

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
BASIC FINANCIAL STATEMENTS  
AND MANAGEMENT'S DISCUSSION AND ANALYSIS  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDING JUNE 30, 2020

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
Basic Financial Statements and Management's Discussion and Analysis  
For the Year Ended June 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen  
Town of East Bridgewater, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Bridgewater, Massachusetts (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Bridgewater, Massachusetts, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

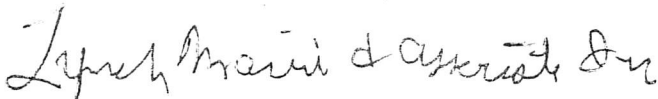
## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v – xiii the Schedule of the Town's Proportionate Share of Net Pension Liabilities and Pension Plan Contributions, the Schedule of Changes in the Town's Net OPEB Liability and Related Ratios, Schedule of the Town Contributions – Other Postemployment Benefits Plan, the Schedule of Investment Returns – Other Postemployment Benefits Plan, and the Budgetary Comparison Schedule – General Fund and related notes on pages 47 – 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with 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 our report dated February 22, 2021, on our consideration of the Town of East Bridgewater, Massachusetts's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of East Bridgewater, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Bridgewater, Massachusetts's internal control over financial reporting and compliance.



Norwell, Massachusetts  
February 22, 2021



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Selectmen  
Town of East Bridgewater, Massachusetts

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Bridgewater, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of East Bridgewater, Massachusetts's basic financial statements, and have issued our report thereon dated February 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of East Bridgewater, Massachusetts' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of East Bridgewater, Massachusetts' internal control. Accordingly, we do not express an opinion on the Town of East Bridgewater, Massachusetts' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

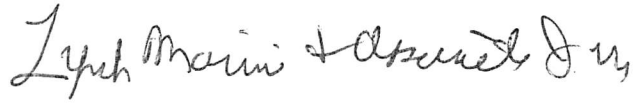
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of East Bridgewater, Massachusetts's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Norwell, Massachusetts  
February 22, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

### **Management's Discussion and Analysis**

June 30, 2020

As management of the Town of East Bridgewater, Massachusetts (the Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements, with notes, to enhance their understanding of the Town's financial performance.

#### **Financial Highlights**

- The liabilities and deferred inflows of resources of the Town's governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by approximately \$4.9 million (deficit net position). The Town's governmental activities net investment in capital assets and restricted net position consisted of approximately \$58.9 and \$7.8 million, respectively. The \$71.6 million deficit balance reported in the unrestricted net position classification is due in large part to the reporting of approximately \$62.5 million of net other postemployment benefits (OPEB) liability and \$22.9 million of net pension liability as of June 30, 2020.
- The Town's business-type activities assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$8.0 million (net position). This is comprised of net investment in capital assets of approximately \$8.1 million and unrestricted net position of approximately \$73,000 (deficit net position).
- The total cost of all Town services for fiscal year 2020 was approximately \$62.7 million.
- As of the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$6.9 million, or approximately 14% of General Fund expenditures.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. Required supplementary information as mandated by the Government Accounting Standards Board (GASB), is presented following the financial statements and related notes to provide additional analysis.

#### **Government-Wide 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 plus deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The reader should consider other non-financial factors, such as the condition of the Town's infrastructure and changes to the property tax base, in order to assess the overall health of the Town.

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 occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods (i.e. uncollected taxes or earned but unused sick and vacation time). This statement also presents a comparison between direct expenses and program revenues for each function of the Town.



## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Management's Discussion and Analysis

June 30, 2020

The government-wide financial statements distinguish functions and activities of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the Town include the broad functions of general government, public safety, education, public works, human services, culture and recreation, and the major services provided within each functional category. The Town's business-type activities include water and solid waste activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to keep control over resources that have been allocated to specific projects or activities, the Town uses fund accounting to ensure and demonstrate compliance with several finance-related legal requirements. All of the Town's funds can be divided into three categories: governmental, proprietary, and fiduciary funds.

*Governmental Funds:* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near-term inflows and outflows of resources to be spent. The focus is also on the balances left at the end of the fiscal year available for spending. This information is useful in evaluating the Town's near-term financing requirements. This approach is the modified accrual basis of accounting, which uses the flow of current financial resources measurement focus. Such statements provide a detailed short-term view of the Town's finances that assist in determining whether there will be adequate financial resources available to meet current needs.

