689	47,838,379	231,978,223	225,563,235
Other liabilities	<u>7,255,250</u>	<u>10,918,520</u>	<u>9,887,407</u>	<u>8,386,560</u>	<u>17,142,657</u>	<u>19,305,080</u>
Total Liabilities	<u>191,351,784</u>	<u>188,643,376</u>	<u>57,769,096</u>	<u>56,224,939</u>	<u>249,120,880</u>	<u>244,868,315</u>
Deferred Inflows of Resources	<u>6,820,354</u>	<u>5,742,313</u>	<u>15,998,956</u>	<u>16,047,233</u>	<u>22,819,310</u>	<u>21,789,546</u>
Net Position:						
Net investment in capital assets	67,381,530	67,511,754	71,804,881	66,938,000	139,186,411	134,449,754
Restricted	12,172,076	10,635,368	26,816,371	25,859,261	38,988,447	36,494,629
Unrestricted	<u>(129,202,596)</u>	<u>(118,516,504)</u>	<u>23,991,979</u>	<u>26,680,681</u>	<u>(105,210,617)</u>	<u>(91,835,823)</u>
Total Net Position	<u>\$ (49,648,990)</u>	<u>\$ (40,369,382)</u>	<u>\$ 122,613,231</u>	<u>\$ 119,477,942</u>	<u>\$ 72,964,241</u>	<u>\$ 79,108,560</u>

(a) Previously reported net other postemployment benefits liabilities were reclassified between governmental activities and the sewer, water and landfill enterprise funds, which are reported in business-type activities. Refer to Note V.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's total net position decreased over \$6.1 million in fiscal year 2020. The net position in governmental activities decreased nearly \$9.3 million, while the net position in business-type activities increased over \$3.1 million.

The largest portion the Town's overall net position (nearly \$139.2 million) of reflects its investment in capital assets, less any related debt (netted down by those amounts expected to be reimbursed by the Commonwealth) used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, 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 significant portion of the Town's total net position (nearly \$40.0 million) represents resources that are subject to external restrictions on how they may be used.

The remaining category represents unrestricted net position, which currently has a deficit balance of approximately \$105.2 million. This deficit balance is primarily the result of the reporting of over \$170.1 million in net OPEB and pension liabilities. The Town expects that its deficit in unrestricted net position will continue to increase for the foreseeable future primarily due to OPEB.

The condensed comparative statements of activities for the two most recent years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 5,584,308	\$ 7,550,719	\$ 41,829,200	\$ 45,887,453	\$ 47,413,508	\$ 53,438,172
Operating grants and contributions	37,340,149	34,768,489	-	-	37,340,149	34,768,489
Capital grants and contributions	202,695	1,599,317	1,538,778	1,384,069	1,741,473	2,983,386
General revenues:						
Property taxes	60,645,842	57,599,674	-	-	60,645,842	57,599,674
Excise taxes	5,113,629	5,184,608	-	-	5,113,629	5,184,608
Intergovernmental	3,055,029	2,977,777	-	-	3,055,029	2,977,777
Other	857,423	842,918	2,392,702	80,671	3,250,125	923,589
Total Revenues	<u>112,799,075</u>	<u>110,523,502</u>	<u>45,760,680</u>	<u>47,352,193</u>	<u>158,559,755</u>	<u>157,875,695</u>
Expenses:						
General government	7,115,619	7,435,095	-	-	7,115,619	7,435,095
Public safety	19,615,569	17,989,323	-	-	19,615,569	17,989,323
Education	87,352,225	82,530,387	-	-	87,352,225	82,530,387
Public works	3,721,444	4,345,058	-	-	3,721,444	4,345,058
Health and human services	1,501,395	1,370,818	-	-	1,501,395	1,370,818
Culture and recreation	2,251,820	2,310,677	-	-	2,251,820	2,310,677
Interest expense	650,696	688,026	-	-	650,696	688,026
Utility services	-	-	42,495,306	46,087,446	42,495,306	46,087,446
Total Expenses	<u>122,208,768</u>	<u>116,669,384</u>	<u>42,495,306</u>	<u>46,087,446</u>	<u>164,704,074</u>	<u>162,756,830</u>
Change in Net Position Before Transfers	(9,409,693)	(6,145,882)	3,265,374	1,264,747	(6,144,319)	(4,881,135)
Transfers	<u>130,085</u>	<u>543,204</u>	<u>(130,085)</u>	<u>(543,204)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(9,279,608)</u>	<u>(5,602,678)</u>	<u>3,135,289</u>	<u>721,543</u>	<u>(6,144,319)</u>	<u>(4,881,135)</u>
Net Position:						
Beginning of year	(40,369,382)	(33,487,559)	119,477,942	117,477,254	79,108,560	83,989,695
Restatement (a)	-	(1,279,145)	-	1,279,145	-	-
End of year	<u>\$ (49,648,990)</u>	<u>\$ (40,369,382)</u>	<u>\$ 122,613,231</u>	<u>\$ 119,477,942</u>	<u>\$ 72,964,241</u>	<u>\$ 79,108,560</u>

(a) Reclassification of net other postemployment benefits liabilities. Refer to Note V.

Governmental Activities – Total revenues in fiscal year 2020 in the Town’s governmental activities increased nearly \$2.3 million, or 2.1%, from the prior fiscal year. The Town’s largest revenue source is property taxes, which represented approximately 54% and 52% of total fiscal year 2020 and 2019 revenues, respectively. Property taxes increased over \$3.0 million, or 5.3%, in fiscal year 2020 due to normal property tax increases and new growth. Operating grants and contributions represented approximately 33% and 31% of total fiscal year 2020 and 2019 revenues, respectively. Operating grants and contributions increased nearly \$2.6 million in fiscal year 2020; this increase was due primarily to an approximate \$2.5 million increase in intergovernmental revenues related to the Commonwealth’s contributions to the MTRS on behalf of the Town. No other revenue sources were greater than 10% of total revenues in fiscal years 2020 or 2019.

Education represents the largest expense category for the Town. In total, education expenses represented approximately 71% of total fiscal year 2020 and 2019 expenses. Public safety expenses represented approximately 16% of total fiscal year 2019 expenses, which was also consistent with the prior fiscal year. No other expense types were greater than 10% of total expenses in fiscal years 2020 or 2019.

Business-Type Activities – Total business-type activities revenues decreased nearly \$1.6 million in fiscal year 2020. This decrease was primarily due to an approximate \$3.4 million decrease in electric department operating revenues, which was offset by an approximate \$2.4 million increase in investment income in the electric department. Revenues in the sewer, water and solid waste enterprise funds each declined in fiscal year 2020, primarily as a result of lower commercial/industrial usage due to COVID-related business closures and slowdowns. Business-type expenses decreased nearly \$3.6 million in fiscal

year 2020, primarily as the result of lower noncash personnel costs associated with net pension and OPEB liabilities as well as lower operating costs in the electric department.

Government Funds Financial Analysis

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

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

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance surplus of over \$28.3 million, which was approximately \$3.2 million greater than the prior year. The Town reported positive changes in fund balances in its general and capital projects funds of approximately \$2.9 million and \$0.4 million, respectively. The Town reported a modest decrease of over \$0.1 million in its nonmajor governmental funds. The surplus in the general fund was due primarily to the continued effects of the fiscal year 2019 Proposition 2 ½ override as well as cost containment measures enacted subsequent to the declaration of COVID-19 as a pandemic.

Of the ending fund balances, approximately \$12.0 million is available for spending at the government’s discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$12.0 million, while total general fund balance approached \$12.7 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at year end represents approximately 12% of total fiscal year 2020 general fund expenditures, while total fund balance represents approximately 13% of that same amount.

Proprietary Funds – The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Fiduciary Fund – The Town’s fiduciary fund is comprised of its pension and two OPEB trust funds, private purpose funds and agency funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were not significant. A reconciliation of these differences is found in the required supplementary information.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets, which includes land, buildings, infrastructure, machinery and equipment, for its governmental and business-type activities as of June 30, 2020 totaled approximately \$189.4 million, net of accumulated depreciation. This is a decrease of over \$0.1 million from the prior year as fiscal year 2020 depreciation expense exceeded capital additions.

Additional information on the Town capital assets can be found in the notes to the financial statements.

Long-Term Debt – The Town’s total general obligation bond and notes payable debt decreased by nearly \$6.7 million in fiscal year 2020 to approximately \$54.7 million at June 30, 2020. This decrease was entirely due to the regularly scheduled repayments of long-term general obligations and notes payable. The Town did not complete any general obligation bond sales or other note issuances in fiscal year 2020.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town’s boundaries. Debt service from such arrangements is assessed annually to the Town. Additional information on the Town’s debt can be found in the notes to the financial statements.

Town’s general obligations are rated AA by Standard and Poor’s Financial Services, which is the third highest credit rating for long-term debt issued by this agency.

Economic Factors and Next Year’s Budgets

- The Town’s governing structure changed to a Town Council format effective July 1, 2019. This new governing structure provides a greater degree of budgetary flexibility to the Town as Town Councilors may appropriate available resources at regularly scheduled Council meetings versus at Town Meeting.
- Net state aid for fiscal year 2021 is expected to approximate \$19.3 million, which is consistent with 2020.
- The Town had approximately \$4.6 million in certified free cash and approximately \$5.3 million in stabilization funds available to assist in funding its fiscal year 2021 budget.
- The Town’s real estate tax base is made up predominantly of residential taxes, which in setting the 2020 tax rate was approximately 81% of the entire property tax levy. The Town also relies to a moderate degree on its commercial, industrial and personal property real estate tax base which comprise the remainder of the levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town’s ability to increase taxes in any one year by more than 2 ½% of the previous year’s tax levy. The Town typically taxes at or near its levy limit.
- The Town continues to experience good new growth in its property tax base.
- Property values within the Town have been steadily increasing. Many neighborhoods’ property values are at all-time highs.

The above items were considered when the Town Council approved its fiscal year 2021 budget in a June 2020 Town Council meeting. The Town set its fiscal year 2021 property tax rate on December 14, 2020.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, Town of North Attleborough, Massachusetts, 43 South Washington Street, North Attleborough, Massachusetts 02760.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 23,942,997	\$ 32,546,121	\$ 56,489,118
Investments	7,800,139	35,235,696	43,035,835
Receivables, net of allowances:			
Property taxes	2,177,836	-	2,177,836
Departmental, user charges and other	968,820	5,913,833	6,882,653
Intergovernmental	229,621	5,943,907	6,173,528
Prepaid items	-	186,886	186,886
Inventories	28,674	958,354	987,028
Net other postemployment benefits asset	-	557,197	557,197
Land	8,968,548	258,957	9,227,505
Construction in-progress	-	892,429	892,429
Depreciable capital assets, net	70,701,797	108,595,244	179,297,041
Total Assets	114,818,432	191,088,624	305,907,056
Deferred Outflows of Resources:			
Other postemployment benefits	18,957,065	207,594	19,164,659
Pensions	14,747,651	5,085,065	19,832,716
Total Deferred Outflows of Resources	33,704,716	5,292,659	38,997,375
Liabilities:			
Warrants and accounts payable	2,312,509	3,093,691	5,406,200
Accrued payroll and withholdings	1,250,096	45,249	1,295,345
Refunds due to customers	-	3,049,840	3,049,840
Accrued interest	99,920	105,432	205,352
Other liabilities	492,723	-	492,723
Bond anticipation note payable	205,795	-	205,795
Noncurrent liabilities:			
Due within one year	2,894,207	3,593,195	6,487,402
Due in more than one year	184,096,534	47,881,689	231,978,223
Total Liabilities	191,351,784	57,769,096	249,120,880
Deferred Inflows of Resources:			
Unavailable revenues - Town of Plainville	-	5,772,414	5,772,414
Unavailable revenues - rate stabilization reserve	-	8,734,256	8,734,256
Other postemployment benefits	536,317	480,832	1,017,149
Pensions	6,284,037	1,011,454	7,295,491
Total Deferred Inflows of Resources	6,820,354	15,998,956	22,819,310
Net Position:			
Net investment in capital assets	67,381,530	71,804,881	139,186,411
Restricted for:			
Nonexpendable permanent funds	2,160,915	-	2,160,915
Expendable permanent funds	1,143,792	-	1,143,792
Capital projects	3,347,584	-	3,347,584
Depreciation fund	-	24,922,803	24,922,803
Insurance fund	-	1,893,568	1,893,568
Other purposes	5,519,785	-	5,519,785
Unrestricted	(129,202,596)	23,991,979	(105,210,617)
Total Net Position	\$ (49,648,990)	\$ 122,613,231	\$ 72,964,241

