

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF OXFORD, MASSACHUSETTS

Basic Financial Statements
and Additional Information

Year Ended June 30, 2021



TOWN OF OXFORD, MASSACHUSETTS

TABLE OF CONTENTS **YEAR ENDED JUNE 30, 2021**

	Page(s)
INDEPENDENT AUDITORS' REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 10
 BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Governmental Funds Financial Statements:	
Balance Sheet	13
Reconciliation of the Balance Sheet Total Fund Balances to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Proprietary Funds Financial Statements:	
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position	18
Statement of Cash Flows	19
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to the Financial Statements	22 – 51
 REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED:	
Schedule of the Town's Proportionate Share of the Net Pension Liability	52
Schedule of the Town's Contributions to the Pension Plan	52
Schedule of the Commonwealth's Proportionate Share of the MTRS Pension Plan	53
Schedule of Changes in Net OPEB Liability and Related Ratios	54
Schedule of Contributions to the OPEB Plan	55
Schedule of Investment Returns – OPEB Plan	55
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual – General Fund	56
Notes to Required Supplementary Information	57



INDEPENDENT AUDITORS' REPORT

Honorable Board of Selectmen
Town of Oxford, 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 Oxford, Massachusetts, (the "Town") as of and for the year ended June 30, 2021 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2021 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.

Restatement

We audited the Town's basic financial statements for the year ended June 30, 2020, for which we issued an unmodified opinion dated November 17, 2020. As discussed in note V to the financial statements, the Town adopted Statement of Governmental Accounting Standards No. 84, Fiduciary Activities, in fiscal year 2021. In connection with the adoption of this accounting standard, previously reported total net position in the Statement of Net Position and fund balances in the Statement of Revenues, Expenditures and Changes in Fund Balances were restated. Our opinion was not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2022 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Roselli, Clark & Associates". The signature is fluid and cursive, with "Roselli" on the first line, "Clark" on the second line, and "& Associates" on the third line.

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
January 10, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Oxford, Massachusetts (the “Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. 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 liabilities and deferred inflows of financial resources exceeded its assets and deferred outflows of financial resources at the close of the most recent fiscal year, which resulted in a deficit of nearly \$13.8 million (total net position). A deficit net position of approximately \$17.5 million in the Town’s governmental activities was offset by a positive net position of over \$3.7 million in its business-type activities.
- The Town continues to report a deficit in its unrestricted net position in its governmental activities. This deficit exceeded \$80.4 million at June 30, 2021. This deficit is due primarily to the recording of liabilities associated with the net OPEB and net pension liabilities, which totaled nearly \$84.3 million at June 30, 2021 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 nearly \$22.4 million, which was approximately \$5.2 million greater than the prior year. Of the ending fund balance, over \$5.5 million is available for spending at the government’s discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was nearly \$7.3 million, which represents approximately 16% percent of the total fiscal year 2021 general fund expenditures. The June 30, 2021 total general fund balance of over \$11.4 million was approximately 25% of the total fiscal year 2021 general fund expenditures.
- The Town’s long-term debt decreased over \$0.9 million in fiscal year 2021 to nearly \$7.3 million at June 30, 2021. The Town also maintains over \$2.0 million in temporary borrowings in the form of bond anticipation notes payable that are scheduled to mature in March 2022.
- The Town received approximately \$733,000 from the federal government under the American Rescue Plan Act (“ARPA”) coronavirus local fiscal recovery fund in late fiscal year 2021. This was the first installment of approximately \$4.2 million in eligible ARPA monies to the Town from this fund. The use of these monies is less limited than the funding the Town received under the CARES Act and based on current guidance must be obligated by December 31, 2024 and expended by December 31, 2026.

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 required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of 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 sick 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 consist of its sewer and water activities.

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

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

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

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

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

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. Data from the other governmental funds are combined into a single, aggregated presentation.

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

Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer enterprise fund.

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, 2021	June 30, 2020 (a)	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020 (a)
Assets:						
Current and other assets	\$ 30,396,407	\$ 23,554,104	\$ 1,371,596	\$ 1,375,273	\$ 31,768,003	\$ 24,929,377
Capital assets, net	<u>52,237,039</u>	<u>50,799,805</u>	<u>3,590,458</u>	<u>3,723,202</u>	<u>55,827,497</u>	<u>54,523,007</u>
Total Assets	82,633,446	74,353,909	4,962,054	5,098,475	87,595,500	79,452,384
Deferred Outflows of Resources	<u>19,134,030</u>	<u>22,918,789</u>	<u>-</u>	<u>-</u>	<u>19,134,030</u>	<u>22,918,789</u>
Liabilities:						
Long-term liabilities	89,963,802	103,856,422	983,756	1,102,540	90,947,558	104,958,962
Other liabilities	<u>6,174,156</u>	<u>4,384,712</u>	<u>247,638</u>	<u>242,122</u>	<u>6,421,794</u>	<u>4,626,834</u>
Total Liabilities	96,137,958	108,241,134	1,231,394	1,344,662	97,369,352	109,585,796
Deferred Inflows of Resources	<u>23,131,928</u>	<u>10,159,344</u>	<u>-</u>	<u>-</u>	<u>23,131,928</u>	<u>10,159,344</u>
Net Position:						
Net investment in capital assets	46,108,823	43,364,087	2,762,838	2,800,090	48,871,661	46,164,177
Restricted	<u>16,833,063</u>	<u>13,623,150</u>	<u>-</u>	<u>-</u>	<u>16,833,063</u>	<u>13,623,150</u>
Unrestricted	<u>(80,444,296)</u>	<u>(78,115,017)</u>	<u>967,822</u>	<u>953,723</u>	<u>(79,476,474)</u>	<u>(77,161,294)</u>
Total Net Position	<u>\$(17,502,410)</u>	<u>\$(21,127,780)</u>	<u>\$ 3,730,660</u>	<u>\$ 3,753,813</u>	<u>\$(13,771,750)</u>	<u>\$(17,373,967)</u>

(a) As restated to account for the effects of adoption of GASB Statement No. 84; refer to Note V to the financial statements.

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 increased over \$3.6 million year-over-year, which was almost entirely driven by change in net position in governmental activities. This increase was due primarily to revenue growth of nearly \$4.8 million in fiscal year 2021 in the Town's governmental funds.

The largest portion (approximately \$48.9 million) of the Town's overall net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), 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, 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 \$16.8 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 \$79.5 million. This deficit balance is primarily the result of the reporting of approximately \$84.3 million in liabilities associated with net pension and net other postemployment benefits liabilities in the Town's governmental activities at June 30, 2021. As there are no dedicated employees in the Town's sewer or water enterprise funds, these long-term obligations have little impact on the business-type activities.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,606,249	\$ 3,131,261	\$ 533,510	\$ 470,646	\$ 4,139,759	\$ 3,601,907
Operating grants and contributions	19,782,613	18,754,093	-	-	19,782,613	18,754,093
Capital grants and contributions	2,210,901	1,601,899	-	-	2,210,901	1,601,899
General revenues:						
Property taxes	25,953,380	24,371,864	-	-	25,953,380	24,371,864
Excise taxes	2,543,396	2,267,604	-	-	2,543,396	2,267,604
Intergovernmental	2,183,504	2,183,504	-	-	2,183,504	2,183,504
Other	1,407,813	554,323	422	2,291	1,408,235	556,614
Total Revenues	<u>57,687,856</u>	<u>52,864,548</u>	<u>533,932</u>	<u>472,937</u>	<u>58,221,788</u>	<u>53,337,485</u>
Expenses:						
General government	4,031,448	4,289,310	-	-	4,031,448	4,289,310
Public safety	7,825,556	7,123,566	-	-	7,825,556	7,123,566
Education	35,484,349	35,353,414	-	-	35,484,349	35,353,414
Public works	5,227,335	5,099,752	-	-	5,227,335	5,099,752
Health and human services	464,912	479,566	-	-	464,912	479,566
Culture and recreation	821,238	1,329,327	-	-	821,238	1,329,327
Interest expense	238,648	306,789	-	-	238,648	306,789
Utility services	-	-	526,085	653,776	526,085	653,776
Total Expenses	<u>54,093,486</u>	<u>53,981,724</u>	<u>526,085</u>	<u>653,776</u>	<u>54,619,571</u>	<u>54,635,500</u>
Change in Net Position Before Transfers	3,594,370	(1,117,176)	7,847	(180,839)	3,602,217	(1,298,015)
Transfers	31,000	(9,000)	(31,000)	9,000	-	-
Change in Net Position	<u>3,625,370</u>	<u>(1,126,176)</u>	<u>(23,153)</u>	<u>(171,839)</u>	<u>3,602,217</u>	<u>(1,298,015)</u>
Net Position:						
Beginning of year	(21,127,780)	(20,141,647)	3,753,813	3,925,652	(17,373,967)	(16,215,995)
Restatements (a)	-	140,043	-	-	-	140,043
End of year	<u>\$(17,502,410)</u>	<u>\$(21,127,780)</u>	<u>\$ 3,730,660</u>	<u>\$ 3,753,813</u>	<u>\$(13,771,750)</u>	<u>\$(17,373,967)</u>

(a) Reflects the adoption of GASB Statement No. 84; refer to Note V to the financial statements.