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. This comparison will assist the reader in understanding the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate the comparison.

The Town maintains several governmental funds. The Town has considered the General Fund a major fund for presentation purposes and as such, it is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as other governmental funds. Individual fund data for each of these other governmental funds is available from the Town Accountant's office.

*Proprietary Funds:* Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. These funds measure economic resources using the full accrual basis of accounting. The Town maintains two enterprise funds which are considered proprietary funds.

Enterprise funds are used to report activities that the government operates more like a business. These activities become the government's business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and solid waste activities.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Management's Discussion and Analysis

June 30, 2020

*Fiduciary Funds:* Fiduciary funds are used to report resources held in a trust or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and the change in net position. Since these funds cannot be used for providing Town services, they are excluded from the Town's government-wide financial statements. The Town's fiduciary activities consist primarily of amounts maintained in a trust fund for funding future insurance costs related to retirees, referred to as the Other Postemployment Benefits (OPEB) Trust Fund and various scholarship and welfare private purpose trust funds. Additional amounts held as agency funds relate primarily to student activity accounts being maintained on behalf of student groups.

*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. The notes to the financial statements can be found the accompanying pages of this report following the basic financial statements described above.

*Required Supplementary Information:* the Schedule of Changes in the Town's Proportionate Share of the Net Pension Liabilities and Pension Plan Contributions, the Schedule of Changes in the Town's Net OPEB Liability and Related Ratios, the Schedule of the Town Contributions – Other Postemployment Benefits Plan, the Schedule of Investment Returns – Other Postemployment Benefits Plan, and the Budgetary Comparison Schedule – General Fund and related notes, are presented following the basic financial statements and notes as required by *Governmental Accounting Standards*.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of East Bridgewater, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$4.9 million for governmental activities at the close of the most recent fiscal year. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$8 million for business-type activities at the close of the most recent fiscal year. A condensed summary of the accompanying statement of net position for both governmental activities and business-type activities is presented below along with amounts from the preceding fiscal year.

	<b>Primary Government Governmental Activities</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Current assets	\$ 30,858,424	\$ 29,406,540
Capital assets, net	93,233,876	95,085,231
Total assets	124,092,300	124,491,771
Deferred outflows of resources	7,975,614	9,351,535
Current liabilities	7,730,206	6,604,492
Long-term liabilities	119,049,012	118,213,658
Total liabilities	126,779,218	124,818,150
Deferred inflows of resources	10,223,524	12,028,738
Net position:		
Net investment in capital assets	58,922,672	58,873,944
Restricted	7,762,133	5,953,010
Unrestricted	(71,619,633)	(67,830,536)
Total net position	\$ (4,934,828)	\$ (3,003,582)

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Management's Discussion and Analysis

June 30, 2020

	<b>Primary Government Business-Type Activities</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Current assets	\$ 3,074,953	\$ 3,309,242
Capital assets, net	17,059,456	17,583,600
Total assets	20,134,409	20,892,842
Deferred outflows of resources	290,615	385,345
Current liabilities	1,062,756	1,041,090
Long-term liabilities	11,094,440	11,894,837
Total liabilities	12,157,196	12,935,927
Deferred inflows of resources	267,375	308,624
Net position:		
Net investment in capital assets	8,073,668	7,909,227
Unrestricted	(73,215)	124,409
Total net position	\$ 8,000,453	\$ 8,033,636

Included within the governmental activities' current assets is \$24.1 million in cash and investments and \$6.8 million in receivables, net of allowances for uncollectible accounts. Receivables consist primarily of approximately \$790,000 of sewer betterments, \$1.1 million of property taxes, excise taxes, and charges for services (ambulance), \$4.3 million of tax liens, deferrals, and foreclosures, and \$673,000 of intergovernmental receivables. Intergovernmental receivables include veteran benefits receivable, Chapter 90 highway awards, amounts due from the Massachusetts School Building Authority, and other federal state grants. Business-type activities' current assets are comprised of approximately \$1.6 million of cash and investments and approximately \$1.0 million of receivables, associated with user charges.