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 7,115,619	\$ 1,408,925	\$ 179,549	\$ -	\$ (5,527,145)		\$ (5,527,145)
Public safety	19,615,569	2,063,506	599,258	-	(16,952,805)		(16,952,805)
Education	87,352,225	1,551,820	36,009,432	-	(49,790,973)		(49,790,973)
Public works	3,721,444	103,437	15,600	202,695	(3,399,712)		(3,399,712)
Health and human services	1,501,395	244,037	412,304	-	(845,054)		(845,054)
Culture and recreation	2,251,820	212,583	110,485	-	(1,928,752)		(1,928,752)
Interest expense	650,696	-	13,521	-	(637,175)		(637,175)
Total Governmental Activities	122,208,768	5,584,308	37,340,149	202,695	(79,081,616)		(79,081,616)
Business-Type Activities:							
Sewer	6,761,911	4,456,666	-	1,199,582		\$ (1,105,663)	(1,105,663)
Water	4,458,357	4,019,004	-	333,860		(105,493)	(105,493)
Solid Waste	2,844,256	2,936,291		5,336		97,371	97,371
Electric Light	28,430,782	30,417,239	-	-		1,986,457	1,986,457
Total Business-Type Activities	42,495,306	41,829,200	-	1,538,778		872,672	872,672
Total Primary Government	\$ 164,704,074	\$ 47,413,508	\$ 37,340,149	\$ 1,741,473		872,672	(78,208,944)
General Revenues:							
Property taxes					60,645,842	-	60,645,842
Motor vehicle and other excise taxes					5,113,629	-	5,113,629
Grants and contributions not restricted to to specific programs					3,055,029	-	3,055,029
Penalties and interest on taxes					230,657	-	230,657
Unrestricted investment income					590,201	2,392,702	2,982,903
Other income					36,565	-	36,565
Transfers, net					130,085	(130,085)	-
Total General Revenues and Transfers					69,802,008	2,262,617	72,064,625
Change in Net Position					(9,279,608)	3,135,289	(6,144,319)
Net Position:							
Beginning of year (as restated; refer to Note V)					(40,369,382)	119,477,942	79,108,560
End of year					\$ (49,648,990)	\$ 122,613,231	\$ 72,964,241

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Assets:				
Cash and cash equivalents	\$ 10,419,321	\$ 8,364,958	\$ 5,158,718	\$ 23,942,997
Investments	4,527,720	124,812	3,147,607	7,800,139
Receivables, net of allowances:				
Property taxes	2,177,836	-	-	2,177,836
Departmental, user charges and other	566,301	-	402,519	968,820
Intergovernmental	95,426	-	134,195	229,621
Inventories	28,674	-	-	28,674
Total Assets	<u>17,815,278</u>	<u>8,489,770</u>	<u>8,843,039</u>	<u>35,148,087</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,815,278</u>	<u>\$ 8,489,770</u>	<u>\$ 8,843,039</u>	<u>\$ 35,148,087</u>
Liabilities:				
Warrants and accounts payable	\$ 1,272,833	\$ 815,206	\$ 224,470	\$ 2,312,509
Accrued payroll and withholdings	1,237,998	-	12,098	1,250,096
Other liabilities	492,723	-	-	492,723
Bond anticipation note payable	<u>-</u>	<u>205,795</u>	<u>-</u>	<u>205,795</u>
Total Liabilities	<u>3,003,554</u>	<u>1,021,001</u>	<u>236,568</u>	<u>4,261,123</u>
Deferred Inflows of Resources:				
Unavailable revenues - property taxes	1,585,336	-	-	1,585,336
Unavailable revenues - other	<u>566,301</u>	<u>-</u>	<u>402,519</u>	<u>968,820</u>
Total Deferred Inflows of Resources	<u>2,151,637</u>	<u>-</u>	<u>402,519</u>	<u>2,554,156</u>
Fund Balances:				
Nonspendable	28,674	-	2,160,915	2,189,589
Restricted	120,448	7,468,769	6,043,037	13,632,254
Assigned	500,092	-	-	500,092
Unassigned	<u>12,010,873</u>	<u>-</u>	<u>-</u>	<u>12,010,873</u>
Total Fund Balances	<u>12,660,087</u>	<u>7,468,769</u>	<u>8,203,952</u>	<u>28,332,808</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,815,278</u>	<u>\$ 8,489,770</u>	<u>\$ 8,843,039</u>	<u>\$ 35,148,087</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION AS OF
JUNE 30, 2020**

Total Governmental Fund Balances		\$ 28,332,808
Capital assets used in governmental activities in the statement of net position are not financial resources and, therefore, are not reported in the funds.		79,670,345
Certain receivables and revenues are deferred in the governmental funds as they are not current financial resources. These revenues are accrued under the economic resources basis of accounting.		2,554,156
Deferred outflows and inflows of resources to be recognized in future expense are not available resources and, therefore, are not reported in the funds:		
Deferred outflows of resources - other postemployment benefits	18,957,065	
Deferred outflows of resources - pensions	14,747,651	
Deferred inflows of resources - other postemployment benefits	(536,317)	
Deferred inflows of resources - pensions	<u>(6,284,037)</u>	
Net effect of reporting deferred outflows and inflows of resources		26,884,362
Interest is accrued on outstanding long-term debt in the statement of net position but not in the funds until due.		(99,920)
Long-term liabilities not currently due and payable are reported in the statement of net position and not in the funds:		
Net other postemployment benefits liability	(140,020,851)	
Net pension liability	(30,105,012)	
Compensated absences	(454,878)	
Bonds and notes payable	<u>(16,410,000)</u>	
Net effect of reporting long-term liabilities		<u>(186,990,741)</u>
Net Position — Governmental Activities		<u>\$ (49,648,990)</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Revenues :				
Property taxes, net of tax refunds	\$ 60,387,336	\$ -	\$ -	\$ 60,387,336
Intergovernmental	36,601,928	-	3,815,412	40,417,340
Motor vehicle and other excise taxes	5,259,854	-	-	5,259,854
Licenses and permits	502,984	-	-	502,984
Penalties and interest on taxes	230,657	-	-	230,657
Fines and forfeitures	83,222	-	-	83,222
Departmental and other revenues	882,382	-	4,367,677	5,250,059
Contributions and donations	-	100,000	80,533	180,533
Investment income	542,656	-	47,545	590,201
Total Revenues	<u>104,491,019</u>	<u>100,000</u>	<u>8,311,167</u>	<u>112,902,186</u>
Expenditures:				
Current:				
General government	4,139,557	269,128	731,680	5,140,365
Public safety	11,164,537	962,567	661,427	12,788,531
Education	58,694,484	733,344	4,556,268	63,984,096
Public works	1,253,164	446,843	164,015	1,864,022
Health and human services	929,398	-	148,654	1,078,052
Culture and recreation	1,203,181	68,940	315,859	1,587,980
Pension and fringe benefits	14,663,048	-	-	14,663,048
State and county charges	4,914,083	-	-	4,914,083
Debt service:				
Principal	3,131,912	-	-	3,131,912
Interest	678,397	-	-	678,397
Total Expenditures	<u>100,771,761</u>	<u>2,480,822</u>	<u>6,577,903</u>	<u>109,830,486</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,719,258</u>	<u>(2,380,822)</u>	<u>1,733,264</u>	<u>3,071,700</u>
Other Financing Sources (Uses):				
Transfers in	1,791,296	2,821,500	-	4,612,796
Transfers out	<u>(2,646,415)</u>	<u>-</u>	<u>(1,836,296)</u>	<u>(4,482,711)</u>
Total Other Financing Sources (Uses)	<u>(855,119)</u>	<u>2,821,500</u>	<u>(1,836,296)</u>	<u>130,085</u>
Change in Fund Balances	2,864,139	440,678	(103,032)	3,201,785
Fund Balances:				
Beginning of the year	\$ 9,795,948	\$ 7,028,091	\$ 8,306,984	25,131,023
End of the year	<u>\$ 12,660,087</u>	<u>\$ 7,468,769</u>	<u>\$ 8,203,952</u>	<u>\$ 28,332,808</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Change in Fund Balances — Total Governmental Funds \$ 3,201,785

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives. Capital asset activity in the current fiscal year included:

Capital asset additions	2,789,924	
Depreciation expense	<u>(4,659,778)</u>	
Net effect of reporting capital activity		(1,869,854)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (103,111)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. Differences in the treatment of long-term debt transactions in the current fiscal year included:

Repayments of long-term debt	<u>3,131,912</u>	
Net effect of reporting long-term debt activity		3,131,912

Some revenues/expenses reported in the statement of activities do not provide/require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds:

Net other postemployment benefits liability	(9,072,534)	
Net pension liability	(4,455,205)	
Compensated absences	(140,302)	
Accrued interest	<u>27,701</u>	
Net effect of reporting long-term liabilities		<u>(13,640,340)</u>

Change in Net Position — Governmental Activities \$ (9,279,608)

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (1)	Total
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 4,074,634	\$ 4,380,598	\$ 3,760,159	\$ 20,330,730	\$ 32,546,121
Investments	125,773	-	-	35,109,923	35,235,696
Receivables, net of allowances:					
User charges and other	1,524,131	1,764,165	579,368	2,046,169	5,913,833
Intergovernmental	33,904	89,759	-	-	123,663
Due from the Town of Plainville	299,642	30,055	-	-	329,697
Prepaid items	-	-	-	186,886	186,886
Inventories	-	-	-	958,354	958,354
Total Current Assets	6,058,084	6,264,577	4,339,527	58,632,062	75,294,250
Noncurrent Assets:					
Intergovernmental receivables	47,830	-	-	-	47,830
Due from the Town of Plainville	5,442,717	-	-	-	5,442,717
Net other postemployment benefits asset	-	-	-	557,197	557,197
Land	4,188	151,654	3,492	99,623	258,957
Construction in-progress	-	-	-	892,429	892,429
Depreciable capital assets, net	58,947,003	35,096,152	131,101	14,420,988	108,595,244
Total Noncurrent Assets	64,441,738	35,247,806	134,593	15,970,237	115,794,374
Total Assets	70,499,822	41,512,383	4,474,120	74,602,299	191,088,624
Deferred Outflows of Resources:					
Other postemployment benefits	89,451	84,644	33,499	-	207,594
Pensions	751,485	582,775	202,047	3,548,758	5,085,065
Total Deferred Outflows of Resources	840,936	667,419	235,546	3,548,758	5,292,659
Liabilities:					
Current Liabilities:					
Warrants and accounts payable	82,427	76,424	315,759	2,619,081	3,093,691
Accrued payroll and withholdings	19,353	19,803	6,093	-	45,249
Customer deposits and refunds payable	-	-	-	3,049,840	3,049,840
Accrued interest	52,682	42,827	5,479	4,444	105,432
Compensated absences	4,171	6,066	2,549	274,120	286,906
Post-closure landfill monitoring	-	-	92,500	-	92,500
Current portion of long-term debt	2,058,801	984,988	110,000	60,000	3,213,789
Total Current Liabilities	2,217,434	1,130,108	532,380	6,007,485	9,887,407
Noncurrent liabilities:					
Compensated absences	7,747	11,266	4,734	80,800	104,547
Customer deposits	-	-	-	993,612	993,612
Customer advances for construction	-	-	-	234,752	234,752
Post-closure landfill monitoring	-	-	1,553,500	-	1,553,500
Net other postemployment benefits liability	660,703	625,198	247,427	-	1,533,328
Net pension liability	1,478,729	1,184,535	410,326	5,303,500	8,377,090
Long-term debt	28,394,860	6,300,000	210,000	180,000	35,084,860
Total Noncurrent Liabilities	30,542,039	8,120,999	2,425,987	6,792,664	47,881,689
Total Liabilities	32,759,473	9,251,107	2,958,367	12,800,149	57,769,096
Deferred Inflows of Resources:					
Unavailable revenues - Town of Plainville	5,742,359	30,055	-	-	5,772,414
Unavailable revenues - rate stabilization reserve	-	-	-	8,734,256	8,734,256
Other postemployment benefits	2,531	2,395	948	474,958	480,832
Pensions	300,858	240,996	83,881	385,719	1,011,454
Total Deferred Inflows of Resources	6,045,748	273,446	84,829	9,594,933	15,998,956
Net Position:					
Net investment in capital assets	28,579,264	28,052,577	-	15,173,040	71,804,881
Restricted for depreciation	-	-	-	24,922,803	24,922,803
Restricted for insurance	-	-	-	1,893,568	1,893,568
Unrestricted	3,956,273	4,602,672	1,666,470	13,766,564	23,991,979
Total Net Position	\$ 32,535,537	\$ 32,655,249	\$ 1,666,470	\$ 55,755,975	\$ 122,613,231