Governmental Activities – Total revenues in fiscal year 2021 in the Town’s governmental activities increased over \$4.8 million, or 9.1%, from fiscal year 2020. The Town’s largest revenue source is property taxes, which represented approximately 45% and 46% of total fiscal year 2021 and 2020 revenues, respectively. Property taxes increased approximately \$1.6 million, or 6.5%, in fiscal year 2021 due to normal statutory property tax increases and new growth. Operating grants and contributions represented approximately 34% and 35% of total fiscal year 2021 and 2020 revenues, respectively. Operating grants and contributions increased approximately \$1.0 million in 2021; this increase was due primarily to increased federal and state funding to address the COVID-19 pandemic. No other revenue source exceeded 10% of total revenues in either fiscal year 2021 or 2020.

Total expenses increased approximately \$0.1 million in fiscal year 2021. On a cash-basis, expenditures for general governmental activities increased \$1.6 million year-over-year. However, the Town’s noncash expenses related to postemployment benefits decreased significantly year-over-year, which on a full accrual basis resulted in a modest net increase in governmental activities expenses.

Education represents the largest expense category for the Town. In total, education expenses represented approximately 66% of total fiscal year 2021 and 2020. Public safety expenses represented 14% and 13% of total fiscal year 2021 and 2020 expenses, respectively. Public works expenses represented 10% and 9% of total 2021 and 2020 expenses, respectively.

Business-Type Activities – Revenues in the business-type activities increased \$60,995, while expenses decreased \$127,691. In total, the business-type activities produced a most net income before making transfers to the general fund of \$31,000 to cover indirect costs.

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 approximately \$22.4 million, which was approximately \$5.2 million higher than the prior year. The Town reported positive changes in fund balances in each of its major governmental funds. Of the ending fund balances, approximately \$5.5 million is available for spending at the government’s discretion as unassigned fund balance. The remainder is earmarked for specific expenditures. The increase in the Town’s general fund was primarily due to the Town’s budget to actual results exceeding expectations, strong investment performance in the Town’s trust funds and the receipt of significant federal and state awards to address the effects of the COVID-19 pandemic.

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 \$7.3 million, while total general fund balance approximated \$11.4 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 nearly 16% of total fiscal year 2021 general fund expenditures, while total fund balance represents nearly 25% of that same amount. Both of these ratios demonstrate improvement over the prior year.

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 other postemployment benefits trust fund and private purpose trust 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 for its governmental and business-type activities as of June 30, 2021 totaled approximately \$55.8 million, net of accumulated depreciation. This is an increase of over \$1.3 million from the prior year as 2021 capital additions exceeded depreciation expense.

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 bonds payable debt decreased by \$935,000 in fiscal year 2021 to approximately \$7.1 million at June 30, 2021. This decrease was entirely due to the regularly scheduled repayments of long-term general obligations. The Town did not complete any long-term borrowings in fiscal year 2021.

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. Town’s general obligations are rated Aa3 by Moody’s Investor Services, which is the fourth highest credit rating for long-term debt issued by this agency.

Additional information on the Town’s debt can be found in the notes to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

- Net state aid for fiscal year 2022 is expected to exceed \$12.1 million.
- The Town enters fiscal year 2022 with approximately \$3.4 million in certified free cash and approximately \$1.5 million in general stabilization funds. These funds may be appropriated by Town Meeting to assist the Town in financing future capital or other Town projects.
- The Town’s real estate tax base is made up predominantly of residential taxes, which in 2021 is approximately 80% of the entire property tax 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 above items were considered when the Town accepted its budget for fiscal year 2022 at its May 2021 Annual Town Meeting. The Town set its fiscal year 2022 property tax rate in November 2021.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Finance Director, Town of Oxford, Massachusetts, 325 Main Street, Oxford, Massachusetts 01540.

TOWN OF OXFORD, MASSACHUSETTS

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 12,752,347	\$ 871,405	\$ 13,623,752
Investments	14,566,720	-	14,566,720
Receivables, net of allowances:			
Property taxes	1,346,319	-	1,346,319
Excise taxes	438,418	-	438,418
Departmental, user charges and other	419,386	500,191	919,577
Intergovernmental	873,217	-	873,217
Land	1,394,503	11,397	1,405,900
Construction in-progress	242,121	-	242,121
Depreciable capital assets, net	50,600,415	3,579,061	54,179,476
Total Assets	82,633,446	4,962,054	87,595,500
Deferred Outflows of Resources:			
Other postemployment benefits	17,090,193	-	17,090,193
Pensions	2,043,837	-	2,043,837
Total Deferred Outflows of Resources	19,134,030	-	19,134,030
Liabilities:			
Warrants and accounts payable	1,210,598	121,228	1,331,826
Accrued payroll and withholdings	540,149	-	540,149
Accrued interest	43,557	7,626	51,183
Deposits and escrows	513,589	-	513,589
Unearned revenues	733,151	-	733,151
Other liabilities	39,263	-	39,263
Bond anticipation notes payable	2,037,000	-	2,037,000
Noncurrent liabilities:			
Due within one year	1,056,849	118,784	1,175,633
Due in more than one year	89,963,802	983,756	90,947,558
Total Liabilities	96,137,958	1,231,394	97,369,352
Deferred Inflows of Resources:			
Other postemployment benefits	19,254,212	-	19,254,212
Pensions	3,877,716	-	3,877,716
Total Deferred Inflows of Resources	23,131,928	-	23,131,928
Net Position:			
Net investment in capital assets	46,108,823	2,762,838	48,871,661
Restricted for:			
Nonexpendable permanent funds	5,136,980	-	5,136,980
Expendable permanent funds	1,118,756	-	1,118,756
Revolving funds	6,399,928	-	6,399,928
Other purposes	4,177,399	-	4,177,399
Unrestricted	(80,444,296)	967,822	(79,476,474)
Total Net Position	\$ (17,502,410)	\$ 3,730,660	\$ (13,771,750)

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental Activities:							
General government	\$ 4,031,448	\$ 1,334,112	\$ 55,449	\$ -	\$ (2,641,887)		\$ (2,641,887)
Public safety	7,825,556	1,738,299	362,020	68,779	(5,656,458)		(5,656,458)
Education	35,484,349	237,237	18,832,652	-	(16,414,460)		(16,414,460)
Public works	5,227,335	131,164	172,300	1,990,553	(2,933,318)		(2,933,318)
Health and human services	464,912	133,845	281,761	51,570	2,264		2,264
Culture and recreation	821,238	31,592	44,114	99,999	(645,533)		(645,533)
Interest expense	238,648	-	34,317	-	(204,331)		(204,331)
Total Governmental Activities	<u>54,093,486</u>	<u>3,606,249</u>	<u>19,782,613</u>	<u>2,210,901</u>	<u>(28,493,723)</u>		<u>(28,493,723)</u>
Business-Type Activities:							
Sewer	449,688	500,119	-	-	\$ 50,431		50,431
Water	76,397	33,391	-	-	(43,006)		(43,006)
Total Business-Type Activities	<u>526,085</u>	<u>533,510</u>	<u>-</u>	<u>-</u>	<u>7,425</u>		<u>7,425</u>
Total Primary Government	<u>\$ 54,619,571</u>	<u>\$ 4,139,759</u>	<u>\$ 19,782,613</u>	<u>\$ 2,210,901</u>		<u>7,425</u>	<u>(28,486,298)</u>
General Revenues:							
Property taxes				25,953,380	-	25,953,380	
Motor vehicle and other excise taxes				2,543,396	-	2,543,396	
Grants and contributions not restricted to							
to specific programs				2,183,504	-	2,183,504	
Penalties and interest on taxes				179,949	-	179,949	
Unrestricted investment income				1,227,864	422	1,228,286	
Transfers, net				31,000	(31,000)	-	-
Total General Revenues and Transfers				<u>32,119,093</u>	<u>(30,578)</u>	<u>32,088,515</u>	
Change in Net Position				<u>3,625,370</u>	<u>(23,153)</u>	<u>3,602,217</u>	
Net Position:							
Beginning of year (as restated; refer to Note V)				(21,127,780)	3,753,813	(17,373,967)	
End of year				<u>\$ (17,502,410)</u>	<u>\$ 3,730,660</u>	<u>\$ (13,771,750)</u>	