The Town reported approximately \$8.0 million and \$291,000 of deferred outflows of resources associated with the Town's net pension liability and net OPEB liability, to be amortized over future periods for the governmental and business-type activities, respectively. The Town also reported approximately \$10.2 million and \$267,000 for governmental and business-type activities, respectively, of deferred inflows of resources associated with the Town's unamortized bond premiums (governmental activities only), net pension liability, and net OPEB liability, to be amortized over future periods.

Current liabilities for governmental activities of approximately \$7.7 million consist primarily of \$1.5 million of accounts payable and other current liabilities, \$2.5 million of salaries and withholdings payable, \$943,000 bond anticipation note payable, \$167,000 of accrued interest expense, and \$2.6 million relates to the current portion of bonded debt due in fiscal year 2021. Business-type activities' current liabilities of \$1.1 million consist of approximately \$158,000 of accounts payable and other current liabilities, \$66,000 of accrued interest expense, and \$839,000 relates to the current portion of bonded debt due in fiscal year 2021.

Governmental activities' long-term liabilities (due in more than one year) include \$32.0 million in general obligation bonds, \$1.5 million for compensated absences, \$62.5 million for the other postemployment benefits liability, \$226,000 for the landfill closure and monitoring liability, and \$22.9 million in net pension liability. Business-type activities' long-term liabilities (due in more than one year) include \$8.1 million in general obligation bonds, \$1.7 million for the other postemployment benefits liability, \$1.2 million for the net pension liability, and \$111,000 for compensated absences.

## **TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

### **Management's Discussion and Analysis**

**June 30, 2020**

The largest portion of the Town's total governmental activities and business-type activities net position of \$67.0 million reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position of \$7.8 million represents resources that are subject to restrictions placed on how they may be used. The remaining portion of the Town's total net position, which may be used to meet the Town's ongoing obligations to its citizens and creditors, was in a deficit of approximately \$71.7 million at the end of fiscal year 2020. This relates primarily to the Town's net OPEB liability and net pension liability reported at year end.

The Town's governmental activities' net position decreased by \$1.9 million and business-type activities' net position decreased by \$33,000 during fiscal year 2020. A summary of revenue concentration and significant changes in revenues and expenses is presented below.

#### Revenues:

- Overall, the Town's governmental revenues increased 6.2% compared to fiscal year 2019.
- Property taxes represent approximately 51% of the Town's governmental activities revenue. Property tax growth represents a combination of an annual increase, allowed in the levy under Proposition 2 ½, and new growth.
- Operating grants and contributions make up the second largest governmental activities' revenue representing nearly 32% of the Town's total revenue. The largest proportion of this revenue, nearly \$10.9 million, represents Chapter 70 school aid received from the Commonwealth.
- Charges for services for the Town's business-type activities of \$3.4 million, represent approximately 6% of total Town revenue. Charges for services related to the water fund and solid waste fund are \$2.5 million and \$841,000 respectively. In fiscal year 2020, business-type activities' revenues increased by \$520,000 as a result of higher water and solid waste billings.

#### Expenses:

- Total governmental activities' expenses increased by \$3.6 million (6.0%), primarily as a result of increases in OPEB expense and pension expense affiliated with the Massachusetts Teacher's Retirement System.
- Total business-type activities expenses remained fairly consistent from the prior year.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Management's Discussion and Analysis

June 30, 2020

A summary of changes in net position for fiscal year 2020 and the preceding year are presented below:

	<b>Primary Government Governmental Activities</b>	
	<b>FY2020</b>	<b>FY2019</b>
Program Revenues:		
Charges for services	\$ 4,186,860	\$ 3,861,536
Operating grants and contributions	19,699,105	17,990,368
Capital grants and contributions	998,368	740,470
General Revenues:		
Property taxes, net	31,200,628	29,807,879
Excise taxes, net	2,071,227	2,075,063
Penalties and interest on taxes	303,255	380,634
Grants and contributions not restricted	1,771,667	2,041,506
Investment income	537,205	613,315
Transfers, net		(280,000)
Total revenues	60,768,315	57,230,771
Expenses:		
General government	15,469,080	13,713,921
Public safety	7,017,337	6,338,671
Education	34,352,986	33,249,898
Public works	2,189,431	2,260,862
Human services	976,973	941,547
Culture and recreation	567,732	543,383
State and county assessments	720,608	616,382
Interest and other charges	1,405,414	1,467,106
Total expenses	62,699,561	59,131,770
Change in net position	\$ (1,931,246)	\$ (1,900,999)