(1) As of December 31, 2019.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (1)	Total
Operating Revenues:					
Charges for services	\$ 4,056,504	\$ 3,992,877	\$ 2,935,038	\$ 30,137,497	\$ 41,121,916
Other operating revenues	400,162	26,127	1,253	279,742	707,284
Total Operating Revenues	4,456,666	4,019,004	2,936,291	30,417,239	41,829,200
Operating Expenses:					
Payroll and personnel costs	2,491,266	1,614,648	649,384	3,913,828	8,669,126
Operating costs	1,580,885	1,500,191	2,167,481	22,735,967	27,984,524
Depreciation	1,994,810	1,058,852	4,201	1,749,073	4,806,936
Total Operating Expenses	6,066,961	4,173,691	2,821,066	28,398,868	41,460,586
Operating (Loss) Income	(1,610,295)	(154,687)	115,225	2,018,371	368,614
Nonoperating Revenues (Expenses):					
Other nonoperating revenues (expenses)	-	-	-	4,984	4,984
Intergovernmental revenues	1,199,582	333,860	5,336	-	1,538,778
Investment income	1,288	3,177	25,867	2,362,370	2,392,702
Interest expenses	(694,950)	(284,666)	(23,190)	(36,898)	(1,039,704)
Total Nonoperating Revenues (Expenses)	505,920	52,371	8,013	2,330,456	2,896,760
(Loss) Income Before Transfers	(1,104,375)	(102,316)	123,238	4,348,827	3,265,374
Transfers:					
Transfers in	199,915	-	-	-	199,915
Transfers out	-	-	-	(330,000)	(330,000)
Total Transfers	199,915	-	-	(330,000)	(130,085)
Change in Net Position	(904,460)	(102,316)	123,238	4,018,827	3,135,289
Net Position:					
Beginning of the year (as restated; refer to Note V)	\$ 33,439,997	\$ 32,757,565	\$ 1,543,232	\$ 51,737,148	119,477,942
End of the year	\$ 32,535,537	\$ 32,655,249	\$ 1,666,470	\$ 55,755,975	122,613,231

(1) As of and for the year ended December 31, 2019.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (1)	Total
Cash Flows from Operating Activities:					
Receipts from user charges	\$ 3,978,924	\$ 3,735,446	\$ 2,707,444	\$ 33,364,221	\$ 43,786,035
Receipts from other operating revenues	400,162	26,127	1,253	4,984	432,526
Payments to employees	(1,763,826)	(1,838,861)	(482,360)	(3,524,978)	(7,610,025)
Payments to vendors	(1,567,862)	(1,473,065)	(2,157,656)	(23,039,342)	(28,237,925)
Net Cash Provided By Operating Activities	1,047,398	449,647	68,681	6,804,885	8,370,611
Cash Flows from Noncapital Financial Activities:					
Transfers in	199,915	-	-	-	199,915
Transfers out	-	-	-	(330,000)	(330,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	199,915	-	-	(330,000)	(130,085)
Cash Flows from Capital and Related Financing Activities:					
Customer advances for construction	-	-	-	168,533	168,533
Proceeds from capital grants	1,231,338	419,331	64,481	-	1,715,150
Acquisition and construction of capital assets	(2,045,779)	(2,188,637)	-	(2,303,775)	(6,538,191)
Principal repayments on long-term debt	(2,108,665)	(1,079,988)	(311,650)	(60,000)	(3,560,303)
Interest payments	(704,210)	(289,154)	(25,046)	(38,023)	(1,056,433)
Net Cash Used In Capital and Related Financing Activities	(3,627,316)	(3,138,448)	(272,215)	(2,233,265)	(9,271,244)
Cash Flow from Investing Activities:					
Investment income	1,288	3,177	25,867	5,141,317	5,171,649
Investment of operating cash	(10,366)	212,059	-	(5,138,634)	(4,936,941)
Net Cash (Used In) Provided By Investing Activities	(9,078)	215,236	25,867	2,683	234,708
Net Change in Cash and Cash Equivalents	(2,389,081)	(2,473,565)	(177,667)	4,244,303	(796,010)
Cash and Cash Equivalents:					
Beginning of the year	6,463,715	6,854,163	3,937,826	16,086,427	33,342,131
End of the year	\$ 4,074,634	\$ 4,380,598	\$ 3,760,159	\$ 20,330,730	\$ 32,546,121
Reconciliation of Operating (Loss) Income to Net Cash Provided By Operating Activities:					
Operating Income (Loss)	\$ (1,610,295)	\$ (154,687)	\$ 115,225	\$ 2,018,371	\$ 368,614
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided By Operating Activities:					
Depreciation expense	1,994,810	1,058,852	4,201	1,749,073	4,806,936
Changes in assets, deferred outflows (inflows) of resources and liabilities:					
Receivables and other current assets	(77,580)	(257,431)	(227,594)	504,080	(58,525)
Warrants payable and other current liabilities	(11,046)	20,529	102,830	1,771,593	1,883,906
Accrued and deferred benefits payable	751,509	(217,616)	74,019	761,768	1,369,680
Net Cash Provided By Operating Activities	\$ 1,047,398	\$ 449,647	\$ 68,681	\$ 6,804,885	\$ 8,370,611

(1) As of and for the year ended December 31, 2019.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	North Attleborough Contributory Retirement (1)	Town OPEB Trust	Electric Light OPEB Trust (1)	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
	(a)	(b)	(c)	(a) + (b) + (c)		
Assets:						
Cash and cash equivalents	\$ 2,289,969	\$ 21,205	\$ 21,589	\$ 2,332,763	\$ 134,102	\$ 461,157
Investments at fair value:						
Fixed income securities	-	-	2,046,624	2,046,624	555,460	-
Equity securities	29,773,367	143,125	-	29,916,492	-	-
Mutual funds	88,318,271	3,377,711	3,829,852	95,525,834	-	-
Other investments	12,387,805	-	-	12,387,805	-	-
Receivables:						
Contributions	3,843	-	-	3,843	-	-
Other	3,892	-	-	3,892	-	191,449
Total Assets	<u>132,777,147</u>	<u>3,542,041</u>	<u>5,898,065</u>	<u>142,217,253</u>	<u>689,562</u>	<u>\$ 652,606</u>
Liabilities:						
Warrants and accounts payable	56,067	-	-	56,067	-	\$ 46,978
Agency liabilities	-	-	-	-	-	605,628
Total Liabilities	<u>56,067</u>	<u>-</u>	<u>-</u>	<u>56,067</u>	<u>-</u>	<u>\$ 652,606</u>
Net Position:						
Restricted for pensions	132,721,080	-	-	132,721,080	-	-
Restricted for other postemployment benefits	-	3,542,041	5,898,065	9,440,106	-	-
Held in trust for private purposes	-	-	-	-	689,562	-
Total Net Position	<u>\$ 132,721,080</u>	<u>\$ 3,542,041</u>	<u>\$ 5,898,065</u>	<u>\$ 142,161,186</u>	<u>\$ 689,562</u>	

(1) As of December 31, 2019.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2020**

	North Attleborough Contributory Retirement (1)	Town OPEB Trust	Electric Light OPEB Trust (1)	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
	(a)	(b)	(c)	(a) + (b) + (c)	
Additions:					
Employer contributions	\$ 3,961,635	\$ 5,968,304	\$ -	\$ 9,929,939	\$ -
Employee contributions	2,516,170	-	265,500	2,781,670	-
Other contributions	352,443	-	-	352,443	-
Total contributions	6,830,248	5,968,304	265,500	13,064,052	-
Investment income:					
Interest and dividends	1,094,204	90,203	107,508	1,291,915	2,586
Net change in fair value of investments	23,048,756	(16,307)	962,925	23,995,374	12,717
Less investment management fees	(791,639)	(11,150)	(43,804)	(846,593)	(2,271)
Total net investment income	23,351,321	62,746	1,026,629	24,440,696	13,032
Other income	69,987	-	-	69,987	-
Total Additions	30,251,556	6,031,050	1,292,129	37,574,735	13,032
Deductions:					
Benefits and refunds to Plan members:					
Benefits to retirees and survivors	7,898,014	5,214,055	197,995	13,310,064	-
Member refunds	40,556	-	-	40,556	-
Transfers and reimbursements to other systems	662,443	-	-	662,443	-
Administrative expenses:					
Operations payroll and related personnel costs	164,919	-	-	164,919	-
Other administrative expenses	109,006	-	-	109,006	-
Public assistance:					
Scholarships	-	-	-	-	25,672
Total Deductions	8,874,938	5,214,055	197,995	14,286,988	25,672
Change in Net Position	21,376,618	816,995	1,094,134	23,287,747	(12,640)
Net Position:					
Beginning of the year	111,344,462	2,725,046	4,803,931	118,873,439	702,202
End of the year	\$ 132,721,080	\$ 3,542,041	\$ 5,898,065	\$ 142,161,186	\$ 689,562

(1) As of and for the year ended December 31, 2019.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is located in Bristol County and is centrally located between the cities of Boston and Worcester, Massachusetts and Providence, Rhode Island. The Town borders the State of Rhode Island. The Town was incorporated in 1887.

The Town is governed by a nine-member elected Town Council, each serving two-year terms, with an appointed Town Manager who oversees the Town’s day-to-day operations. The Town provides governmental services for the territory within its boundaries, including education, public safety, public works, health and human services, culture and recreation and general governmental services. Additionally, the Town owns and operates water, sewer, landfill/solid waste and electricity operations; each of which are funded through user charges and treated as business enterprises.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. The North Attleborough Contributory Retirement System (the “Retirement System”) is a component unit of the Town. The Retirement System was established to provide benefits to Town employees and employees of the North Attleborough Housing Authority. While legally separate, the Retirement System provides services almost entirely to the Town and is presented as if it were part of the primary government through a method of inclusion known as blending. The Retirement System, which has a December 31, 2019 year end, is reported as a pension trust in the fiduciary fund financial statements.

The North Attleborough Electric Department, (the “Electric Department” or “Electric Light”), which provides electrical services to the Town’s inhabitants, is required to be included as a component unit of the Town. Electric Department accounts for its operations on a calendar year basis. The net position and results of Electric Department’s operations as of and for the year ended December 31, 2019 have been included in the Town’s proprietary funds financial statements. The Electric Department issued stand-alone audited financial statements from another auditor, which can be obtained from the Electric Department. The Electric Department is located at 275 Landry Avenue, North Attleborough, Massachusetts 02760.

In addition, the Town is a member community of the Tri-County Regional Vocational Technical School. This joint venture assesses each of the eleven member communities its share of the operational and debt service costs based on student population and other factors. In fiscal year 2020, the Town's assessment was approximately \$4,145,000. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the school's administrative office located at 147 Pond Street, Franklin, Massachusetts 02038.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

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

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

- 1) The total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding element for all governmental and enterprise funds combined.

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

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

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

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

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

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

The Electric Department's rates are proposed by the Electric Department and approved by the Board of Electric Commissioners. The rates may be changed once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities ("DPU"). While the DPU exercises general supervisory authority over the Electric Department, rates are not subject to DPU approval. Rates must be set such that net earnings from operations do not exceed 8% of the cost of the utility plant. Rates include a purchased power cost adjustment, which allows an adjustment of rates charged to customers in order to recover all changes in capacity and fuel costs from stipulated base cost.