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

	General Fund	Capital Projects Fund	Trust Funds	Nonmajor Governmental Funds	Total
Assets:					
Cash and cash equivalents	\$ 4,289,357	\$ 877,396	\$ 881,355	\$ 6,704,239	\$ 12,752,347
Investments	9,192,339	-	5,374,381	-	14,566,720
Receivables, net of allowances:					
Property taxes	1,346,319	-	-	-	1,346,319
Excise taxes	438,418	-	-	-	438,418
Departmental, user charges and other	5,904	-	-	413,482	419,386
Intergovernmental	837,208	-	-	36,009	873,217
Total Assets	<u>16,109,545</u>	<u>877,396</u>	<u>6,255,736</u>	<u>7,153,730</u>	<u>30,396,407</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 16,109,545</u>	<u>\$ 877,396</u>	<u>\$ 6,255,736</u>	<u>\$ 7,153,730</u>	<u>\$ 30,396,407</u>
Liabilities:					
Warrants and accounts payable	\$ 1,033,819	\$ -	\$ -	\$ 176,779	\$ 1,210,598
Accrued payroll and withholdings	540,149	-	-	-	540,149
Deposits and escrows	513,589	-	-	-	513,589
Unearned revenues	-	-	-	733,151	733,151
Other liabilities	39,263	-	-	-	39,263
Bond anticipation notes payable	-	2,037,000	-	-	2,037,000
Total Liabilities	<u>2,126,820</u>	<u>2,037,000</u>	<u>-</u>	<u>909,930</u>	<u>5,073,750</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	1,268,185	-	-	-	1,268,185
Unavailable revenues - intergovernmental	837,208	-	-	-	837,208
Unavailable revenues - other	444,322	-	-	410,307	854,629
Total Deferred Inflows of Resources	<u>2,549,715</u>	<u>-</u>	<u>-</u>	<u>410,307</u>	<u>2,960,022</u>
Fund Balances:					
Nonspendable	-	-	5,136,980	-	5,136,980
Restricted	-	54,205	1,118,756	6,399,928	7,572,889
Committed	3,665,225	-	-	-	3,665,225
Assigned	482,234	-	-	-	482,234
Unassigned	7,285,551	(1,213,809)	-	(566,435)	5,505,307
Total Fund Balances	<u>11,433,010</u>	<u>(1,159,604)</u>	<u>6,255,736</u>	<u>5,833,493</u>	<u>22,362,635</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,109,545</u>	<u>\$ 877,396</u>	<u>\$ 6,255,736</u>	<u>\$ 7,153,730</u>	<u>\$ 30,396,407</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

Total Governmental Fund Balances	\$ 22,362,635
Capital assets used in governmental activities in the statement of net position are not financial resources and, therefore, are not reported in the funds.	52,237,039
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.	2,960,022
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	17,090,193
Deferred outflows of resources - pensions	2,043,837
Deferred inflows of resources - other postemployment benefits	(19,254,212)
Deferred inflows of resources - pensions	<u>(3,877,716)</u>
Net effect of reporting deferred outflows and inflows of resources	(3,997,898)
Interest is accrued on outstanding long-term debt in the statement of net position but not in the funds until due.	(43,557)
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	(55,358,889)
Net pension liability	(28,899,637)
Compensated absences	(490,566)
Capital lease obligations	(89,138)
Landfill postclosure liability	(36,000)
Bonds and notes payable	<u>(6,146,421)</u>
Net effect of reporting long-term liabilities	<u>(91,020,651)</u>
Net Position — Governmental Activities	<u>\$ (17,502,410)</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

	General Fund	Capital Projects Fund	Trust Funds	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes, net of tax refunds	\$ 26,006,364	\$ -	\$ -	\$ -	\$ 26,006,364
Intergovernmental	18,804,277	- -	- -	5,544,035	24,348,312
Motor vehicle and other excise taxes	2,364,698	- -	- -	- -	2,364,698
Licenses and permits	43,125	- -	- -	- -	43,125
Penalties and interest on taxes	179,949	- -	- -	- -	179,949
Fines and forfeitures	34,751	- -	- -	- -	34,751
Departmental and other revenues	851,003	- -	- -	2,598,164	3,449,167
Contributions and donations	- -	- 3,700	- 248,642	- 252,342	- 252,342
Investment income	31,730	- 1,196,118	- 16	- 16	- 1,227,864
Total Revenues	48,315,897	-	1,199,818	8,390,857	57,906,572
Expenditures:					
Current:					
General government	2,696,424	- -	- -	320,284	3,016,708
Public safety	4,715,371	- -	- -	1,209,629	5,925,000
Education	24,713,765	- 3,623	- 2,703,701	- 27,421,089	- 27,421,089
Public works	4,357,572	- -	- -	1,914,051	6,271,623
Health and human services	402,319	- -	- -	74,906	477,225
Culture and recreation	540,675	- 260	- 294,796	- 835,731	- 835,731
Pension and fringe benefits	6,594,523	- -	- -	- -	6,594,523
State and county charges	1,053,260	- -	- -	- -	1,053,260
Debt service:					
Principal	820,000	- -	- -	- -	820,000
Interest	262,941	- -	- -	- -	262,941
Total Expenditures	46,156,850	-	3,883	6,517,367	52,678,100
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	2,159,047	-	1,195,935	1,873,490	5,228,472
Other Financing Sources (Uses):					
Transfers in	1,495,857	286,300	50,420	100,613	1,933,190
Transfers out	(262,255)	- -	(209,661)	(1,430,274)	(1,902,190)
Total Other Financing Sources (Uses)	1,233,602	286,300	(159,241)	(1,329,661)	31,000
Change in Fund Balances	3,392,649	286,300	1,036,694	543,829	5,259,472
Fund Balances:					
Beginning of the year (as restated; refer to Note V)	8,040,361	(1,445,904)	5,219,042	5,289,664	17,103,163
End of the year	\$ 11,433,010	\$ (1,159,604)	\$ 6,255,736	\$ 5,833,493	\$ 22,362,635

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

Net Change in Fund Balances — Total Governmental Funds	\$ 5,259,472
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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	4,686,353
Depreciation expense	<u>(3,249,119)</u>
Net effect of reporting capital activity	1,437,234

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

(218,716)

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	820,000
Repayments of capital lease obligations	42,924
Amortization of bond premiums	<u>8,139</u>
Net effect of reporting long-term debt activity	871,063

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	(3,440,255)
Net pension liability	(322,686)
Compensated absences	20,104
Landfill postclosure costs	3,000
Accrued interest	<u>16,154</u>
Net effect of reporting long-term liabilities	<u>(3,723,683)</u>

Change in Net Position — Governmental Activities	\$ 3,625,370
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See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 518,424	\$ 352,981	\$ 871,405
Receivables, net of allowances:			
User charges receivable, net	147,372	-	147,372
Betterments	23,884	21,155	45,039
Total Current Assets	<u>689,680</u>	<u>374,136</u>	<u>1,063,816</u>
Noncurrent Assets:			
Betterments	84,237	223,543	307,780
Land	-	11,397	11,397
Depreciable capital assets, net	<u>3,213,968</u>	<u>365,093</u>	<u>3,579,061</u>
Total Noncurrent Assets	<u>3,298,205</u>	<u>600,033</u>	<u>3,898,238</u>
Total Assets	<u>3,987,885</u>	<u>974,169</u>	<u>4,962,054</u>
 Total Deferred Outflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Liabilities:			
Current Liabilities:			
Warrants and accounts payable	121,228	-	121,228
Accrued interest	3,570	4,056	7,626
Current portion of long-term debt	<u>39,437</u>	<u>79,347</u>	<u>118,784</u>
Total Current Liabilities	<u>164,235</u>	<u>83,403</u>	<u>247,638</u>
Noncurrent liabilities:			
Long-term debt	<u>411,693</u>	<u>572,063</u>	<u>983,756</u>
Total Noncurrent Liabilities	<u>411,693</u>	<u>572,063</u>	<u>983,756</u>
Total Liabilities	<u>575,928</u>	<u>655,466</u>	<u>1,231,394</u>
 Deferred Inflows of Resources:			
Total Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net Position:			
Net investment in capital assets	2,762,838	-	2,762,838
Unrestricted	<u>649,119</u>	<u>318,703</u>	<u>967,822</u>
Total Net Position	<u>\$ 3,411,957</u>	<u>\$ 318,703</u>	<u>\$ 3,730,660</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities		
	Sewer	Water	Total
Operating Revenues:			
Charges for services	\$ 500,119	\$ 33,391	\$ 533,510
Operating Expenses:			
Payroll and personnel costs	9,218	-	9,218
Operating costs	341,059	-	341,059
Depreciation	86,630	56,055	142,685
Total Operating Expenses	436,907	56,055	492,962
Operating Income (Loss)	63,212	(22,664)	40,548
Nonoperating Revenues (Expenses):			
Investment income	242	180	422
Interest expenses	(12,781)	(20,342)	(33,123)
Total Nonoperating Revenues (Expenses)	(12,539)	(20,162)	(32,701)
Income (Loss) Before Capital Contributions and Transfers	50,673	(42,826)	7,847
Capital Contributions and Transfers:			
Transfers out	(31,000)	-	(31,000)
Total Capital Contributions and Transfers	(31,000)	-	(31,000)
Change in Net Position	19,673	(42,826)	(23,153)
Net Position:			
Beginning of the year	3,392,284	361,529	3,753,813
End of the year	\$ 3,411,957	\$ 318,703	\$ 3,730,660