	<b>Primary Government Business-Type Activities</b>	
	<b>FY2020</b>	<b>FY2019</b>
Program Revenues:		
Charges for services	\$ 3,370,138	\$ 3,344,048
General Revenues:		
Investment income	5,843	12,103
Transfers, net		280,000
Total revenues	3,375,981	3,636,151
Expenses:		
Salaries and wages	725,513	759,901
Operating expenses and fringe benefits	1,887,604	1,897,116
Depreciation	580,587	607,889
Interest and other charges	215,460	219,245
Total expenses	3,409,164	3,484,151
Change in net position	\$ (33,183)	\$ 152,000

## **TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

### **Management's Discussion and Analysis**

June 30, 2020

#### **Financial Analysis of the Governmental Funds Financial Statements**

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 financial requirements. Fund balance for governmental funds is reported in a classification hierarchy which is based upon the extent to which the government is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. These classifications are non-spendable, restricted, committed, assigned, and unassigned fund balance.

In particular, *unassigned fund balance* represents the residual fund balance which has not been restricted, committed, or assigned to a purpose within that fund. The General Fund is the only fund which should report a positive unassigned fund balance amount. Any negative unassigned fund balance represents expenditures incurred for specific purposes which exceeded the amounts restricted, committed, or assigned for that purpose.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$19.9 million, a decrease of approximately \$44,000 from the prior year. The governmental funds' combined ending fund balances were reported in the following classifications: nonspendable fund balance of \$81,000, restricted fund balance of \$5.4 million, committed fund balance of \$7.8 million, assigned fund balance of \$789,000, and unassigned fund balance of \$5.8 million.

The General Fund is the chief operating fund. At the end of the current fiscal year, the General Fund reported aggregate fund balance of approximately \$13.9 million, an increase of approximately \$1.5 million from the previous year. Of this amount, approximately \$55,000, represents restricted fund balance. Committed fund balance of approximately \$6.1 million and assigned fund balance of approximately \$789,000, respectively. Unassigned fund balance of approximately \$6.9 million represents approximately 50% of total General Fund balance. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures and revenues. Total unassigned fund balance represents approximately 13.9% of total General Fund expenditures and revenues.

#### **General Fund Budgetary Highlights**

The difference between the original budget (inclusive of transfers out to other funds) of approximately \$50.3 million and the final budget of approximately \$49.5 million (inclusive of transfers out to other funds) is primarily due to additional appropriations at special town meetings of approximately \$52,600, less approximately \$1.3 million in encumbrances and carryover articles being carried over to the subsequent fiscal year.

#### **Capital Asset and Debt Administration**

##### **Governmental Activities**

*Capital Assets:* The Town's investment in capital assets for governmental activities as of June 30, 2020 and 2019 amounts to approximately \$93.2 million and \$95.1 million, respectively, which is net of accumulated depreciation of approximately \$65.3 million and \$63.6 million, respectively. The investment in capital assets includes land, construction in progress, works of art, buildings and improvements, equipment, machinery and vehicles, and infrastructure.



## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Management's Discussion and Analysis

June 30, 2020

The table below represents a summary of the Town's capital assets by category (in millions):

Capital Assets	Governmental Activities	
	2020	2019
Land	\$ 4.9	\$ 4.9
Construction in progress		0.3
Works of art and historical treasures	0.1	0.1
Buildings and related improvements	71.0	72.3
Equipment, machinery, and vehicles	3.2	3.7
Infrastructure	14.0	13.8
	<u>\$ 93.2</u>	<u>\$ 95.1</u>

Significant capital asset additions during 2020 include the following:

- \$789,000 added to building improvements related primarily to the boiler replacement at the Central School.
- \$576,000 added to equipment, machinery, and vehicles primarily related to public safety vehicles and equipment.
- \$981,000 added to infrastructure for road improvements.

#### Business-Type Activities

*Capital Assets:* The Town's investment in capital assets for business-type activities as of June 30, 2020 and 2019 amounts to approximately \$17.1 million and \$17.6 million, respectively, which is net of accumulated depreciation of \$13.6 million and \$13.1 million, respectively. The investment in capital assets includes land, buildings and improvements, equipment, machinery and vehicles, and infrastructure.