The government reports the following major governmental funds:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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 are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports its sewer, water, solid waste and electric light enterprise funds as major proprietary funds.

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

Pension Trust Fund – is used to account for the activities of the Retirement System, which accumulates resources for pension benefits to retired Town employees.

Other Postemployment Benefits Trust Funds – are used to account for funds accumulated by the Town and Electric Department to assist it in future other postemployment benefits, or OPEB, obligations.

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

Agency Fund – is used to account for assets held in a purely custodial capacity. The Town's agency funds consist primarily of student activities, off-duty work details and escrow and other deposits.

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

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

Deposits and Investments – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Town and its component unit are reported at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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

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

The remaining investments not categorized under the fair value hierarchy as shown as being valued at either amortized cost or at net asset value (“NAV”). These are investments in nongovernmental entities for which readily determinable fair value is not available, such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent semiannually with quarterly due dates of August 1, November 1, February 1, and May 1. Interest accrues on delinquent taxes up to the maximum statutory rate per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

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

The Town has entered into loan agreements with the Massachusetts Clean Water Trust (“MCWT”). The Town expects to be subsidized by MCWT in future years on a periodic basis for principal and interest costs relative to governmental and business-type activities until maturity of these agreements. The Town is legally obligated for the total amount of the debt and these amounts have been recorded in the accompanying basic financial statements under the applicable governmental and business-type activities. In addition, a receivable has also been reflected for the principal amount of the subsidies.

Inventories and Prepaid Items – In general, inventories are considered to be expenditures at the time of purchase. With respect to the Electric Department, materials and supplies are inventories of parts and accessories purchased for use in Electric Department’s operations. Materials and supplies inventory are stated at the lower of cost or market with cost being determined on a first-in, first-out basis.

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

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles, library materials and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Capital assets (excluding land and construction-in-process) are depreciated by the Town and the Electric Department on a straight-line-basis. The estimated useful lives of capital assets being depreciated are as follows:

Land improvements	20 years
Buildings and improvements	20 – 40 years
Vehicles, machinery and equipment	5 – 10 years
Infrastructure	30 – 75 years

Additionally, the statutory provision for depreciation of Electric Department utility plant is computed on the straight-line basis are rates between 3% and 5% of the cost of plant in service at the beginning of the year, exclusive of land and land rights. The Electric Department depreciates its capital assets using a 3.5% rate, which approximates GAAP based on the average age of the utility plant assets and was approved by the DPU.

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

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

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

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds may be voluntarily assigned to the general fund.

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

Long-Term Debt – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Risk Financing – The Town insures for workers’ compensation, health, unemployment benefits, casualty, theft and other losses. Uninsured losses are recorded as expenditures when incurred.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources in its government-wide financial statements relative to its net OPEB and pension liabilities, which it expects to amortize into expense over the next five years. The Town does not report deferred outflows of resources in its governmental funds financial statements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources in its government-wide financial statements relative to net OPEB and pension liabilities, which it expects to amortize against expense over the next five years, as well as certain Electric Department, sewer and water transactions. The Town reports unavailable revenues as deferred inflows of resources in its governmental funds financial statements, which it will recognize as revenues when these items become available.

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

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

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

Expendable perpetual funds represent the spendable portion of donor restricted trusts that support governmental programs.

Capital projects represent funds restricted for use in capital outlays.

Depreciation fund represent funds restricted for capital purposes or to offset future power costs to stabilize rates of the Electric Department.

Insurance fund represent funds restricted for future insurance expenses of the Electric Department.

Other purposes represent assets that are restricted by donors for specific governmental programs and uses, revolving funds and federal and state grants.

Fund Equity – The Town presents fund balances in its governmental funds financial statements using classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

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

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

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

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

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

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

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

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

	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Nonexpendable permanent funds	\$ -	\$ -	\$ 2,160,915	\$ 2,160,915
Inventory	28,674	-	-	28,674
Restricted:				
Expendable permanent funds	-	-	1,143,792	1,143,792
Debt service reserve	120,448	-	-	120,448
Capital projects	-	7,468,769	-	7,468,769
Federal and state grants	-	-	1,008,794	1,008,794
Revolving funds	-	-	3,890,451	3,890,451
Assigned:				
Education	181,765	-	-	181,765
Other purposes	318,327	-	-	318,327
Unassigned:				
Unrestricted	6,609,377	-	-	6,609,377
General stabilization	5,275,427	-	-	5,275,427
Betterment stabilization	126,069	-	-	126,069
	<u>\$ 12,660,087</u>	<u>\$ 7,468,769</u>	<u>\$ 8,203,952</u>	<u>\$ 28,332,808</u>

Stabilization Funds – The Town maintains two stabilization funds – a general stabilization fund and a betterment stabilization fund. The general stabilization fund may be used for any municipal purpose upon a two-thirds vote of the Town Council. The betterment stabilization fund may be used for specified capital purposes upon a two-thirds vote of the Town Council. The Town reports these stabilization funds as unassigned fund balance in the general fund.

Encumbrances – The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Controller as assigned, and (2) classify encumbrances that result from an action of the Town Council as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. The Town reports \$500,092 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

E. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year ended June 30, 2020, there were no instances where expenditures exceeded appropriations. The Town reported no material deficits at June 30, 2020.

F. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements and Massachusetts Municipal Depository Trust (the "MMDT"), which is administered by the Treasurer of the Commonwealth. In addition, the statutes impose various limitations on the amount and length of investments and deposits.

Primary Government

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's investment policy states that no more than 25% of the Town's deposits may comprised of unsecured bank deposits. At June 30, 2020, the Town maintained \$15,402,596 in uninsured deposits, which represented approximately 14% of its bank and investment deposits. Depository insurance is provided by the Federal Depository Insurance Corporation ("FDIC"); some institutions carry additional depository insurance provided by the Depositors Insurance Fund.

Fair Value Measurements: Investments – The following table presents the Town's investments carried at fair value on a recurring basis in at June 30, 2020 (inclusive of investments held by the Electric Department, which are as of December 31, 2019):

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. Treasury notes	\$ 5,515,199	\$ 5,515,199	\$ -	\$ -
U.S. Governmental agency obligations	3,315,409	-	3,315,409	-
Corporate bonds	33,714,582	-	33,714,582	-
Total debt securities	42,545,190	5,515,199	37,029,991	-
Equity securities	4,783,181	4,783,181	-	-
Mutual funds	3,377,711	1,574,724	2,734,386	-
Total investments measured at fair value	50,706,082	\$ 11,873,104	\$ 39,764,377	\$ -
Investments measured at amortized cost:				
MMDT	2,282,525			
Total investments	\$ 52,988,607			

Short-term investments in the MMDT are measured at amortized cost, which approximates fair value.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town’s investment policy contains provisions related to custodial credit risk. All the Town’s investments are registered in its name and cannot be pledged or assigned. The Town is not exposed to custodial credit risk on its investments.

Concentration of Credit Risk: Investments – The Town’s investment policy limits its ability to have concentrations in certain investments and permits it to have unlimited investments in others including the MMDT, U.S. Treasury and agency obligation investments. The Town’s investment policy seeks to minimize this risk by diversifying its investment portfolio so that the impact of potential losses from one type of security or issuer will be minimized. At June 30, 2020, approximately 17% of the Town’s investments were in the form of U.S. Treasury notes or other U.S. governmental agency obligations. No other individual investment represented more than 5% of the Town’s total investments.

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the more sensitive it is to changes in market interest rates. The Town’s investment policy requires that it manage the duration of its investments to mitigate interest rate risk.

The following table presents the Town’s investments and maturities at June 30, 2020 (inclusive of investments held by the Electric Department, which are as of December 31, 2019):

Investment Type	Fair Value	Time Until Maturity (in years)		
		Less than 1	1 to 5	6 to 10
U.S. government and agency obligations	\$ 8,830,608	\$ 4,451,987	\$ 4,209,530	\$ 169,091
Corporate fixed income securities	33,714,582	959,085	26,532,185	6,223,312
Total investments with maturities	42,545,190	\$ 5,411,072	\$ 30,741,715	\$ 6,392,403
Other Investments:				
Equity securities	4,783,181			
Mutual funds	3,377,711			
MMDT	2,282,525			
Total Town investments	\$ 52,988,607			

Credit Risk: Investments – All the Town’s investments in debt securities are classified as investment grade by Moody’s Investors Service.

Retirement System (December 31, 2019)

Custodial Credit Risk: Deposits – All of the Retirement System’s bank deposits were fully insured by the FDIC.

Fair Value Measurements: Investments – The following table presents the Retirement System’s investments carried at fair value on a recurring basis in at December 31, 2019:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Equity Securities	\$ 29,773,367	\$ 29,773,367	\$ -	\$ -
Mutual Funds:				
Domestic equity mutual funds	42,181,422	28,394,217	13,787,205	-
International equity mutual funds	7,103,793	7,103,793	-	-
Fixed income mutual funds	27,517,944	8,962,087	18,555,857	-
Total investments measured at fair value	106,576,526	\$ 74,233,464	\$ 32,343,062	\$ -
Investments measured at NAV:				
Mutual funds	11,515,112			
Private equity funds	12,387,805			
Total investments	\$ 130,479,443			

Investments Measured at NAV by Asset Class	Fair Value	Unfunded Commitments
Mutual funds	\$ 11,515,112	\$ -
Private equity funds	12,387,805	-
	\$ 23,902,917	\$ -

Investments measured at NAV include comingled/pooled funds in private equity or venture funds, real estate and mutual funds investing in international equities. The Retirement System is a general partner in private equity, venture capital fund or similar investment vehicles. The value of these investments are recorded at values determined in good faith by the general partners of the private equity and venture capital firms after consideration of pertinent information, including current financial position and operative results, price-earnings multiples and available market prices of similar companies’ securities, the nature of the securities, marketability, restrictions on disposition and other appropriation and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot reasonably be determined until individual securities are liquidated. In addition, fair values of real estate funds are generally based on independent, third-party appraisals. By their very nature, these investments are illiquid and typically cannot be resold or redeemed. Distributions from each fund will be received as the underlying investments are liquidated. It is expected that the underlying assets for the funds will be liquidated over an average of ten years.

Because of the inherent uncertainty of valuations used in many of the Retirement System's investments measured at NAV, estimated values may differ significantly from the values that would have been used had a ready market for positions in privately held companies or the real estate existed at December 31, 2019. These differences could have a material adverse effect on the Retirement System's financial statements.

Custodial Credit Risk: Investments – All of the Retirement System's investments are registered in its name and cannot be pledged or assigned. The Retirement System is not exposed to custodial credit risk on its investments.

Concentration of Credit Risk: Investments – The Retirement System follows the investment guidance set forth under Massachusetts General Law ("MGL") and Massachusetts Public Employee Retirement Administration Commission, or PERAC. The following individual investments held by the Retirement System each exceeded 5% of total investments at December 31, 2019:

Rhumblin Core Bond Fund	14.2%
Loomis, Sayles & Company Large Cap Growth Fund	11.2%
Rhumblin S&P 500 Fund	10.6%
Aristole Value Equity Fund	10.5%
Brandes Core Fixed Income Fund	6.9%
Lazard International Strategic Equity Portfolio	5.4%
Vontobel Internal Equity Fund	5.2%

No other individual investment represented more than 5% of the Retirement System's total investments.

Interest Rate Risk: Investments – The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: Investments – The Retirement System does not maintain any individual fixed income security whose credit worthiness was rated by a recognized credit rating agency.