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from user charges	\$ 525,922	\$ 33,391	\$ 559,313
Payments to employees	(9,218)	-	(9,218)
Payments to vendors	(334,472)	-	(334,472)
Net Cash Provided By Operating Activities	<u>182,232</u>	<u>33,391</u>	<u>215,623</u>
Cash Flows from Noncapital Financial Activities:			
Transfers out	(31,000)	-	(31,000)
Net Cash Used In Noncapital Financing Activities	<u>(31,000)</u>	<u>-</u>	<u>(31,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital betterments	76,418	34,957	111,375
Acquisition and construction of capital assets	(9,941)	-	(9,941)
Principal repayments on long-term debt	(39,437)	(79,347)	(118,784)
Interest payments	(13,292)	(20,902)	(34,194)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>13,748</u>	<u>(65,292)</u>	<u>(51,544)</u>
Cash Flow from Investing Activities:			
Investment income	<u>242</u>	<u>180</u>	<u>422</u>
Net Cash Provided By Investing Activities	<u>242</u>	<u>180</u>	<u>422</u>
Change in Cash and Cash Equivalents	<u>165,222</u>	<u>(31,721)</u>	<u>133,501</u>
Cash and Cash Equivalents:			
Beginning of the year	<u>353,202</u>	<u>384,702</u>	<u>737,904</u>
End of the year	<u>\$ 518,424</u>	<u>\$ 352,981</u>	<u>\$ 871,405</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Operating Income (Loss)	\$ 63,212	\$ (22,664)	\$ 40,548
Adjustments to Reconcile Operating Loss to Net Cash Provided By Operating Activities:			
Depreciation expense	86,630	56,055	142,685
Changes in assets, deferred outflows (inflows) of resources and liabilities:			
Receivables and other current assets	25,803	-	25,803
Warrants payable and other current liabilities	6,587	-	6,587
Net Cash Provided By Operating Activities	<u>\$ 182,232</u>	<u>\$ 33,391</u>	<u>\$ 215,623</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	OPEB Trust	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ 16,010	\$ 458,493
Investments at fair value:		
Fixed income securities	-	682,233
Equity securities	-	128,606
Mutual funds	5,650,279	-
Receivables	-	-
Total Assets	5,666,289	1,269,332
 Liabilities:		
Warrants and accounts payable	-	-
Total Liabilities	-	-
 Net Position:		
Restricted for other postemployment benefits	5,666,289	-
Held in trust for private purposes	-	1,269,332
Total Net Position	\$ 5,666,289	\$ 1,269,332

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2021

	OPEB Trust	Private Purpose Trust Funds
Additions:		
Employer contributions	\$ 1,176,999	\$ -
Other contributions	- <hr/>	9,150 <hr/>
Total contributions	1,176,999 <hr/>	9,150 <hr/>
 Investment income:		
Interest and dividends	165,668	15,255
Net appreciation in fair value of investments	1,052,190	25,667
Less investment management fees	(15,890) <hr/>	(2,819) <hr/>
Total net investment income	1,201,968 <hr/>	38,103 <hr/>
Total Additions	2,378,967 <hr/>	47,253 <hr/>
 Deductions:		
Benefits and refunds to Plan members	1,121,084	- <hr/>
Scholarships and other public assistance	- <hr/>	21,200 <hr/>
Total Deductions	1,121,084 <hr/>	21,200 <hr/>
 Change in Net Position	1,257,883	26,053
 Net Position:		
Beginning of the year	4,408,406	1,243,279 <hr/>
End of the year	<hr/> \$ 5,666,289	<hr/> \$ 1,269,332

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town of Oxford (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 Worcester County and is approximately eleven miles south of the City of Worcester, Massachusetts. The Town is also in close proximity to northern Connecticut. The Town was incorporated in 1713.

The Town operates under a representative Town Meeting form of government with a five-member elected Board of Selectmen and an appointed Town Manager, who oversees the Town’s daily executive and administrative duties. 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 sewer and water services; 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. Pursuant to these criteria, there are no component units required to be included in the Town’s financial statements.

The Town is a member community of the Bay Path Regional Vocational Technical School. This joint venture assesses each of the ten member communities its share of the operational and debt service costs based on student population and other factors. In fiscal year 2021, the Town’s assessment was \$1,354,131. The Town has no equity interest in the joint venture. Complete audited financial statements can be obtained directly from the school’s administrative office located at 57 Old Muggett Hill Road, Charlton, 01507.

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 the nonfiduciary activities of the primary government. 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 are primarily supported by user fees.

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 governmental 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 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 (i) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not 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.

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

The Town 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.

Trust Funds – are used to account for funds bequeathed to the Town for purposes stipulated by the donors.

Nonmajor Governmental Funds – consist primarily of special revenue funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements.

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 allocated salaries, ordinary maintenance, noncapitalizable expenses, interest, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports its sewer and water 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:

Other Postemployment Benefits Trust Fund – are used to account for funds accumulated by the Town to assist it in its 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.

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

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

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

Receivables – Real estate and personal property taxes are assessed on January 1st every year and are due in semiannual installments on October 1st and April 1st each year. Interest accrues on delinquent taxes up to the statutory rate per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes and sewer fees are secured through a lien process 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.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both government-wide and governmental funds 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-progress) are depreciated on a straight-line-basis over the following useful lives:

Buildings and improvements	20 – 40 years
Infrastructure	20 – 50 years
Machinery and equipment	5 – 20 years
Vehicles	5 – 10 years

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

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

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

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

Unearned Revenues – Amounts collected in advance from federal and state grants are reported as unearned revenues if material.

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 statement of net position. Bond premiums and discounts, in addition to issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

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

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

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 items related to its net pension and OPEB liabilities as deferred inflows of resources in its governmental activities, which it expects to amortize against expense within the next eight years. In its governmental fund financial statements, the Town reports unavailable revenues as deferred inflows of resources within the governmental funds balance sheet. Unavailable revenues are derived from three sources – property taxes, motor vehicle excise taxes and departmental revenues. The Town expects to recognize these items into revenue in the periods that these amounts 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.

Revolving funds represent funds restricted for special purposes based on special funding situations.

Other purposes represent assets that are restricted by donors for specific governmental programs and uses 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.

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 preapproved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements and the 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. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a policy to manage its exposure to custodial credit risk relative to its deposits. The Town relies on depository insurance at its banking institutions to manage this risk. At June 30, 2021, \$3,631,938 in Town deposits were not subject to depository insurance from the Federal Depository Insurance Corporation or other depository insurance programs.

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. 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.

Fair Value Measurements: Investments – The following table presents the Town’s investments carried at fair value on a recurring basis in at June 30, 2021:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. Treasury notes	\$ 165,135	\$ 165,135	\$ -	\$ -
U.S. Governmental agency obligations	104,508	-	104,508	-
Corporate bonds	<u>412,591</u>	-	<u>412,591</u>	-
Total debt securities	<u>682,234</u>	<u>165,135</u>	<u>517,099</u>	-
Equity securities	200,396	200,396	-	-
Mutual funds	<u>10,952,870</u>	-	<u>10,952,870</u>	-
Total investments measured at fair value	<u>11,835,500</u>	<u>\$ 365,531</u>	<u>\$ 11,469,969</u>	<u>\$ -</u>
Investments measured at amortized cost:				
MMDT	<u>9,192,338</u>			
Total investments	<u>\$ 21,027,838</u>			

The MMDT is valued at amortized cost, which approximates fair value.

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the market value of an investment. The Town’s investment policy seeks to limits its exposure to interest rate risk by managing and diversifying the duration of its investments.

At June 30, 2021, the Town had the following investment maturities:

Investment Type	Fair Value	Time Until Maturity (in years)		
		Less than 1	1 to 5	6 to 10
U.S. government obligations and notes	\$ 269,643	\$ 90,102	\$ 179,541	\$ -
Corporate bonds	<u>412,591</u>	<u>50,808</u>	<u>312,470</u>	<u>49,313</u>
Total investments with maturities	<u>682,234</u>	<u>\$ 140,910</u>	<u>\$ 492,011</u>	<u>\$ 49,313</u>
Investments without maturities:				
Equity securities	200,396			
Mutual funds	10,952,870			
MMDT	<u>9,192,338</u>			
Total investments	<u>\$ 21,027,838</u>			

Credit Risk: Investments – Credit ratings for the Town’s investments in U.S. Treasury notes, government agency obligations and corporate bonds by Moody’s Investor Services at June 30, 2021 were as follows:

Moody's Rating	U.S.	
	Government Obligations	Corporate Bonds
Aaa	\$ 269,643	\$ -
Aa3	-	50,980
A2	-	157,537
Baa1	-	124,366
Baa2	-	79,708
	<u>\$ 269,643</u>	<u>\$ 412,591</u>

Concentration of Credit Risk: Investments – The Town’s investment policy prohibits investment concentrations over 10% with the exception of U.S. Treasury obligations, investments collateralized by U.S. Treasuries or agencies or state investment pools like the MMDT. At June 30, 2021, the Town’s investment in the MMDT represented approximately 44% of the Town’s total investment balance. No other individual investment exceeded 5% of the Town’s investment balance.