The table below represents a summary of the Town's business-type activities capital assets by category (in millions):

Capital Assets	Business-Type Activities	
	2020	2019
Land	\$ 0.2	\$ 0.2
Buildings and related improvements	2.1	2.2
Equipment, machinery, and vehicles	0.4	0.4
Infrastructure	14.4	14.8
	<u>\$ 17.1</u>	<u>\$ 17.6</u>

Business-type activities, capital asset additions, consisted of \$56,000 for purchase and installation of a generator.

#### **Long-term Debt**

##### Governmental Activities

At June 30, 2020 and 2019, the Town's governmental activities had total bonded debt outstanding of \$34.6 million and \$37.3 million, respectively. This debt is a general obligation of the Town's governmental activities. During fiscal year 2020, the Town did not issue general obligation bonds.

##### Business-Type Activities

At June 30, 2020 and 2019, the Town's business-type activities had total bonded debt outstanding of \$9.0 million and \$9.8 million, respectively. This debt is supported by water rates.

# **TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

## **Management's Discussion and Analysis**

June 30, 2020

The Town of East Bridgewater maintains bond rating with Moody's Investor Service of Aa3.

### **Economic Factors and Next Year's Budgets and Rates**

The Town has increased its property tax levy by 3.0% in fiscal year 2021, which includes new growth.

The fiscal year 2021 annual town meeting appropriations increased 3.2% over the fiscal year 2020.

The economic impact to the Town resulting from the State of Emergency declared as a result of the outbreak of the novel Coronavirus (COVID-19) cannot be fully determined as of the date of these financial statements.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any information provided in this report or requests for additional information should be addressed to the Town of East Bridgewater, Attn: Town Administrator, 175 Central Street, East Bridgewater, MA 02333.

\* \* \* \* \*

## **BASIC FINANCIAL STATEMENTS**

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b><u>ASSETS</u></b>			
Cash, cash equivalents and investments	\$ 24,067,232	\$ 1,634,038	\$ 25,701,270
Receivables, net of allowance for uncollectibles	6,791,192	1,440,915	8,232,107
Noncurrent assets:			
Capital assets, net of accumulated depreciation	93,233,876	17,059,456	110,293,332
Total assets	124,092,300	20,134,409	144,226,709
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Associated with pension liability	3,170,070	163,648	3,333,718
Associated with OPEB liability	4,805,544	126,967	4,932,511
Total deferred outflows of resources	7,975,614	290,615	8,266,229
<b><u>LIABILITIES</u></b>			
Accounts payable and other current liabilities	1,506,419	158,104	1,664,523
Salaries and withholdings payable	2,463,151		2,463,151
Accrued interest	167,000	66,000	233,000
Notes payable	943,809		943,809
Long-term liabilities:			
Due within one year	2,649,827	838,652	3,488,479
Due in more than one year	119,049,012	11,094,440	130,143,452
Total liabilities	126,779,218	12,157,196	138,936,414
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unamortized bond premiums	773,511		773,511
Associated with pension liability	702,203	36,250	738,453
Associated with OPEB liability	8,747,810	231,125	8,978,935
Total deferred inflows of resources	10,223,524	267,375	10,490,899
<b><u>NET POSITION</u></b>			
Net investment in capital assets	58,922,672	8,073,668	66,996,340
Restricted	7,762,133		7,762,133
Unrestricted	(71,619,633)	(73,215)	(71,692,848)
Total net position	\$ (4,934,828)	\$ 8,000,453	\$ 3,065,625

See Independent Auditor's Report.