B. Receivables

Receivables as of June 30, 2020 for the Town's individual and nonmajor governmental funds in the aggregate, including applicable allowances for uncollectible accounts, were as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Real estate taxes	\$ 1,423,563	\$ -	\$ 1,423,563
Personal property taxes	170,407	(93,000)	77,407
Tax liens	676,866	-	676,866
Motor vehicle and other excise taxes	966,301	(400,000)	566,301
Departmental and other	2,450,519	(2,048,000)	402,519
Intergovernmental	229,621	-	229,621
	<u>\$ 5,917,277</u>	<u>\$ (2,541,000)</u>	<u>\$ 3,376,277</u>

Receivables as of June 30, 2020 for the Town's proprietary funds (the Electric Department's balances are as of December 31, 2019) were as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Sewer user charges	\$ 1,524,131	\$ -	\$ 1,524,131
Water user charges	1,764,165	-	1,764,165
Solid waste user charges	579,368	-	579,368
Electric Light user charges	2,349,169	(303,000)	2,046,169
Due from Plainville	5,772,414	-	5,772,414
Due from MCWT	171,493	-	171,493
	<u>\$ 12,160,740</u>	<u>\$ (303,000)</u>	<u>\$ 11,857,740</u>

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real estate and personal property taxes	\$ 908,470	\$ -	\$ 908,470
Tax liens	676,866	-	676,866
Motor vehicle and other excise taxes	566,301	-	566,301
Departmental and other	-	402,519	402,519
	<u>\$ 2,151,637</u>	<u>\$ 402,519</u>	<u>\$ 2,554,156</u>

The sewer and water operations report unavailable revenues in the amounts of \$5,742,359 and \$30,055, respectively, in its statement of net position relative to an intermunicipal agreement with the Town of Plainville at June 30, 2020. Under the terms of this agreement, the Town of Plainville pays the Town for its proportionate share of certain debt in the name of the Town for shared water and sewer debt associated with certain infrastructure upgrades. The sewer and water operations are recognizing these deferrals over the same period as the debt instruments, which extend to 2045 for sewer and 2021 for water.

MCWT Loan Subsidies – The Town recorded \$81,734 and \$89,759 as intergovernmental receivable in its sewer and water enterprise funds, respectively, at June 30, 2020 related to MCWT loan subsidies. These amounts represent future debt principal subsidies the Town will receive from the MCWT through fiscal year 2025.

C. Interfund Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2020 was as follows:

Transfers Out	Transfers In				
	General Fund	Capital Projects	Enterprise Funds	Total	
General fund	\$ -	\$ 2,446,500	\$ 199,915	\$ 2,646,415	(1)
Nonmajor governmental funds	1,461,296	375,000	-	1,836,296	(2)
Enterprise funds	330,000	-	-	330,000	(3)
	<u>\$ 1,791,296</u>	<u>\$ 2,821,500</u>	<u>\$ 199,915</u>	<u>\$ 4,812,711</u>	

(1) General fund to capital projects for articles funded through free cash and debt service paid by the general fund for sewer enterprises.

(2) Primarily ambulance receipts reserved to general fund (\$1,455,000).

(3) The Electric Department transferred \$330,000 to general fund in lieu of taxes.

D. Capital Assets

Capital asset activity for the year ended June 30, 2020 (the Electric Department's activity is for the year ended December 31, 2019) was as follows:

	Beginning Balance (a)	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 8,968,548	\$ -	\$ -	\$ 8,968,548
Capital assets being depreciated:				
Buildings and improvements	76,378,585	407,063	-	76,785,648
Infrastructure	72,510,492	763,316	-	73,273,808
Machinery and equipment	18,696,235	943,869	(1,483,774)	18,156,330
Vehicles	3,510,673	675,676	(451,527)	3,734,822
Total capital assets being depreciated	171,095,985	2,789,924	(1,935,301)	171,950,608
Less accumulated depreciation for:				
Buildings and improvements	(40,518,874)	(1,729,386)	-	(42,248,260)
Infrastructure	(41,082,038)	(1,485,438)	-	(42,567,476)
Machinery and equipment	(14,003,737)	(1,183,781)	1,483,774	(13,703,744)
Vehicles	(2,919,685)	(261,173)	451,527	(2,729,331)
Total accumulated depreciation	(98,524,334)	(4,659,778)	1,935,301	(101,248,811)
Total capital assets being depreciated, net	72,571,651	(1,869,854)	-	70,701,797
Total governmental activities capital assets, net	\$ 81,540,199	\$ (1,869,854)	\$ -	\$ 79,670,345

(a) Certain reclassifications were made to beginning balances to conform to current year presentation.

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-Type Activities: Combined</u></i>				
Capital assets not being depreciated:				
Land	\$ 258,957	\$ -	\$ -	\$ 258,957
Construction in-progress	49,743	892,429	(49,743)	892,429
Total capital assets not being depreciated	308,700	892,429	(49,743)	1,151,386
Capital assets being depreciated:				
Electric plant	49,973,378	1,461,089	(248,325)	51,186,142
Buildings and improvements	3,678,938	-	-	3,678,938
Infrastructure	149,498,084	3,953,122	-	153,451,206
Machinery and equipment	4,711,925	193,618	(62,268)	4,843,275
Vehicles	1,111,325	87,676	(154,109)	1,044,892
Total capital assets being depreciated	208,973,650	5,695,505	(464,702)	214,204,453
Less accumulated depreciation for:				
Electric plant	(35,264,406)	(1,749,073)	248,325	(36,765,154)
Buildings and improvements	(1,246,563)	(108,767)	-	(1,355,330)
Infrastructure	(60,472,748)	(2,572,851)	-	(63,045,599)
Machinery and equipment	(3,372,668)	(303,233)	62,268	(3,613,633)
Vehicles	(910,590)	(73,012)	154,109	(829,493)
Total accumulated depreciation	(101,266,975)	(4,806,936)	464,702	(105,609,209)
Total capital assets being depreciated, net	107,706,675	888,569	-	108,595,244
Total business-type activities capital assets, net	\$ 108,015,375	\$ 1,780,998	\$ (49,743)	\$ 109,746,630

	Beginning Balance	Increases	Decreases	Ending Balance
<u><i>Business-Type Activities: Sewer</i></u>				
Capital assets not being depreciated:				
Land	\$ 4,188	\$ -	\$ -	\$ 4,188
Capital assets being depreciated:				
Buildings and improvements	2,061,335	-	-	2,061,335
Infrastructure	98,384,893	1,873,236	-	100,258,129
Machinery and equipment	962,375	172,543	-	1,134,918
Vehicles	333,145	-	-	333,145
Total capital assets being depreciated	101,741,748	2,045,779	-	103,787,527
Less accumulated depreciation for:				
Buildings and improvements	(691,766)	(67,563)	-	(759,329)
Infrastructure	(41,102,770)	(1,848,640)	-	(42,951,410)
Machinery and equipment	(778,985)	(51,153)	-	(830,138)
Vehicles	(272,193)	(27,454)	-	(299,647)
Total accumulated depreciation	(42,845,714)	(1,994,810)	-	(44,840,524)
Total capital assets being depreciated, net	58,896,034	50,969	-	58,947,003
Total sewer capital assets, net	<u>\$ 58,900,222</u>	<u>\$ 50,969</u>	<u>\$ -</u>	<u>\$ 58,951,191</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u><i>Business-Type Activities: Water</i></u>				
Capital assets not being depreciated:				
Land	\$ 151,654	\$ -	\$ -	\$ 151,654
Capital assets being depreciated:				
Buildings and improvements	1,438,667	-	-	1,438,667
Infrastructure	51,113,191	2,079,886	-	53,193,077
Machinery and equipment	3,749,550	21,075	(62,268)	3,708,357
Vehicles	754,909	87,676	(154,109)	688,476
Total capital assets being depreciated	57,056,317	2,188,637	(216,377)	59,028,577
Less accumulated depreciation for:				
Buildings and improvements	(510,775)	(37,003)	-	(547,778)
Infrastructure	(19,369,978)	(724,211)	-	(20,094,189)
Machinery and equipment	(2,593,683)	(252,080)	62,268	(2,783,495)
Vehicles	(615,514)	(45,558)	154,109	(506,963)
Total accumulated depreciation	(23,089,950)	(1,058,852)	216,377	(23,932,425)
Total capital assets being depreciated, net	33,966,367	1,129,785	-	35,096,152
Total water capital assets, net	<u>\$ 34,118,021</u>	<u>\$ 1,129,785</u>	<u>\$ -</u>	<u>\$ 35,247,806</u>

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-Type Activities: Solid Waste</u></i>				
Capital assets not being depreciated:				
Land	\$ 3,492	\$ -	\$ -	\$ 3,492
Capital assets being depreciated:				
Buildings and improvements	178,936	-	-	178,936
Vehicles	23,271	-	-	23,271
Total capital assets being depreciated	202,207	-	-	202,207
Less accumulated depreciation for:				
Buildings and improvements	(44,022)	(4,201)	-	(48,223)
Vehicles	(22,883)	-	-	(22,883)
Total accumulated depreciation	(66,905)	(4,201)	-	(71,106)
Total capital assets being depreciated, net	135,302	(4,201)	-	131,101
Total solid waste capital assets, net	<u>\$ 138,794</u>	<u>\$ (4,201)</u>	<u>\$ -</u>	<u>\$ 134,593</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-Type Activities: Electric Light</u></i>				
Capital assets not being depreciated:				
Land	\$ 99,623	\$ -	\$ -	\$ 99,623
Construction in-progress	49,743	892,429	(49,743)	892,429
Total capital assets not being depreciated	149,366	892,429	(49,743)	992,052
Capital assets being depreciated:				
Distribution plant	38,858,098	905,219	(114,607)	39,648,710
General plant	11,115,280	555,870	(133,718)	11,537,432
Total capital assets being depreciated	49,973,378	1,461,089	(248,325)	51,186,142
Less accumulated depreciation for:				
Distribution plant	(25,828,223)	(1,531,451)	114,607	(27,245,067)
General plant	(9,436,183)	(217,622)	133,718	(9,520,087)
Total accumulated depreciation	(35,264,406)	(1,749,073)	248,325	(36,765,154)
Total capital assets being depreciated, net	14,708,972	(287,984)	-	14,420,988
Total Electric Light capital assets, net	<u>\$ 14,858,338</u>	<u>\$ 604,445</u>	<u>\$ (49,743)</u>	<u>\$ 15,413,040</u>

(concluded)

Depreciation expense was charged to governmental activities' functions/programs as follows:

General government	\$ 169,319
Public safety	682,972
Education	2,004,546
Public works	1,718,098
Culture and recreation	84,843
	<u>\$ 4,659,778</u>

E. Purchased Power Working Capital

The Electric Department maintains a purchased power working capital account with Energy New England, its power supply agent. The implementation of the Working Capital Program began August 1, 1985 and was originally administered by the Massachusetts Municipal Wholesale Electric Company (“MMWEC”). Under the terms of the Working Capital Program, the Electric Department approved certain working capital amendments to various power purchase agreements, which require the power supply agent to hold a set amount of capital from which it may pay the Electric Department’s power obligations when they are due. The fund is replenished as needed from our monthly invoice payments. The income earned and allocated to the Electric Department remains in the account. The balance in this fund was \$2,613,431 at December 31, 2019.

The Electric Department also has deposits with the MMWEC in the amount of \$79,865 at December 31, 2019.

F. Temporary Debt

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

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes.

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

Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively. The following summarizes the Town’s temporary borrowings for the fiscal year ended June 30, 2020:

Type	Interest Rate	Maturity Date	Beginning Balance	Increases	Decreases	Ending Balance
Bond anticipation note	1.29%	6/2/2021	\$ -	\$ 205,795	\$ -	\$ 205,795

The BAN was issued to finance the purchase of a public works dump truck.

G. Long-Term Obligations

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations primarily related to long-term personnel costs.