B. Receivables

Receivables at June 30, 2021 for the Town’s major governmental funds in the aggregate, including applicable allowances for uncollectible accounts, were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 250,442	\$ -	\$ 250,442
Tax liens	1,095,877	-	1,095,877
Motor vehicle and other excise taxes	438,418	-	438,418
Departmental and other	530,386	(111,000)	419,386
Intergovernmental - MSBA	773,815	-	773,815
Intergovernmental - other	99,402	-	99,402
	<u>\$ 3,188,340</u>	<u>\$ (111,000)</u>	<u>\$ 3,077,340</u>

Receivables as of June 30, 2021 for the Town’s proprietary funds were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer user charges	\$ 147,372	\$ -	\$ 147,372
Sewer betterments	108,121	-	108,121
Water betterments	244,698	-	244,698
	<u>\$ 500,191</u>	<u>\$ -</u>	<u>\$ 500,191</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 by receivable type:

	General Fund	Governmental Funds	Nonmajor Governmental Funds	Total
Real estate and personal property taxes	\$ 172,308	\$ -	\$ 172,308	
Tax liens	1,095,877	-	1,095,877	
Intergovernmental	837,208	-	837,208	
Motor vehicle and other excise taxes	438,418	-	438,418	
Departmental and other	<u>5,904</u>	<u>410,307</u>	<u>416,211</u>	
	<u><u>\$ 2,549,715</u></u>	<u><u>\$ 410,307</u></u>	<u><u>\$ 2,960,022</u></u>	

MSBA Reimbursements – The Town is currently being reimbursed by the Massachusetts School Building Authority, or MSBA, for a school construction project. The Town receives \$404,404 each year from the MSBA, which is to offset a portion of the general obligation debt the Town incurred to finance the project. The Town expects to receive these funds through fiscal year 2023. The net present value of the expected future reimbursement receipts of \$773,815 is reported as an intergovernmental receivable in the Town's general fund at June 30, 2021.

C. Interfund Transfers

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

Transfers Out	Transfers In					
	General Fund	Capital Projects		Trust Funds	Nonmajor Governmental Funds	
		Fund	Fund	Funds	Funds	Total
General fund	\$ -	\$ 256,300	\$ 3	\$ 5,952	\$ 262,255	(1)
Trust funds	85,000	30,000	-	94,661	209,661	(2)
Nonmajor governmental funds	<u>1,379,857</u>	<u>-</u>	<u>50,417</u>	<u>-</u>	<u>1,430,274</u>	(3)
Sewer fund	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,000</u>	(4)
	<u><u>\$ 1,495,857</u></u>	<u><u>\$ 286,300</u></u>	<u><u>\$ 50,420</u></u>	<u><u>\$ 100,613</u></u>	<u><u>\$ 1,933,190</u></u>	

- (1) General fund transferred \$256,300 to capital projects to fund BAN repayments and \$5,955 to trust and nonmajor governmental funds to fund deficits.
- (2) Transfers of \$85,000 for cemetery care, \$30,000 to capital projects to fund BAN repayment and \$94,661 to nonmajor governmental funds to fund dedicated purposes.
- (3) Transfers of \$1,379,857 to supplement the general fund budget and \$50,417 to trust funds to return prior unexpended transfers for dedicated purposes.
- (4) Transfers of \$31,000 for indirect costs.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 1,394,503	\$ -	\$ -	\$ 1,394,503
Construction in-progress	52,542	205,439	(15,860)	242,121
Total capital assets not being depreciated	<u>1,319,503</u>	<u>205,439</u>	<u>(15,860)</u>	<u>1,636,624</u>
Capital assets being depreciated:				
Buildings and improvements	69,614,552	753,722	-	70,368,274
Infrastructure	31,811,832	2,365,113	-	34,176,945
Machinery and equipment	7,282,624	1,110,107	-	8,392,731
Vehicles	5,991,417	267,832	(103,944)	6,155,305
Total capital assets being depreciated	<u>114,700,425</u>	<u>4,496,774</u>	<u>(103,944)</u>	<u>119,093,255</u>
Less accumulated depreciation for:				
Buildings and improvements	(33,305,580)	(1,901,921)	-	(35,207,501)
Infrastructure	(21,685,229)	(801,118)	-	(22,486,347)
Machinery and equipment	(5,454,134)	(389,912)	-	(5,844,046)
Vehicles	(4,902,722)	(156,168)	103,944	(4,954,946)
Total accumulated depreciation	<u>(65,347,665)</u>	<u>(3,249,119)</u>	<u>103,944</u>	<u>(68,492,840)</u>
Total capital assets being depreciated, net	<u>49,352,760</u>	<u>1,247,655</u>	<u>-</u>	<u>50,600,415</u>
Total governmental activities capital assets, net	<u>\$ 50,672,263</u>	<u>\$ 1,453,094</u>	<u>\$ (15,860)</u>	<u>\$ 52,237,039</u>
<i><u>Business-Type Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 11,397	\$ -	\$ -	\$ 11,397
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Infrastructure	5,433,226	-	-	5,433,226
Machinery and equipment	4,587	9,941	-	14,528
Total capital assets being depreciated	<u>5,437,813</u>	<u>9,941</u>	<u>-</u>	<u>5,447,754</u>
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Infrastructure	(1,723,966)	(141,450)	-	(1,865,416)
Machinery and equipment	(2,042)	(1,235)	-	(3,277)
Total accumulated depreciation	<u>(1,726,008)</u>	<u>(142,685)</u>	<u>-</u>	<u>(1,868,693)</u>
Total capital assets being depreciated, net	<u>3,711,805</u>	<u>(132,744)</u>	<u>-</u>	<u>3,579,061</u>
Total business-type activities capital assets, net	<u>\$ 3,723,202</u>	<u>\$ (132,744)</u>	<u>\$ -</u>	<u>\$ 3,590,458</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities: Sewer</u>				
Capital assets being depreciated:				
Infrastructure	\$ 4,255,076	\$ -	\$ -	\$ 4,255,076
Machinery and equipment	<u>-</u>	<u>9,941</u>	<u>-</u>	<u>9,941</u>
Total capital assets being depreciated	<u>4,255,076</u>	<u>9,941</u>	<u>-</u>	<u>4,265,017</u>
Less accumulated depreciation for:				
Infrastructure	(964,419)	(85,636)	-	(1,050,055)
Machinery and equipment	<u>-</u>	<u>(994)</u>	<u>-</u>	<u>(994)</u>
Total accumulated depreciation	<u>(964,419)</u>	<u>(86,630)</u>	<u>-</u>	<u>(1,051,049)</u>
Total capital assets being depreciated, net	<u>3,290,657</u>	<u>(76,689)</u>	<u>-</u>	<u>3,213,968</u>
Total sewer capital assets, net	<u>\$ 3,290,657</u>	<u>\$ (76,689)</u>	<u>\$ -</u>	<u>\$ 3,213,968</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities: Water</u>				
Capital assets not being depreciated:				
Land	\$ 11,397	\$ -	\$ -	\$ 11,397
Capital assets being depreciated:				
Infrastructure	1,178,150	-	-	1,178,150
Machinery and equipment	<u>4,587</u>	<u>-</u>	<u>-</u>	<u>4,587</u>
Total capital assets being depreciated	<u>1,182,737</u>	<u>-</u>	<u>-</u>	<u>1,182,737</u>
Less accumulated depreciation for:				
Infrastructure	(759,547)	(55,814)	-	(815,361)
Machinery and equipment	<u>(2,042)</u>	<u>(241)</u>	<u>-</u>	<u>(2,283)</u>
Total accumulated depreciation	<u>(761,589)</u>	<u>(56,055)</u>	<u>-</u>	<u>(817,644)</u>
Total capital assets being depreciated, net	<u>421,148</u>	<u>(56,055)</u>	<u>-</u>	<u>365,093</u>
Total water capital assets, net	<u>\$ 432,545</u>	<u>\$ (56,055)</u>	<u>\$ -</u>	<u>\$ 376,490</u>

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

General government	\$ 126,173
Public safety	252,347
Education	1,711,218
Public works	955,991
Health and human services	21,202
Culture and recreation	<u>182,188</u>
	<u>\$ 3,249,119</u>

E. 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 table reflects the activity in the Town’s temporary borrowings during the fiscal year ended June 30, 2021:

Type	Interest Rate	Maturity Date	Beginning Balance	Increases	Decreases	Ending Balance
BAN	1.98%	matured	\$ 536,900	\$ -	\$ (536,900)	\$ -
BAN	1.37%	matured	1,102,400	-	(1,102,400)	-
BAN	0.77%	matured	-	460,200	(460,200)	-
BAN	0.33%	3/11/2022	<u>-</u>	<u>2,037,000</u>	<u>-</u>	<u>2,037,000</u>
			<u>\$ 1,639,300</u>	<u>\$ 2,497,200</u>	<u>\$ (2,099,500)</u>	<u>\$ 2,037,000</u>

Temporary debt was used for the following authorized purposes:

Bridge repairs	\$ 710,000
High School roof and bleacher replacements	420,000
LED streetlights	236,800
Carbuncle bath house	210,000
Memorial Clock Tower	196,200
Splash pad	180,000
Library repairs	<u>84,000</u>
	<u>\$ 2,037,000</u>

F. Long-Term Obligations

The Town issues general obligation bonds and notes and capital leases 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 relative to personnel costs.