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

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Statement of Activities

For the Year Ended June 30, 2020

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities:							
General government	\$ 15,469,080	\$ 826,196	\$ 294,430	\$	\$ (14,348,454)	\$	\$ (14,348,454)
Public safety	7,017,337	1,565,095	537,226		(4,915,016)		(4,915,016)
Education	34,352,986	1,540,482	18,652,649	483,845	(13,676,010)		(13,676,010)
Public works	2,189,431			514,523	(1,674,908)		(1,674,908)
Human services	976,973	239,157	183,265		(554,551)		(554,551)
Culture and recreation	567,732	15,930	31,535		(520,267)		(520,267)
State and county assessments	720,608				(720,608)		(720,608)
Interest and other charges	1,405,414				(1,405,414)		(1,405,414)
Total governmental activities	62,699,561	4,186,860	19,699,105	998,368	(37,815,228)		(37,815,228)
Business-type activities:							
Water	2,494,065	2,529,298				35,233	35,233
Solid waste	915,099	840,840				(74,259)	(74,259)
Total business-type activities	3,409,164	3,370,138				(39,026)	(39,026)
Total primary government	<u>\$ 62,699,561</u>	<u>\$ 4,186,860</u>	<u>\$ 19,699,105</u>	<u>\$ 998,368</u>	(37,815,228)	(39,026)	(37,854,254)
<b>General revenues:</b>							
Property taxes, net of allowance for uncollectibles					31,200,628		31,200,628
Excise taxes, net of allowance for uncollectibles					2,071,227		2,071,227
Penalties and interest on taxes					303,255		303,255
Grants and contributions not restricted to specific programs					1,771,667		1,771,667
Investment income					537,205	5,843	543,048
Total general revenues					<u>35,883,982</u>	<u>5,843</u>	<u>35,889,825</u>
Change in net position					(1,931,246)	(33,183)	(1,964,429)
Net position - beginning of year					(3,003,582)	8,033,636	5,030,054
Net position - end of year					<u>\$ (4,934,828)</u>	<u>\$ 8,000,453</u>	<u>\$ 3,065,625</u>

See Independent Auditor's Report.

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

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Balance Sheet - Governmental Funds

June 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash, cash equivalents and investments	\$ 16,477,385	\$ 7,589,847	\$ 24,067,232
Interfund receivable	378,337		378,337
Receivables	5,310,136	1,610,911	6,921,047
Total assets	<u>\$ 22,165,858</u>	<u>\$ 9,200,758</u>	<u>\$ 31,366,616</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and other current liabilities	757,934	748,485	1,506,419
Salaries and withholdings payable	2,463,151		2,463,151
Interfund payable		378,337	378,337
Notes payable		943,809	943,809
Total liabilities	<u>3,221,085</u>	<u>2,070,631</u>	<u>5,291,716</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred revenue	5,044,675	1,087,170	6,131,845
Total deferred inflows of resources	<u>5,044,675</u>	<u>1,087,170</u>	<u>6,131,845</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable		80,610	80,610
Restricted	54,882	5,372,548	5,427,430
Committed	6,122,573	1,713,244	7,835,817
Assigned	788,770		788,770
Unassigned	6,933,873	(1,123,445)	5,810,428
Total fund balances	<u>13,900,098</u>	<u>6,042,957</u>	<u>19,943,055</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,165,858</u>	<u>\$ 9,200,758</u>	<u>\$ 31,366,616</u>

Reconciliation of the Governmental Funds - Balance Sheet Total Fund Balances to the Statement of Net Position:

Total fund balances of governmental funds	\$ 19,943,055
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in funds.	93,233,876
Certain revenues are not available to pay for current-period expenditures and are deferred in funds.	6,131,845
Reporting of assets on a full accrual basis requires an estimate for uncollectible accounts.	(129,855)
Long-term liabilities are not due and payable in the current period and are not included in funds.	(121,698,839)
Certain deferred outflows of resources are not recognized on the modified accrual basis.	7,975,614
Certain deferred inflows of resources are not recognized on the modified accrual basis.	(10,223,524)
Reporting of liabilities on full accrual basis requires associated interest, net of subsidies, be accrued.	(167,000)
Net position of governmental activities	<u>\$ (4,934,828)</u>

See Independent Auditor's Report.