The following reflects the current year activity (the Electric Department's activity is for the year ended December 31, 2019) in the long-term liability accounts:

Description of Issue	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 19,535,000	\$ -	\$ (3,125,000)	\$ 16,410,000	\$ 2,735,000
Notes from direct borrowings and placements	6,912	-	(6,912)	-	-
Compensated absences	314,576	140,302	-	454,878	159,207
Net OPEB liability (a)	128,556,875	34,000,391	(22,536,415)	140,020,851	-
Net pension liability	32,553,507	27,895,105	(30,343,600)	30,105,012	-
Total Governmental Activities	<u>\$ 180,966,870</u>	<u>\$ 62,035,798</u>	<u>\$ (56,011,927)</u>	<u>\$ 186,990,741</u>	<u>\$ 2,894,207</u>
Description of Issue	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	\$ 7,265,000	\$ -	\$ (840,000)	\$ 6,425,000	\$ 775,000
Notes from direct borrowings and placements	25,297,326	-	(1,268,665)	24,028,661	1,283,801
Compensated absences	-	11,918	-	11,918	4,171
Net OPEB liability (a)	171,940	781,002	(292,239)	660,703	-
Net pension liability	1,599,034	1,454,546	(1,574,851)	1,478,729	-
Total Sewer	<u>34,333,300</u>	<u>2,247,466</u>	<u>(3,975,755)</u>	<u>32,605,011</u>	<u>2,062,972</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds	7,810,000	-	(805,000)	7,005,000	705,000
Notes from direct borrowings and placements	554,976	-	(274,988)	279,988	279,988
Compensated absences	5,453	11,879	-	17,332	6,066
Net OPEB liability (a)	1,170,671	213,653	(759,126)	625,198	-
Net pension liability	1,280,890	1,088,714	(1,185,069)	1,184,535	-
Total Water	<u>10,821,990</u>	<u>1,314,246</u>	<u>(3,024,183)</u>	<u>9,112,053</u>	<u>991,054</u>
<i>Business-Type Activities - Solid Waste:</i>					
General obligation bonds	430,000	-	(110,000)	320,000	110,000
Notes from direct borrowings and placements	201,650	-	(201,650)	-	-
Post-closure landfill monitoring	1,738,500	-	(92,500)	1,646,000	92,500
Compensated absences	5,855	1,428	-	7,283	2,549
Net OPEB liability (a)	152,408	214,077	(119,058)	247,427	-
Net pension liability	443,689	379,854	(413,217)	410,326	-
Total Solid Waste	<u>2,972,102</u>	<u>595,359</u>	<u>(936,425)</u>	<u>2,631,036</u>	<u>205,049</u>
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds	300,000	-	(60,000)	240,000	60,000
Customer deposits	939,996	53,616	-	993,612	-
Customer advances for construction	66,219	168,533	-	234,752	-
Compensated absences	324,848	30,072	-	354,920	274,120
Net OPEB liability (asset)	504,992	151,486	(1,213,675)	(557,197)	-
Net pension liability	1,480,841	5,519,766	(1,697,107)	5,303,500	-
Total Electric Light	<u>3,616,896</u>	<u>5,923,473</u>	<u>(2,970,782)</u>	<u>6,569,587</u>	<u>334,120</u>
Total Business-Type Activities	<u>\$ 51,744,288</u>	<u>\$ 10,080,544</u>	<u>\$ (10,907,145)</u>	<u>\$ 50,917,687</u>	<u>\$ 3,593,195</u>

(a) Reclassifications were made to beginning balances between governmental activities and the sewer, water and solid waste enterprises.

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the respective enterprise funds.

General obligation bonds and notes payable outstanding at June 30, 2020 (December 31, 2019 for the Electric Department) were as follows:

Description of Issue	Interest Rates	Beginning Balance	Additions	Maturities and Deductions	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	1.00 - 5.00%	\$ 19,535,000	\$ -	\$ (3,125,000)	\$ 16,410,000
MCWT notes	0.00%	6,912	-	(6,912)	-
Total Governmental Activities		<u>\$ 19,541,912</u>	<u>\$ -</u>	<u>\$ (3,131,912)</u>	<u>\$ 16,410,000</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	2.00 - 5.00%	\$ 7,265,000	\$ -	\$ (840,000)	\$ 6,425,000
MCWT notes	2.00%	25,297,326	-	(1,268,665)	24,028,661
Total Sewer		<u>32,562,326</u>	<u>-</u>	<u>(2,108,665)</u>	<u>30,453,661</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds	2.00 - 5.00%	7,810,000	-	(805,000)	7,005,000
MCWT notes	2.97%	554,976	-	(274,988)	279,988
Total Water		<u>8,364,976</u>	<u>-</u>	<u>(1,079,988)</u>	<u>7,284,988</u>
<i>Business-Type Activities - Solid Waste:</i>					
General obligation bonds	2.50 - 5.00%	430,000	-	(110,000)	320,000
MCWT notes	2.93%	201,650	-	(201,650)	-
Total Solid Waste		<u>631,650</u>	<u>-</u>	<u>(311,650)</u>	<u>320,000</u>
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds	2.50 - 5.00%	300,000	-	(60,000)	240,000
Total Business-Type Activities		<u>\$ 41,858,952</u>	<u>\$ -</u>	<u>\$ (3,560,303)</u>	<u>\$ 38,298,649</u>

Debt service requirements on long-term debt at June 30, 2020 are as follows:

Year Ending June 30,	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2021	\$ 2,735,000	\$ 563,258
2022	2,540,000	457,181
2023	2,165,000	363,827
2024	1,490,000	282,026
2025	1,190,000	229,249
2026 - 2030	4,200,000	657,412
2031 - 2035	1,955,000	167,810
2036 - 2038	135,000	8,775
Total	<u>\$ 16,410,000</u>	<u>\$ 2,729,538</u>

Business-Type Activities: Combined				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2021	\$ 1,650,000	\$ 487,960	\$ 1,563,789	\$ 358,188
2022	1,600,000	422,915	1,234,107	325,407
2023	1,570,000	357,542	1,249,935	300,199
2024	1,280,000	293,215	1,235,952	275,188
2025	1,190,000	243,022	1,169,014	255,715
2026 - 2030	4,070,000	715,780	4,820,835	1,058,647
2031 - 2035	1,775,000	278,835	4,486,084	739,010
2036 - 2040	855,000	59,776	4,770,591	410,024
2041 - 2045	-	-	3,778,342	70,316
	<u>\$ 13,990,000</u>	<u>\$ 2,859,045</u>	<u>\$ 24,308,649</u>	<u>\$ 3,792,694</u>

Business-Type Activities: Sewer				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2021	\$ 775,000	\$ 223,304	\$ 1,283,801	\$ 350,863
2022	780,000	193,116	1,234,107	325,407
2023	765,000	161,883	1,249,935	300,199
2024	620,000	131,143	1,235,952	275,188
2025	600,000	107,305	1,169,014	255,715
2026 - 2030	1,895,000	292,085	4,820,835	1,058,647
2031 - 2035	690,000	102,960	4,486,084	739,010
2036 - 2040	300,000	21,300	4,770,591	410,024
2041 - 2045	-	-	3,778,342	70,316
	<u>\$ 6,425,000</u>	<u>\$ 1,233,096</u>	<u>\$ 24,028,661</u>	<u>\$ 3,785,369</u>

Business-Type Activities: Water				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2021	\$ 705,000	\$ 238,196	\$ 279,988	\$ 7,325
2022	650,000	211,139	-	-
2023	645,000	185,059	-	-
2024	600,000	159,072	-	-
2025	590,000	135,717	-	-
2026 - 2030	2,175,000	423,695	-	-
2031 - 2035	1,085,000	175,875	-	-
2036 - 2039	555,000	38,476	-	-
	<u>\$ 7,005,000</u>	<u>\$ 1,567,229</u>	<u>\$ 279,988</u>	<u>\$ 7,325</u>

(continued)

Business-Type Activities: Solid Waste				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2021	\$ 110,000	\$ 14,610	\$ -	\$ -
2022	110,000	9,660	-	-
2023	100,000	4,600	-	-
	<u>\$ 320,000</u>	<u>\$ 28,870</u>	<u>\$ -</u>	<u>\$ -</u>

Business-Type Activities: Electric Light				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2021	\$ 60,000	\$ 11,850	\$ -	\$ -
2022	60,000	9,000	-	-
2023	60,000	6,000	-	-
2024	60,000	3,000	-	-
	<u>\$ 240,000</u>	<u>\$ 29,850</u>	<u>\$ -</u>	<u>\$ -</u>

(concluded)

Authorized and unissued debt at June 30, 2020 included:

Project	Amount
Public infrastructure	\$ 2,374,000
Education related items	2,100,000
Water items	1,975,000
General government building improvements	1,330,000
Public safety equipment	1,100,000
Safety and security improvements	500,000
Other governmental purposes	9,205
	<u>\$ 9,388,205</u>

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Retirement System, a cost-sharing multiple-employer defined benefit pension plan for the Town, Electric Department and Housing Authority. The Retirement System was established under Chapter 32 of MGL. The Retirement System is administered by a retirement board and is part of the reporting entity. Stand-alone financial statements for the year ended December 31, 2019 were issued and are available by submitting a request to the Retirement System at 500 East Washington Street, North Attleborough, Massachusetts 02760.

Membership in the Retirement System consisted of the following at December 31, 2019:

Active members	551
Inactive members entitled to, but not receiving benefits	253
Retirees and beneficiaries currently receiving benefits	<u>304</u>
	<u>1,108</u>

Benefit Terms – Membership in the Retirement System is mandatory for all full-time employees and nonseasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school district participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the Retirement System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform throughout the Commonwealth. The Retirement System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the Retirement System include normal retirement, disability retirement and survivor benefits.

Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status.

Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the Retirement System.

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

The Town (including the Electric Department) contributed \$3,897,456 to the Retirement System in fiscal year 2020, which equaled the actuarially determined contribution requirement for the fiscal year. Contributions as a percentage of covered payroll was approximately 15% in fiscal year 2020.

Net Pension Liability – At June 30, 2020, the Town reported a liability of \$38,482,102 for its proportionate share of the net pension liability. The net pension liability reported by the Retirement System for the Town at December 31, 2019 (used for fiscal year-end June 30, 2020) is \$38,083,196. The difference between these two figures is attributable to the difference in fiscal year ends between the Town and the Electric Department, which results in a one-year lag.

The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. There were no material changes to the Retirement System's benefit terms since the last actuarial valuation. The Retirement System reduced the discount rate used in its most recent actuarial valuation from 7.5% to 7.25%.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the Retirement System relative to the projected contributions of all employers. The Town and Electric Department's proportion was approximately 98.4% at December 31, 2019, which was consistent with its proportionate share at December 31, 2018.

Fiduciary Net Position – The elements of the Retirement System's basic financial statements (that is, all information about the Retirement System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the Retirement System's full financial statements as of and for the year ended December 31, 2019, which can be obtained by contacting the Retirement Board.

The Retirement System's fiduciary net position was determined using the accrual basis of accounting. The Retirement System's accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Town recognized approximately \$9.6 million in pension expense in the statement of activities in fiscal year 2020.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,673,854	\$ 555,555
Changes of assumptions	10,437,854	-
Net difference between projected and actual earnings on pension plan investments	869,683	6,336,443
Changes in proportion and differences between Town contributions and proportionate share of contributions	349,386	403,493
Contributions subsequent to the measurement date	501,939	-
	<u>\$ 19,832,716</u>	<u>\$ 7,295,491</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized into pension expense as follows:

Year ended June 30,

2021	\$ 5,423,059
2022	4,835,911
2023	4,284,393
2024	<u>(2,006,138)</u>
	<u>\$ 12,537,225</u>

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2020 and rolled back to December 31, 2019. The significant actuarial assumptions used in this actuarial valuation included:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Investment rate of return	7.25% per annum (previously 7.5%)
Projected salary increases	3.0% per annum
Cost of living adjustments	3% on the first \$14,000 of benefits
Group 1 and 2 mortality rates	Healthy: Pub-2010 General Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2019 Disabled: Pub-2010 General Disabled Retiree Amount-Weighted Mortality Tables projected generationally using Scale MP-2019
Group 4 mortality rates	Healthy: Pub-2010 Safety Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2019 Disabled: Pub-2010 General Disabled Retiree Amount-Weighted Mortality Table projected generationally using Scale MP-2019

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 returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the Retirement System’s target allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Policy Range	Long-Term Expected Rate of Return
Domestic equity	50.0%	6.2%
International equity	15.0%	6.78% to 8.65%
Fixed income	20.0%	1.1% to 3.5%
Real estate	10.0%	4.3%
Infrastructure	5.0%	5.5%

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 plan member contributions were made at the current contribution rate and that employer contributions will be made in accordance with Sections 22D and 22F of Chapter 32 of MGL. Based on those assumptions, the Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of

return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability (inclusive of the Electric Department) calculated using the discount rate of 7.25% as well as the Town’s proportionate share of the net pension liability using a discount rate that is 1% lower or higher than the current rate:

Current Discount Rate	Net Pension Liability At		
	1% Decrease	Current Rate	1% Increase
7.25%	\$ 58,722,829	\$ 38,482,102	\$ 21,607,586

B. Massachusetts Teachers Retirement System

Teachers and certain administrative employees of the Town’s school department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the Retirement System, MTRS was established under Chapter 32 of MGL. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the Town is considered to be in a special funding situation as defined under GAAP.