The following reflects the current year activity in the Town's long-term liability accounts:

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 6,870,000	\$ -	\$ (820,000)	\$ 6,050,000	\$ 830,000
Unamortized bond premiums	104,560	-	(8,139)	96,421	8,139
Capital lease obligation	132,062	-	(42,924)	89,138	44,012
Compensated absences	510,670	58,966	(79,070)	490,566	171,698
Post-closure landfill monitoring	39,000	-	(3,000)	36,000	3,000
Net OPEB liability	68,276,777	28,436,178	(41,354,066)	55,358,889	-
Net pension liability	28,976,151	7,985,396	(8,061,910)	28,899,637	-
Total Governmental Activities	\$ 104,909,220	\$ 36,480,540	\$ (50,369,109)	\$ 91,020,651	\$ 1,056,849
Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	\$ 479,138	\$ -	\$ (38,642)	\$ 440,496	\$ 38,642
Unamortized bond premiums	11,429	-	(795)	10,634	795
Total Sewer	490,567	-	(39,437)	451,130	39,437
<i>Business-Type Activities - Water:</i>					
General obligation bonds	700,862	-	(76,358)	624,504	76,358
Unamortized bond premiums	29,895	-	(2,989)	26,906	2,989
Total Water	730,757	-	(79,347)	651,410	79,347
Total Business-Type Activities	\$ 1,221,324	\$ -	\$ (118,784)	\$ 1,102,540	\$ 118,784

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

Debt service requirements on long-term debt as June 30, 2021 are as follows:

<u>Year Ended June 30,</u>	General Obligations Bonds		
	Principal Balance	Interest Balance	Total
<i>Governmental Activities:</i>			
2022	\$ 830,000	\$ 204,223	\$ 1,034,223
2023	830,000	173,233	1,003,233
2024	565,000	141,868	706,868
2025	580,000	122,170	702,170
2026	560,000	102,665	662,665
2027 - 2031	1,965,000	289,480	2,254,480
2032 - 2035	720,000	38,509	758,509
Total Governmental Activities	<u>\$ 6,050,000</u>	<u>\$ 1,072,148</u>	<u>\$ 7,122,148</u>
<i>Business-Type Activities - Combined:</i>			
2022	\$ 115,000	\$ 33,678	\$ 148,678
2023	110,000	26,686	136,686
2024	110,000	22,660	132,660
2025	110,000	18,886	128,886
2026	110,000	15,450	125,450
2027 - 2031	430,000	33,252	463,252
2032 - 2035	80,000	4,279	84,279
Total Business-Type Activities	<u>\$ 1,065,000</u>	<u>\$ 154,891</u>	<u>\$ 1,219,891</u>
<i>General Obligations Bonds</i>			
<u>Year Ended June 30,</u>	Principal Balance	Interest Balance	Total
<i>Business-Type Activities: Sewer</i>			
2022	\$ 38,642	\$ 12,842	\$ 51,484
2023	38,642	11,687	50,329
2024	38,642	10,529	49,171
2025	38,642	9,332	47,974
2026	38,642	8,179	46,821
2027 - 2031	167,286	24,662	191,948
2032 - 2035	80,000	4,279	84,279
Total Sewer	<u>\$ 440,496</u>	<u>\$ 81,510</u>	<u>\$ 522,006</u>

(continued)

<u>Year Ended June 30,</u>	<u>Principal Balance</u>	<u>Interest Balance</u>	<u>Total</u>
<i>Business-Type Activities: Water</i>			
2022	\$ 76,358	\$ 20,836	\$ 97,194
2023	71,358	14,999	86,357
2024	71,358	12,131	83,489
2025	71,358	9,554	80,912
2026	71,358	7,271	78,629
2027 - 2030	<u>262,714</u>	<u>8,590</u>	<u>271,304</u>
Total Water	<u>\$ 624,504</u>	<u>\$ 73,381</u>	<u>\$ 697,885</u>
			<i>(concluded)</i>

Authorized and unissued debt at June 30, 2021 included the following:

	<u>Amount</u>
Water company purchase	\$ 6,300,000
Fire engine replacement	<u>685,000</u>
	<u>\$ 6,985,000</u>

G. Capital Lease Obligation

The Town is party to a noncancelable lease for the purchase of a street sweeper. For financial reporting purposes, this lease is accounted for as capital leases. The future minimum lease payments on this capital lease obligation and the net present value of these minimum lease payments as of June 30, 2021 are as follows:

<u>Fiscal Year Ended June 30,</u>	
2022	\$ 46,270
2023	<u>46,270</u>
Total minimum lease payments	92,540
Less amount representing interest	<u>(3,402)</u>
Present value of minimum lease payments	<u>\$ 89,138</u>

The historical cost of the street sweeper was \$220,195. Accumulated depreciation on the asset through June 30, 2021 was \$55,050. The net book value of the asset at June 30, 2021 was \$165,145.

The Town entered into a noncancelable lease to purchase approximately \$0.6 million in public works equipment in April 2021, which the Town expects to receive delivery in fiscal year 2022.

H. Tax Abatements

The Town enters into property tax abatements with local business as an incentive for economic growth. The agreements are commonly referred to as tax increment financing, or TIF, agreements. Under Massachusetts General Laws (“MGL”), property owners may be granted property tax abatements of up to 100% of the value of a tax increment for a maximum term of twenty years provided the property is located in a TIF zone. TIF zones are approved by the Massachusetts Economic Assistance Coordinating Council. The Board of Selectmen and Town Meeting must approve all TIF agreements.

For the fiscal year ended June 30, 2021, the Town abated property taxes in the amount of \$2,073 for two commercial/industrial property owners.

I. Fund Balances

The components of fund balances as listed in aggregate in the governmental funds balance sheet at June 30, 2021 are as follows:

	General Fund	Capital Projects Funds	Trust Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Perpetual permanent funds	\$ -	\$ -	\$ 5,136,980	\$ -	\$ 5,136,980
Restricted:					
General government	-	-	126,403	504,189	630,592
Public safety	-	54,205	-	2,030,170	2,084,375
Education	-	-	812,905	2,933,574	3,746,479
Public works	-	-	-	600,039	600,039
Health and human services	-	-	105,370	201,762	307,132
Culture and recreation	-	-	74,078	130,194	204,272
Committed:					
General government	91,187	-	-	-	91,187
Public safety	183,239	-	-	-	183,239
Education	123,238	-	-	-	123,238
Public works	1,446,257	-	-	-	1,446,257
Culture and recreation	135,000	-	-	-	135,000
Other purposes	24,265	-	-	-	24,265
Capital stabilization	200,199	-	-	-	200,199
Subsequent year expenditures	1,461,840	-	-	-	1,461,840
Assigned:					
Education	396,367	-	-	-	396,367
Other purposes	85,867	-	-	-	85,867
Unassigned:					
General stabilization	1,472,019	-	-	-	1,472,019
Unrestricted	5,813,532	(1,213,809)	-	(566,435)	4,033,288
	<u>\$ 11,433,010</u>	<u>\$ (1,159,604)</u>	<u>\$ 6,255,736</u>	<u>\$ 5,833,493</u>	<u>\$ 22,362,635</u>

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.

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 as assigned and (2) classify encumbrances that result from an action of the Board of Selectmen 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 \$482,234 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

J. Excess of Expenditures Over Appropriations and Deficits

In fiscal year 2021, the Town expended \$137,701 in excess of appropriated amounts for state and county charges. The Town will raise this deficit in the next fiscal year.

At June 30, 2021, the Town reported deficits of \$1,213,809 in its capital projects fund and deficits of \$566,435 in special revenue funds, the majority of which pertain to corona virus relief grants. The Town expects to issue long-term debt, likely in the form of general obligation bonds, to eliminate the deficits in its capital projects fund. The Town expects to receive grant awards from the federal and state government in fiscal year 2022 that will eliminate the deficits reported in its special revenue funds.

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Worcester Regional Retirement System (the “Retirement System”), a cost-sharing multiple-employer defined benefit pension plan. The Retirement System was established under Chapter 32 of MGL. The Retirement System is administered by the Worcester Regional Retirement Board (the “Retirement Board”). Stand-alone financial statements for the year ended December 31, 2020 were issued and are available by submitting a request to the Retirement System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

Current membership in the Retirement System for all ninety-nine employers as of December 31, 2020 was as follows:

Active members	7,137
Inactive members entitled to, but not receiving benefits	2,414
Inactive members (or beneficiaries) currently receiving benefits	<u>3,941</u>
	<u>13,492</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 department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement

System, which is the legal responsibility of the Commonwealth. 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 creditable 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 creditable 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.

The Retirement System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws. There were no significant changes to the Retirement System's benefit terms in fiscal year 2021.

Contributions Requirements – Under current MGL, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. The Retirement System is required to be fully funded by June 30, 2040.

The Town contributed \$2,188,260 to the Retirement System in fiscal year 2021, which equaled the actuarially-determined contribution requirement for the fiscal year. Contributions as a percentage of covered payroll was approximately 25% in fiscal year 2021.

Net Pension Liability – At June 30, 2021, the Town reported a liability of \$28,899,637 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2020 and rolled forward to December 31, 2020, the measurement date. There were no material changes to the Retirement System’s benefit terms since the actuarial valuation. The Retirement System changed several actuarial assumptions used in the latest valuation update; the most notable assumption change was a reduction in the discount rate to 7.5% from 7.65%.

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’s proportion was approximately 3.25% at December 31, 2020 versus 3.26% at December 31, 2019.