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



**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2020

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>			
Property taxes	\$ 30,878,166	\$	\$ 30,878,166
Excise taxes	2,019,277		2,019,277
Licenses and permits	272,849		272,849
Penalties and interest	303,255		303,255
Investment income	529,775	484	530,259
Charges for services		3,863,588	3,863,588
Fees and fines	276,958	40,857	317,815
Departmental and other	50,399	148,952	199,351
Intergovernmental	15,712,829	3,070,204	18,783,033
Total revenues	<u>50,043,508</u>	<u>7,124,085</u>	<u>57,167,593</u>
<b><u>EXPENDITURES</u></b>			
General government	11,274,256	982,000	12,256,256
Public safety	5,784,979	957,199	6,742,178
Education	25,158,443	4,248,357	29,406,800
Public works	1,338,086	1,077,783	2,415,869
Human services	612,341	251,150	863,491
Culture and recreation	513,463	67,419	580,882
State and county assessments	720,608		720,608
Debt Service:			
Principal	2,506,212	202,177	2,708,389
Interest and other charges	1,475,952	40,884	1,516,836
Total expenditures	<u>49,384,340</u>	<u>7,826,969</u>	<u>57,211,309</u>
Revenues over (under) expenditures	659,168	(702,884)	(43,716)
<b><u>OTHER FINANCING SOURCES/(USES)</u></b>			
Transfers in	815,600	9,988	825,588
Transfers out	(9,988)	(815,600)	(825,588)
Total other financing sources/(uses)	<u>805,612</u>	<u>(805,612)</u>	
Revenues and other financing sources over/(under) expenditures and other financing uses	1,464,780	(1,508,496)	(43,716)
Fund balance, beginning of year, restated	12,435,318	7,551,453	19,986,771
Fund balance, end of year	<u>\$ 13,900,098</u>	<u>\$ 6,042,957</u>	<u>\$ 19,943,055</u>

See Independent Auditor's Report.

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

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

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

Revenues and other financing sources over (under) expenditures and other financing uses - governmental funds	\$ (43,716)
Governmental funds report capital outlays as expenditures, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.	
Capital outlays during the fiscal year	2,347,162
Depreciation recorded for the fiscal year	(4,198,517)
Certain deferred outflows of resources are reported in the government-wide financial statements to be amortized over future periods and, accordingly, are not recognized in the fund basis financial statements.	
Changes in amounts associated with pension liability	(2,293,060)
Changes in amounts associated with OPEB liability	917,139
Certain deferred inflows of resources are reported in the government-wide financial statements to be amortized over future periods and, accordingly, are not recognized in the fund basis financial statements.	
Changes in amounts associated with pension liability	(194,320)
Changes in amounts associated with OPEB liability	1,888,112
Certain revenues are recognized on the modified accrual basis of accounting in the fund financial statements, but are recognized on the full accrual basis of accounting in the government-wide financial statements.	
government-wide financial statements.	
Net change in deferred revenue	303,097
Net change in allowance for doubtful accounts	8,227
Issuances and repayments of long-term debt are recorded as other financing sources or uses in the fund financial statements but have no effect on net assets in the government-wide financial statements. Also, governmental funds report issuance costs, premiums, discounts, and similar items as expenditures when paid, whereas these amounts are deferred and amortized on a government-wide basis.	
Principal payments on long-term debt	2,708,389
Amortization of premiums associated with long-term debt	111,422
Certain liabilities are not funded through the use of current financial resources and, therefore, are not reported in the fund financial statements; however, these liabilities are reported in the government-wide financial statements.	
The changes in these liabilities are as follows:	
Net OPEB liability	(4,947,055)
Net pension liability	1,398,534
Landfill postclosure liability	30,000
Compensated absences	33,340
Change in net position of governmental activities	<u><u>\$ (1,931,246)</u></u>

See Independent Auditor's Report.

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

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Statement of Net Position - Proprietary Funds

June 30, 2020

	Business-Type Activities		
	Water	Solid Waste	Total
<b><u>ASSETS</u></b>			
Cash, cash equivalents and investments	\$ 1,288,403	\$ 345,635	\$ 1,634,038
Receivables, net of allowance for uncollectibles	1,271,979	168,936	1,440,915
Noncurrent assets:			
Capital assets, net of accumulated depreciation	17,059,456		17,059,456
Total assets	19,619,838	514,571	20,134,409
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Associated with pension liability	163,648		163,648
Associated with OPEB liability	115,737	11,230	126,967
Total deferred outflows of resources	279,385	11,230	290,615
<b><u>LIABILITIES</u></b>			
Accounts payable and other current liabilities	84,254	73,850	158,104
Accrued interest	66,000		66,000
Long-term liabilities:			
Due within one year	838,652		838,652
Due in more than one year	10,934,230	160,210	11,094,440
Total liabilities	11,923,136	234,060	12,157,196
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Associated with pension liability	36,250		36,250
Associated with OPEB liability	210,683	20,442	231,125
Total deferred inflows of resources	246,933	20,442	267,375
<b><u>NET POSITION</u></b>			
Net investment in capital assets	8,073,668		8,073,668
Unrestricted	(344,514)	271,299	(73,215)
Total net position	\$ 7,729,154	\$ 271,299	\$ 8,000,453

See Independent Auditor's Report.