For the year ended June 30, 2020, the Commonwealth contributed \$5,635,258 to the MTRS on behalf of the Town. The Town’s proportionate share of the collective MTRS net pension liability at this reporting date was 0.39%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Town as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The net pension liability assumed by the Commonwealth on behalf of the Town at June 30, 2020 was \$98,418,309. The pension expense assumed by the Commonwealth on behalf of the Town for fiscal year 2020 was \$11,934,928. The Town recognized \$11,934,928 in intergovernmental revenue and pension expense relative to this arrangement.

C. Other Postemployment Benefits

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

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

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2020 (December 31, 2019 in the case of the Electric Department):

	Town	Electric Department
Inactive employees or beneficiaries receiving benefits	726	33
Active employees	918	35
	<u>1,644</u>	<u>68</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established by and may be amended by the Town. Town retirees, excluding teachers, contribute between 17% and 25% of monthly health insurance premiums. Retired teachers contribute between 10% and 15% of monthly health insurance premiums. Employees of the Electric Department contribute 25% of monthly health insurance premiums. Retired Electric Department employees aged over 65 years contribute 12% of monthly health insurance premiums and 33% of the monthly health insurance premium when aged under 65 years. All retirees contribute 25% of life insurance premiums.

For the year ended June 30, 2020, the Town's average contribution rate was approximately 10% of covered payroll.

Net OPEB Liability – The Town's net OPEB liability was measured as of June 30, 2020 using an actuarial valuation as of July 1, 2019. The Electric Department's net OPEB liability was measured as of December 31, 2019 using an actuarial valuation as of January 1, 2018. The components of the net OPEB liability reported by the Town at June 30, 2020 and Electric Department at December 31, 2019 were as follows:

	Town	Electric Department
Total OPEB liability	\$ 145,096,220	\$ 5,340,868
Plan fiduciary net position	<u>(3,542,041)</u>	<u>(5,898,065)</u>
Net OPEB liability (asset)	<u>\$ 141,554,179</u>	<u>\$ (557,197)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.4%	110.4%

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

	Town
Valuation date	July 1, 2019
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value at June 30, 2020
Inflation	2.5% per annum
Single equivalent discount rate	5.5%, net of OPEB Plan investment expense (previously 5.0%)
Healthcare cost trend	4.5% per annum (previously 5.0%)
Pre-retirement mortality	RP-2014 Mortality Table for Blue Collar Employees (White Collar Mortality Table for teachers) projected generationally with scale MP-2016, set forward 1 year for females (for non-teachers only)
Post-retirement mortality	RP-2014 Mortality Table for Blue Collar Annuitants (White Collar Mortality Table for teachers) projected generationally with scale MP-2016, set forward 1 year for females (for non-teachers only)
Disabled mortality	RP-2014 Mortality Table for Blue Collar Annuitants (White Collar Mortality Table for teachers) projected generationally with scale MP-2016, set forward 1 year for females (for non-teachers only)
	Electric Department
Valuation date	January 1, 2018
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value at December 31, 2019
Inflation	2.5% per annum
Single equivalent discount rate	6.25%, net of OPEB Plan investment expense (previously 6.0%)
Healthcare cost trend	4.5% per annum (previously 5.0%)
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-retirement mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females

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

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

Asset Class	Town OPEB Plan		Electric Department OPEB Plan	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap	23.33%	4.80%	53.75%	4.80%
Domestic equity - small/mid cap	11.67%	5.29%	10.75%	5.29%
International equity - developed markets	13.33%	5.45%	0.00%	5.45%
International equity - emerging markets	6.67%	6.42%	0.00%	6.42%
Domestic fixed income	20.00%	2.05%	31.50%	2.50%
International fixed income	5.00%	3.00%	2.75%	3.00%
Alternatives	20.00%	6.50%	0.00%	6.50%
Cash and cash equivalents	0.00%	0.00%	1.25%	0.00%
	<u>100.00%</u>		<u>100.00%</u>	
Real rate of return		4.75%		4.00%
Inflation assumption		<u>2.50%</u>		<u>2.50%</u>
Total nominal rate of return		7.25%		6.50%
Investment expense		<u>0.25%</u>		<u>0.25%</u>
Net investment return		<u>7.00%</u>		<u>6.25%</u>

Town Discount Rate – The discount rate used to measure the Town’s total OPEB liability was 5.5%. The discount rate reflects a blend of the expected net investment return for funded periods (7.0%) and the twenty-year municipal bond index rate of return of 2.66% for unfunded periods.

Electric Department Discount Rate – The discount rate used to measure the total OPEB liability was 6.25% as of December 31, 2019, which was consistent with its assumed net investment return. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2020 (the Electric Department’s activity is for the year ended December 31, 2019):

	Town OPEB Plan		
	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances — beginning of year	\$ 132,776,940	\$ 2,725,046	\$ 130,051,894
Changes for the year:			
Service cost	3,297,628	-	3,297,628
Interest	6,674,967	-	6,674,967
Changes in assumptions	8,100,976	-	8,100,976
Experience differences	(540,236)	-	(540,236)
Employer contributions	-	5,968,304	(5,968,304)
Net investment income	-	62,746	(62,746)
Benefit payments	(5,214,055)	(5,214,055)	-
Net changes	12,319,280	816,995	11,502,285
Balances — end of year	<u>\$ 145,096,220</u>	<u>\$ 3,542,041</u>	<u>\$ 141,554,179</u>

	Electric Department OPEB Plan		
	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability (Asset)
	(a)	(b)	(a) - (b)
Balances — beginning of year	\$ 5,308,923	\$ 4,803,931	\$ 504,992
Changes for the year:			
Service cost	101,558	-	101,558
Interest	318,776	-	318,776
Changes in assumptions	(190,394)	-	(190,394)
Employer contributions	-	265,500	(265,500)
Net investment income	-	1,026,629	(1,026,629)
Benefit payments	(197,995)	(197,995)	-
Net changes	31,945	1,094,134	(1,062,189)
Balances — end of year	<u>\$ 5,340,868</u>	<u>\$ 5,898,065</u>	<u>\$ (557,197)</u>

Sensitivity Analyses – The following presents the Town’s and Electric Department’s net OPEB liability (asset) as well as what the Town’s and Electric Department’s net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate:

	Current Discount Rate	Net OPEB Liability (Asset) At		
		1% Decrease	Current Rate	1% Increase
Town of North Attleborough	5.50%	\$ 162,971,063	\$ 141,554,179	\$ 124,215,467
Electric Department	6.25%	251,001	(557,197)	(1,239,177)

The following presents the Town’s and Electric Department’s net OPEB liability (asset) as well as what the Town’s and Electric Department’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current healthcare cost trend rates:

	Current Trend Rate	Net OPEB Liability (Asset) At		
		1% Decrease	Current Rate	1% Increase
Town of North Attleborough	5.50%	\$ 122,351,214	\$ 141,554,179	\$ 165,673,672
Electric Department	6.25%	(1,508,316)	(557,197)	642,970

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2020 (the Electric Department’s activity is for the year ended December 31, 2019), the Town recognized OPEB expense of approximately \$15.2 million and the Electric Department recognized OPEB expense of approximately \$27,0007. Combined deferred outflows and inflows of resources related to OPEB at June 30, 2020 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 635,659
Changes of assumptions	19,023,416	152,315
Net difference between projected and actual earnings on OPEB plan investments	141,243	229,175
	<u>\$ 19,164,659</u>	<u>\$ 1,017,149</u>

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

<u>Year ended June 30,</u>	
2021	\$ 5,373,962
2022	5,373,962
2023	4,556,599
2024	1,766,587
2025	<u>1,076,400</u>
	<u>\$ 18,147,510</u>

Investment Policy – The Town adopted an investment policy for its OPEB Plan in April 2014 while the Electric Department’s investment policy was adopted in April 2017. Both investment policies which seeks to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct investment asset classes.

Investment Rate of Return – The annual money-weighted rate of return on investments expresses investment performance, net of investment expense, adjusted for changing amounts actually invested. The money-weighted rates of return for the two OPEB Plans as reported at the end of this fiscal year were as follows:

	Town	Electric Department
Money-weighted rate of return	1.91%	21.23%

D. Risk Financing

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

The Electric Department has a program to self-insure for general liability claims. The Electric Department is responsible for the payment of the first \$500,000 for each claim incurred. Claims that exceed this amount are covered by reinsurance, which is an excess liability policy with a limit of \$25 million per occurrence. No accrual has been made in the accompanying financial statements as no significant claims have been submitted.

E. Commitments and Contingencies

General – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability at June 30, 2020 cannot be determined, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2020.

Appellate Tax Board – The Town has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts (“ATB”). In total, the assessed personal property values for ATB cases totaled over \$196 million at June 30, 2020, the majority of which pertained to the commercial real estate. No provision has been made in the government-wide financial statements in the event that the Town is unsuccessful in ATB.

Grant Compliance – Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The Town expects such amounts, if any, to be immaterial.

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

COVID-19 – In March 2020, the World Health Organization declared the breakout of the novel coronavirus (“COVID-19”) a pandemic. Resulting in travel restrictions, business closures and disruptions to municipal operations negatively affecting the Town’s financial condition in a variety of ways. While this disruption is currently believed to be temporary, there is uncertainty around its duration.

The Commonwealth has committed to level-fund fiscal year 2021 state aid; however, there exists the possibility that future years’ budgets at the state level may affect local aid. While the Town expects that this matter may negatively impact its fiscal year 2021 results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

MMWEC Participation – The Electric Department is a participant and contingently liable in certain projects of the MMWEC.

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities (“Projects”). MMWEC has acquired ownership interests in electric facilities operated by other utilities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

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

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

MMWEC is involved in various legal actions. In the opinion of MMWEC management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

F. Transactions Between Town and Electric Department

The Electric Department provides electrical service to the Town for all schools, municipal buildings and street lighting at average rates per kilowatt-hour, which approximates those billed to other customers. Revenues from billing to the Town were approximately \$1.9 million in calendar year 2019. Included in the accompanying statements of net position of the Electric Department are amounts due from the Town of \$99,750 at December 31, 2019.

The Town provides police details, insurance coverage and other items to the Department. These expenses amounted to approximately \$1.8 million in 2019.

At December 31, 2019, the Electric Department owed the Town approximately \$75,000, which is included in accounts payable and accrued expenses in its statement of net position.

The Electric Department also made payments in lieu of property taxes to the Town in the amounts of \$330,000 during calendar year 2019.

IV. Implementation of Accounting Pronouncements

A. Current Year Implementations

None.