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, 2020, 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 the Massachusetts Public Employee Retirement Administration Commission, or 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 \$2,510,946 in pension expense in the statement of activities in fiscal year 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, 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	\$ 39,315	\$ 750,057
Changes of assumptions	1,789,077	-
Net difference between projected and actual earnings on pension plan investments	-	1,493,132
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>215,445</u>	<u>1,634,527</u>
	<u><u>\$ 2,043,837</u></u>	<u><u>\$ 3,877,716</u></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,

2022	\$ (433,157)
2023	(500,920)
2024	(659,534)
2025	(288,511)
2026	<u>48,243</u>
	<u>\$ (1,833,879)</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. The significant actuarial assumptions used in the actuarial valuation included:

Inflation:	2.2% per year
Salary increases:	Group 1: 4.25% - 6.00%, based on service Group 4: 4.75% - 7.00%, based on service
Investment rate of return:	7.5%, net of pension plan investment expense, including inflation (previously 7.65%)
Mortality rates:	Based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	39%	4.38%
Core fixed income	15%	0.05%
Value-added fixed income	8%	4.00%
Private equity	13%	8.00%
Real estate	10%	3.80%
Timberland	4%	4.40%
Portfolio completion	11%	3.00%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%, which is a reduction from the previous rate of 7.65%. 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 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 calculated using the discount rate of 7.5% as well as the Town’s proportionate share of the net pension liability using a discount rate that is 1.0% lower or higher than the current rate:

Current Discount Rate	Net Pension Liability At		
	1% Decrease	Current Rate	1% Increase
7.50%	\$ 35,602,334	\$ 28,899,637	\$ 23,240,289

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 by GASB.

The Commonwealth contributed \$2,267,819 to the MTRS on behalf of the Town in the current fiscal year. The Town’s proportionate share of the collective MTRS net pension liability at this reporting date was 0.15%, 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, 2021 was \$41,671,928. The pension expense assumed by the Commonwealth on behalf of the Town for fiscal year 2021 was \$5,147,080. The Town recognized \$5,147,080 as intergovernmental revenue and pension expense relative to this arrangement in fiscal year 2021.

C. Other Postemployment Benefits

The Town administers a single-employer defined benefit healthcare plan (the “OPEB Plan”). The OPEB Plan provides health and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Chapter 32 of MGL.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. All benefits are provided through the Town's premium-based insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Town's financial statements. OPEB Plan disclosures can be found in this footnote disclosure.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2021:

Inactive employees or beneficiaries receiving benefits	199
Active employees	<u>327</u>
	<u><u>526</u></u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 50% of the calculated health, dental and life insurance premiums; the remainder of the cost is paid by the Town. The Town currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis plus additional contributions in varying amounts annually. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2021, the Town's average contribution rate was approximately 6% of covered-employee payroll.

Net OPEB Liability – The Town's net OPEB liability was determined using an actuarial valuation as of July 1, 2020 and a measurement date of June 30, 2021. The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB liability	\$ 61,025,178
Plan fiduciary net position	<u>5,666,289</u>
Net OPEB liability	<u><u>\$ 55,358,889</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability 9.3%

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

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value of assets as of reporting date
Investment rate of return	6.5%, net of investment expenses (previously 6.75%)
Inflation	2.20% (previously 2.24%)
Single equivalent discount rate	2.21%, net of investment expenses (previously 2.24%)
Healthcare cost trend rates	7.0% for 2020, decreasing 0.4% per year to 5.4%, then grading down to an ultimate trend rate of 4%
Pre-retirement mortality	RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using Scale MP-2018
Post-retirement mortality	RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using Scale MP-2018

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

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Domestic equities	34%	5.34%
Domestic fixed income	20%	1.62%
Alternatives	20%	4.21%
International equities	22%	6.10%
International fixed income	4%	1.26%
Cash and cash equivalents	0%	0.00%

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.21% versus 2.24% at June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the OPEB Plan’s funding policy. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to the first seven periods of projected future benefit payments and the 2.16% municipal bond rate was applied to all periods thereafter to determine the total OPEB liability.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2021:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 72,685,183	\$ 4,408,406	\$ 68,276,777
Changes for the year:			
Service cost	3,373,867	-	3,373,867
Interest	1,691,167	-	1,691,167
Experience differences	(14,613,935)	-	(14,613,935)
Changes in assumptions	(990,020)	-	(990,020)
Employer contributions	-	1,176,999	(1,176,999)
Net investment income	-	1,201,968	(1,201,968)
Benefit payments	(1,121,084)	(1,121,084)	-
Net changes	(11,660,005)	1,257,883	(12,917,888)
Balances at June 30, 2021	<u>\$ 61,025,178</u>	<u>\$ 5,666,289</u>	<u>\$ 55,358,889</u>

Sensitivity Analyses – The following presents the Town’s net OPEB liability as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1.0% lower or higher than the current discount rate:

Current Discount Rate	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
2.21%	\$ 68,667,400	\$ 55,358,889	\$ 45,147,247

The following presents the Town’s net OPEB liability as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0% lower or higher than the current healthcare cost trend rates:

Current Trend Rates	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
7.0% Year 1 Decreasing to 4.0%	\$ 43,812,725	\$ 55,358,889	\$ 70,960,444

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the Town recognized OPEB expense of \$4,617,254. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2021 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,805,297
Changes of assumptions	17,090,193	1,890,126
Net difference between projected and actual earnings on OPEB Plan investments	<u>-</u>	<u>558,789</u>
	<u>\$ 17,090,193</u>	<u>\$ 19,254,212</u>

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

Year Ended June 30,

2022	\$ (146,848)
2023	(166,408)
2024	(90,363)
2025	158,558
2026	40,419
Thereafter	<u>(1,959,377)</u>
	<u>\$ (2,164,019)</u>

Investment Custody – In accordance with MGL, the Town Treasurer is the custodian of the OPEB Plan and is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established under MGL. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

Investment Policy – The OPEB Plan maintains a formal investment policy, which permits it to invest its funds in permissible investments as stipulated by the Commonwealth and the prudent investor laws stipulated under MGL.

Investment Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was approximately 27.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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.

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, 2021 cannot be determined, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2021.

Appellate Tax Board – From time to time, the Town has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts (“ATB”). There were no cases outstanding in ATB at June 30, 2021.

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 expects the amount if any, in these situations, to be immaterial.

F. Water Tank Leasing Arrangement

The Town's water enterprise has entered into a multi-year leasing arrangement with a private water company for a water tank owned by the Town, which is set to expire in fiscal year 2027. The private water company leases the water tank for an annual rental fee of \$21,156. The Town expects to receive \$126,936 during the final six years of this lease agreement.

G. Concentrations

During the year ended June 30, 2021, approximately 39% of general fund revenues reported in the governmental funds financial statements were received from the Commonwealth or federal agencies.

IV. Implementation of Accounting Pronouncements

A. Current Year Implementations

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement was to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this Statement became effective for the Town in fiscal year 2021. In connection with the adoption of this accounting standard, certain previously reported agency balances are now reported in the governmental funds and government-wide financial statements. Refer to Note V for the financial impact of the adoption of this accounting standard.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement was to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement became effective for the Town in fiscal year 2021. The adoption of this standard did not have an impact on the Town's financial statements.

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

B. Future Year Implementations

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

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

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

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. The reporting provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues 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 and Reclassification

The adoption of GASB Statement No. 84 required certain accounts previously reported as agency accounts in the Statement of Fiduciary Activities to be reclassified into nonmajor governmental funds. Additionally, the Town reclassified the fund balance of its permanent trust funds from nonmajor governmental funds to a separate stand-alone major fund in fiscal year 2021, which required a reclassification of previously reported fund balances. The following table illustrates the effect of adoption of this accounting standard and fund balance reclassification:

	Governmental Activities			Business-Type Activities		
	Sewer	Water	Total	Sewer	Water	Total
Net position at June 30, 2020, as reported	\$ (21,267,823)	\$ 3,392,284	\$ 361,529	\$ 3,753,813		
Adoption of GASB Statement No. 84	<u>140,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position at June 30, 2020, as restated	<u><u>\$ (21,127,780)</u></u>	<u><u>\$ 3,392,284</u></u>	<u><u>\$ 361,529</u></u>	<u><u>\$ 3,753,813</u></u>		
	General Fund	Capital Projects Funds	Trust Funds	Nonmajor Governmental Funds		
				General	Nonmajor	Total
Fund balances at June 30, 2020, as reported	\$ 8,040,361	\$ (1,445,904)	\$ -	\$ 10,368,663	\$ 16,963,120	
Adoption of GASB Statement No. 84	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,043</u>	<u>140,043</u>	<u>-</u>
Reclass trust funds to a major fund	<u>-</u>	<u>-</u>	<u>5,219,042</u>	<u>(5,219,042)</u>	<u>-</u>	<u>-</u>
Fund balances at June 30, 2020, as restated	<u><u>\$ 8,040,361</u></u>	<u><u>\$ (1,445,904)</u></u>	<u><u>\$ 5,219,042</u></u>	<u><u>\$ 5,289,664</u></u>	<u><u>\$ 17,103,163</u></u>	

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TOWN OF OXFORD, 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
2021	3.253%	\$ 28,900	\$ 8,627	335.0%	50.3%
2020	3.255%	28,976	8,279	350.0%	47.4%
2019	3.428%	31,085	8,010	388.1%	43.1%
2018	3.370%	27,477	7,371	372.8%	46.4%
2017	3.680%	30,792	8,510	361.8%	42.0%
2016	3.680%	26,122	9,457	276.2%	44.5%
2015	3.920%	23,319	9,093	256.5%	47.9%