B. Future Year Implementations

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

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

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

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

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

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. This Statement eliminates the use of LIBOR as an appropriate benchmark interest rate for derivative instruments that hedge interest rate risk of taxable debt for reporting periods after December 31, 2021. The reporting provisions of this Statement are effective for financial reporting periods beginning after June 15, 2020 (fiscal year 2021). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

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

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

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

this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

V. Restatement

Previously reported OPEB investment assets in the Town's governmental activities were reclassified to its sewer, water and solid waste enterprise funds at June 30, 2019. This required a restatement of previously reported net OPEB liabilities and net positions. The following table illustrates the effects of this prior period adjustment:

	Governmental Activities				
Net position at June 30, 2019 — as previously reported	\$ (39,090,237)				
Reclassify OPEB investments	<u>(1,279,145)</u>				
Net position at June 30, 2019 — as restated	<u>\$ (40,369,382)</u>				
	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light	Total
Net position at June 30, 2019 — as previously reported	\$ 32,861,096	\$ 32,224,780	\$ 1,375,773	\$ 51,737,148	\$ 118,198,797
Reclassify OPEB investments	<u>578,901</u>	<u>532,785</u>	<u>167,459</u>	<u>-</u>	<u>1,279,145</u>
Net position at June 30, 2019 — as restated	<u>\$ 33,439,997</u>	<u>\$ 32,757,565</u>	<u>\$ 1,543,232</u>	<u>\$ 51,737,148</u>	<u>\$ 119,477,942</u>

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TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN PENSION PLAN**

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

(dollar amounts are in thousands)

Year Ended June 30,	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 as a Percentage of the Total Pension Liability
2020	98.4%	\$ 38,084	\$ 25,657	148.4%	77.4%
2019	98.6%	41,181	24,799	166.1%	72.7%
2018	98.4%	13,464	23,444	57.4%	89.5%
2017	98.5%	23,074	22,581	102.2%	81.3%
2016	98.5%	24,075	22,374	107.6%	79.7%
2015	98.0%	19,200	22,243	86.3%	82.9%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE PENSION PLAN

(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 3,898	\$ 3,898	\$ -	\$ 25,657	15.2%
2019	3,788	3,788	-	24,799	15.3%
2018	3,746	3,746	-	23,444	16.0%
2017	3,614	3,614	-	22,581	16.0%
2016	1,900	1,900	-	22,374	8.5%
2015	1,791	1,791	-	22,243	8.1%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM PENSION PLAN

**SCHEDULE OF THE COMMONWEALTH'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**
(dollar amounts are in thousands)

For the Year Ended June 30, *	Commonwealth's Proportion of the MTRS Net Pension Liability	Town's Proportion of the MTRS Net Pension Liability	Commonwealth's Proportionate Share of the MTRS Net Pension Liability	Commonwealth's Actuarially Determined Contribution	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	100%	0%	\$ 98,418	\$ 5,635	53.9%
2019	100%	0%	92,872	5,150	54.8%
2018	100%	0%	89,058	4,808	54.3%
2017	100%	0%	91,875	4,621	52.7%
2016	100%	0%	87,281	8,264	55.4%

* Amounts determined for the previous year ended June 30.

Contributions to the MTRS are the responsibility of the Commonwealth of Massachusetts. Accordingly, the City has not recognized any portion of the net pension liability relative to City employees covered under the MTRS pension plan.

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION TOWN OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(dollar amounts are in thousands)

	2020	Year Ended June 30, 2019	2018	2017
Total OPEB Liability:				
Service cost	\$ 3,297	\$ 3,566	\$ 2,614	\$ 2,886
Interest	6,675	6,719	6,207	6,393
Changes in benefit terms	-	-	(2,518)	-
Experience differences	(540)	-	5,539	-
Changes in assumptions	8,101	16,199	(223)	-
Benefit payments	(5,214)	(4,192)	(3,868)	(3,948)
Net Change in Total OPEB Liability	12,319	22,292	7,751	5,331
Total OPEB Liability:				
Beginning of year	132,777	110,485	102,734	97,403
End of year (a)	<u>\$ 145,096</u>	<u>\$ 132,777</u>	<u>\$ 110,485</u>	<u>\$ 102,734</u>
Plan Fiduciary Net Position:				
Contributions	\$ 5,968	\$ 4,791	\$ 4,394	\$ 4,381
Net investment income	63	150	114	98
Benefit payments	(5,214)	(4,192)	(3,868)	(3,947)
Net Change in Plan Fiduciary Net Position	817	749	640	532
Plan Fiduciary Net Position:				
Beginning of year	2,725	1,976	1,336	804
End of year (b)	<u>\$ 3,542</u>	<u>\$ 2,725</u>	<u>\$ 1,976</u>	<u>\$ 1,336</u>
Net OPEB Liability — End of Year (a) - (b)	<u>\$ 141,554</u>	<u>\$ 130,052</u>	<u>\$ 108,509</u>	<u>\$ 101,398</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.44%	2.05%	1.79%	1.30%
Covered payroll	\$ 60,501	\$ 60,501	\$ 58,738	\$ 53,773
Net OPEB Liability as a Percentage of Covered Payroll	233.97%	214.96%	184.73%	188.57%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION TOWN OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF CONTRIBUTIONS

(dollar amounts are in thousands)

	2020	Year Ended June 30, 2019	2018	2017
Actuarially determined contribution	\$ 12,530	\$ 11,623	\$ 10,051	\$ 9,832
Contributions in relation to the actuarially-determined contribution	<u>(5,968)</u>	<u>(4,791)</u>	<u>(4,394)</u>	<u>(4,381)</u>
Contribution deficiency (excess)	<u>\$ 6,562</u>	<u>\$ 6,832</u>	<u>\$ 5,657</u>	<u>\$ 5,451</u>
Covered payroll	\$ 60,501	\$ 60,501	\$ 53,773	\$ 53,773
Contributions as a percentage of covered payroll	9.86%	7.92%	8.17%	8.15%

Notes to Schedule:

Valuation date	July 1, 2019
Asset valuation method	Market value of the assets as of the reporting date
Actuarial cost method	Individual entry age normal
Salary increases	3.0% per annum
Inflation	2.5% per annum
Single equivalent discount rate	5.5% per annum (previously 5.0%)
Healthcare cost trend rates	4.5% per annum (previously 5.0%)

SCHEDULE OF INVESTMENT RETURNS

	2020	Year Ended June 30, 2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	1.91%	5.94%	7.19%	8.45%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION ELECTRIC LIGHT OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(dollar amounts are in thousands)

	Year Ended December 31,		
	2020	2018	2017
Total OPEB Liability:			
Service cost	\$ 102	\$ 99	\$ 126
Interest	319	314	301
Changes in assumptions	(190)	(156)	-
Benefit payments	<u>(198)</u>	<u>(177)</u>	<u>(190)</u>
Net Change in Total OPEB Liability	<u>33</u>	<u>80</u>	<u>237</u>
Total OPEB Liability:			
Beginning of year	<u>5,308</u>	<u>5,228</u>	<u>4,991</u>
End of year (a)	<u>\$ 5,341</u>	<u>\$ 5,308</u>	<u>\$ 5,228</u>
Plan Fiduciary Net Position:			
Contributions	\$ 266	\$ 177	\$ 675
Net investment income	1,027	(286)	535
Benefit payments	<u>(198)</u>	<u>(177)</u>	<u>(190)</u>
Net Change in Plan Fiduciary Net Position	<u>1,095</u>	<u>(286)</u>	<u>1,020</u>
Plan Fiduciary Net Position:			
Beginning of year	<u>4,803</u>	<u>5,089</u>	<u>4,069</u>
End of year (b)	<u>\$ 5,898</u>	<u>\$ 4,803</u>	<u>\$ 5,089</u>
Net OPEB (Asset) Liability — End of Year (a) - (b)	<u>\$ (557)</u>	<u>\$ 505</u>	<u>\$ 139</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.43%	90.49%	97.34%
Covered payroll	\$ 3,239	\$ 3,144	\$ 3,053
Net OPEB Liability as a Percentage of Covered Payroll	-17.20%	16.06%	4.55%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
ELECTRIC LIGHT OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CONTRIBUTIONS

(dollar amounts are in thousands)

	Year Ended December 31,		
	2019	2018	2017
Actuarially determined contribution	\$ 62	\$ 133	\$ 189
Contributions in relation to the actuarially-determined contribution	(266)	(177)	(675)
Contribution deficiency (excess)	<u>\$ (204)</u>	<u>\$ (44)</u>	<u>\$ (486)</u>
Covered payroll	\$ 3,239	\$ 3,144	\$ 3,053
Contribution as a percentage of covered payroll	-8.21%	5.63%	22.11%

Notes to Schedule:

Valuation date	January 1, 2018
Asset valuation method	Market value as of the reporting date
Actuarial cost method	Individual entry age normal
Salary increases	3.0% per annum
Inflation	2.5% per annum
Single equivalent discount rate	6.25% per annum (previously 6.0%)
Healthcare cost trend rates	5.0% per annum

SCHEDULE OF INVESTMENT RETURNS

	Year Ended December 31,		
	2021	2018	2017
Annual money-weighted rate of return, net of investment expenses	21.23%	-5.61%	12.41%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual		Actual	Positive
	Original	Final	Budgetary	Encumbrances	Budgetary	(Negative)
	Budget	Budget	Amounts		Adjusted	Variance
Revenues:						
Property taxes, net of tax refunds	\$ 59,915,850	\$ 59,915,850	\$ 60,035,358		\$ 60,035,358	\$ 119,508
Intergovernmental	24,417,738	24,417,738	24,524,210		24,524,210	106,472
Motor vehicle and other excise taxes	4,958,000	4,958,000	5,259,854		5,259,854	301,854
Licenses and permits	549,900	549,900	502,984		502,984	(46,916)
Penalties and interest on taxes	227,500	227,500	230,657		230,657	3,157
Fines and forfeitures	73,600	73,600	83,222		83,222	9,622
Departmental and other revenues	885,650	885,650	1,025,171		1,025,171	139,521
Investment income	220,000	220,000	378,861		378,861	158,861
Total Revenues	91,248,238	91,248,238	92,040,317		92,040,317	792,079
Expenditures:						
General government	5,566,910	5,451,865	4,322,329	\$ 40,144	4,362,473	1,089,392
Public safety	11,806,584	11,921,629	11,164,537	73,145	11,237,682	683,947
Education	47,089,177	47,089,177	46,759,556	181,765	46,941,321	147,856
Public works	1,896,387	1,896,387	1,651,251	20,628	1,671,879	224,508
Health and human services	1,096,790	1,096,790	929,398	14,730	944,128	152,662
Culture and recreation	1,282,356	1,282,356	1,203,181	1,338	1,204,519	77,837
Pension and fringe benefits	15,156,931	15,156,931	14,263,048	168,342	14,431,390	725,541
State and county charges	5,095,730	5,095,730	4,914,083	-	4,914,083	181,647
Debt service	4,172,755	4,172,755	4,010,224	-	4,010,224	162,531
Total Expenditures	93,163,620	93,163,620	89,217,607	\$ 500,092	89,717,699	3,445,921
Other Financing Sources (Uses):						
Transfers in	2,395,859	2,395,859	2,402,155		2,402,155	6,296
Transfers out	(2,330,708)	(4,091,081)	(4,091,081)		(4,091,081)	-
Total Other Financing Sources (Uses)	65,151	(1,695,222)	(1,688,926)		(1,688,926)	6,296
(Deficiency) Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,850,231)	(3,610,604)	\$ 1,133,784		\$ 633,692	\$ 4,244,296
Other Budgetary Items:						
Prior year encumbrances	634,947	634,947				
Free cash	1,174,708	2,935,081				
Other items	40,576	40,576				
Total Other Budgetary Items	1,850,231	3,610,604				
Net Budget	\$ -	\$ -				

See notes to required supplementary information.

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2020

An annual budget is legally adopted for the general fund. Generally, financial orders are initiated by the Town Manager, recommended by the Town Finance Committee and approved by the Town Council. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The Town's general fund is prepared using the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue, which is not GAAP. The "actual" results column of the Schedule of Revenues, Expenditures and Changes in Fund Equity – Budgetary Basis is presented on a budgetary basis to provide a meaningful comparison with the budget. A complete reconciliation is provided below:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues — budgetary basis			\$ 92,040,317
Revenue recognition	\$ 351,979	\$ -	351,979
Stabilization revenue	-	163,795	163,795
On behalf payments	<u>11,934,928</u>	<u>-</u>	<u>11,934,928</u>
Revenues — GAAP basis	<u>\$ 12,286,907</u>	<u>\$ 163,795</u>	<u>\$ 104,491,019</u>
Expenditures — budgetary basis			\$ 89,217,607
Transfer treatment for budget	\$ -	\$ (380,774)	(380,774)
On behalf payments	<u>11,934,928</u>	<u>-</u>	<u>11,934,928</u>
Expenditures — GAAP basis	<u>\$ 11,934,928</u>	<u>\$ (380,774)</u>	<u>\$ 100,771,761</u>
Net Transfers — budgetary basis			\$ (1,688,926)
Transfer treatment for budget	\$ -	\$ 833,807	833,807
Net Transfers — GAAP basis	<u>\$ -</u>	<u>\$ 833,807</u>	<u>\$ (855,119)</u>