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

Year Ended June 30,	Contributions in Relation to the				Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	
2021	\$ 2,188	\$ 2,188	\$ -	\$ 8,627	25.4%
2020	1,982	1,982	-	8,279	23.9%
2019	1,909	1,909	-	8,010	23.8%
2018	1,705	1,705	-	7,371	23.1%
2017	1,796	1,796	-	8,510	21.1%
2016	1,656	1,656	-	9,457	17.5%
2015	1,549	1,549	-	9,093	17.0%

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 OXFORD, 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
2021	100%	0%	\$ 41,672	\$ 2,268	50.7%
2020	100%	0%	37,764	2,162	53.9%
2019	100%	0%	36,701	2,035	54.8%
2018	100%	0%	37,873	2,045	54.3%
2017	100%	0%	40,093	2,017	52.7%
2016	100%	0%	29,146	1,719	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 Town has not recognized any portion of the net pension liability relative to Town 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 OXFORD, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(dollar amounts in thousands)

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total OPEB Liability:					
Service cost	\$ 3,374	\$ 2,302	\$ 2,003	\$ 2,102	\$ 2,507
Interest	1,691	2,031	2,020	1,865	1,615
Changes in benefit terms	-	(1,415)	-	(21)	-
Differences in experience	(14,614)	-	(7,382)	-	-
Changes in assumptions	(990)	15,841	9,827	(2,545)	(6,602)
Benefit payments	<u>(1,121)</u>	<u>(1,323)</u>	<u>(1,241)</u>	<u>(1,309)</u>	<u>(1,196)</u>
Net Change in Total OPEB Liability	<u>(11,660)</u>	<u>17,436</u>	<u>5,227</u>	<u>92</u>	<u>(3,676)</u>
Total OPEB Liability:					
Beginning of year	<u>72,685</u>	<u>55,249</u>	<u>50,022</u>	<u>49,930</u>	<u>53,606</u>
End of year (a)	<u>\$ 61,025</u>	<u>\$ 72,685</u>	<u>\$ 55,249</u>	<u>\$ 50,022</u>	<u>\$ 49,930</u>
Plan Fiduciary Net Position:					
Contributions	\$ 1,177	\$ 1,373	\$ 1,291	\$ 1,374	\$ 1,248
Net investment income	1,202	117	246	182	195
Benefit payments	<u>(1,121)</u>	<u>(1,323)</u>	<u>(1,241)</u>	<u>(1,309)</u>	<u>(1,196)</u>
Net Change in Plan Fiduciary Net Position	<u>1,258</u>	<u>167</u>	<u>296</u>	<u>247</u>	<u>247</u>
Plan Fiduciary Net Position:					
Beginning of year	<u>4,408</u>	<u>4,241</u>	<u>3,945</u>	<u>3,698</u>	<u>3,451</u>
End of year (b)	<u>\$ 5,666</u>	<u>\$ 4,408</u>	<u>\$ 4,241</u>	<u>\$ 3,945</u>	<u>\$ 3,698</u>
Net OPEB Liability — End of Year (a) - (b)	<u>\$ 55,359</u>	<u>\$ 68,277</u>	<u>\$ 51,008</u>	<u>\$ 46,077</u>	<u>\$ 46,232</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability					
	9.28%	6.06%	7.68%	7.89%	7.41%
Covered payroll	\$ 20,991	\$ 21,580	\$ 20,731	\$ 22,414	\$ 22,037
Net OPEB Liability as a Percentage of Covered Payroll	263.73%	316.39%	246.05%	205.57%	209.79%

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 OXFORD, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CONTRIBUTIONS

(dollar amounts are in thousands)

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 6,600	\$ 5,183	\$ 4,724	\$ 4,734	\$ 4,269
Contributions in relation to the actuarially determined contribution	<u>(1,177)</u>	<u>(1,373)</u>	<u>(1,291)</u>	<u>(1,374)</u>	<u>(1,249)</u>
Contribution deficiency (excess)	<u>\$ 5,423</u>	<u>\$ 3,810</u>	<u>\$ 3,433</u>	<u>\$ 3,360</u>	<u>\$ 3,020</u>
Covered payroll	\$ 20,991	\$ 21,580	\$ 20,731	\$ 22,414	\$ 22,037
Contribution as a percentage of covered payroll	5.61%	6.36%	6.23%	6.13%	5.67%

Notes to Schedule:

Valuation date	July 1, 2020
Asset valuation method	Market value of the assets as of the reporting date
Single equivalent discount rate	2.21% per annum, net of investment expenses (previously 2.24%)
Healthcare cost trend rates	7.0% for 2020, decreasing 0.4% per year to 5.4%, then grading down to an ultimate trend rate of 4.0% in 2075
Pre-retirement mortality	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using Scale MP-2018
Post-retirement mortality	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using Scale MP-2018

SCHEDULE OF INVESTMENT RETURNS

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	26.96%	2.75%	6.19%	4.91%	9.02%

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 OXFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Articles and Encumbrances	Actual Budgetary Adjusted	Positive (Negative) Variance
	Original Budget	Final Budget				
Revenues:						
Property taxes, net of tax refunds	\$ 24,986,153	\$ 24,986,153	\$ 26,189,533		\$ 26,189,533	\$ 1,203,380
Intergovernmental	13,521,332	13,521,332	13,605,627		13,605,627	84,295
Motor vehicle and other excise taxes	1,945,000	1,945,000	2,364,698		2,364,698	419,698
Licenses and permits	41,000	41,000	43,125		43,125	2,125
Penalties and interest on taxes	125,000	125,000	179,949		179,949	54,949
Fines and forfeitures	45,000	45,000	34,751		34,751	(10,249)
Departmental and other revenues	469,500	469,500	851,003		851,003	381,503
Investment income	35,000	35,000	29,889		29,889	(5,111)
Total Revenues	41,167,985	41,167,985	43,298,575		43,298,575	2,130,590
Expenditures:						
General government	3,124,526	3,124,526	2,696,424	\$ 106,686	2,803,110	321,416
Public safety	5,017,229	5,017,229	4,721,324	200,377	4,921,701	95,528
Education	20,220,182	20,220,182	19,566,685	519,605	20,086,290	133,892
Public works	5,961,913	5,961,913	4,357,572	1,469,658	5,827,230	134,683
Health and human services	455,486	455,486	350,749	1,389	352,138	103,348
Culture and recreation	828,688	828,688	540,675	145,042	685,717	142,971
Pension and fringe benefits	7,123,090	7,123,090	6,539,523	18,398	6,557,921	565,169
State and county charges	915,559	915,559	1,053,260	-	1,053,260	(137,701)
Debt service	1,120,193	1,120,193	1,082,941	-	1,082,941	37,252
Total Expenditures	44,766,866	44,766,866	40,909,153	\$ 2,461,155	43,370,308	1,396,558
Other Financing Sources (Uses):						
Transfers in	1,464,857	1,464,857	1,524,150		1,524,150	59,293
Transfers out	(956,300)	(956,300)	(956,300)		(956,300)	-
Total Other Financing Sources (Uses)	508,557	508,557	567,850		567,850	59,293
(Deficiency) Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	(3,090,324)	(3,090,324)	\$ 2,957,272		\$ 496,117	\$ 3,586,441
Other Budgetary Items:						
Prior year articles and encumbrances	1,697,341	1,697,341				
Free cash	1,392,983	1,392,983				
Total Other Budgetary Items	3,090,324	3,090,324				
Net Budget	\$ -	\$ -				

See notes to required supplementary information.

See accompanying independent auditors' report.

TOWN OF OXFORD, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

An annual budget is legally adopted for the general fund. Financial orders are initiated by the Town Manager, recommended by the Town Finance Committee and approved by Town Meeting. Expenditures may not legally exceed appropriations at the department level. 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:

	<u>Basis of Accounting Differences</u>	<u>Fund Perspective Differences</u>	<u>Total</u>
Revenues — budgetary basis			\$ 43,298,575
Revenue recognition	\$ (131,599)	\$ -	(131,599)
Stabilization revenue	-	1,841	1,841
On behalf payments	<u>5,147,080</u>	<u>-</u>	<u>5,147,080</u>
Revenues — GAAP basis	<u>\$ 5,147,080</u>	<u>\$ 1,841</u>	<u>\$ 48,315,897</u>
Expenditures — budgetary basis			\$ 40,909,153
Transfer treatment	\$ -	\$ 49,047	49,047
Expense recognition	51,570	-	51,570
On behalf payments	<u>5,147,080</u>	<u>-</u>	<u>5,147,080</u>
Revenues — GAAP basis	<u>\$ 5,198,650</u>	<u>\$ 49,047</u>	<u>\$ 46,156,850</u>
Net transfers — budgetary basis			\$ 567,850
Transfer treatment	<u>\$ -</u>	<u>\$ 665,752</u>	<u>665,752</u>
Net transfers — GAAP basis	<u>\$ -</u>	<u>\$ 665,752</u>	<u>\$ 1,233,602</u>