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

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds  
For the Year Ended June 30, 2020

	<b>Business-Type Activities</b>		
	<b>Water</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services, departmental, and other	\$ 2,529,298	\$ 840,840	\$ 3,370,138
Total operating revenues	2,529,298	840,840	3,370,138
<b>Operating expenses:</b>			
Salaries and wages	683,438	42,075	725,513
Operating expenses and fringe benefits	1,014,580	873,024	1,887,604
Depreciation	580,587		580,587
Total operating expenses	2,278,605	915,099	3,193,704
<b>Operating income/(loss)</b>	250,693	(74,259)	176,434
<b>Nonoperating revenues/(expenses):</b>			
Interest income	4,584	1,259	5,843
Interest expense	(215,460)		(215,460)
Total nonoperating revenues/(expenses) - net	(210,876)	1,259	(209,617)
Change in net position	39,817	(73,000)	(33,183)
Net position, beginning of year	7,689,337	344,299	8,033,636
Net position, end of year	\$ 7,729,154	\$ 271,299	\$ 8,000,453

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2020

	Business-Type Activities		
	Water	Solid Waste	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 2,527,680	\$ 837,044	\$ 3,364,724
Payments to vendors, including employee fringe benefits	(899,955)	(869,007)	(1,768,962)
Payments to employees for salaries and wages	(707,881)	(44,062)	(751,943)
Net cash provided by operating activities	919,844	(76,025)	843,819
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(56,443)		(56,443)
Principal payments on bonds and notes	(817,462)		(817,462)
Interest payments	(215,460)		(215,460)
Net cash used for capital and related activities	(1,089,365)		(1,089,365)
<b>Cash flows from investing activities:</b>			
Interest income	4,584	1,259	5,843
Net cash provided by investing activities	4,584	1,259	5,843
Net increase/(decrease) in cash and cash equivalents	(164,937)	(74,766)	(239,703)
Cash and cash equivalents, beginning of year	1,453,340	420,401	1,873,741
Cash and cash equivalents, end of year	\$ 1,288,403	\$ 345,635	\$ 1,634,038
<b>Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:</b>			
Operating income/(loss):	\$ 250,693	\$ (74,259)	\$ 176,434
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:			
Depreciation and amortization expense	580,587		580,587
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Receivables, net of allowance for collectibles	(1,618)	(3,796)	(5,414)
Deferred outflows of resources associated with pension	118,455		118,455
Deferred outflows of resources associated with OPEB	(21,648)	(2,077)	(23,725)
Accounts payable and other current liabilities	1,527	(1,052)	475
Net pension liability	(72,270)		(72,270)
Net OPEB liability	112,633	10,576	123,209
Compensated absences	(11,861)	(822)	(12,683)
Deferred inflows of resources associated with pension	10,024		10,024
Deferred inflows of resources associated with OPEB	(46,678)	(4,595)	(51,273)
Total adjustments	669,151	(1,766)	667,385
Net cash provided by operating activities	\$ 919,844	\$ (76,025)	\$ 843,819

See Independent Auditor's Report.

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

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

## Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2020

	<b>Private Purpose Trust Funds</b>	<b>Other Postemployment Benefits Trust Fund</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$	\$	\$ 703,683
Investments	314,921	82,324	
Total assets	314,921	82,324	703,683
<b><u>LIABILITIES</u></b>			
Accounts payable			4,221
Amounts held in escrow			699,462
Total liabilities			<u>\$ 703,683</u>
<b><u>NET POSITION</u></b>			
Amounts held in trust for scholarships	314,921		
Amounts held in trust for other postemployment benefits		82,324	
Total net position	<u>\$ 314,921</u>	<u>\$ 82,324</u>	

See Independent Auditor's Report.

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



**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
Statement of Changes in Fiduciary Net Position - Fiduciary Funds  
For the Year Ended June 30, 2020

	<b>Private Purpose Trust Funds</b>	<b>Other Postemployment Benefits Trust Fund</b>
<b>Additions</b>		
Employer contributions	\$	\$ 1,615,345
Investment income	9,996	1,840
Total additions	9,996	1,617,185
 <b>Deductions</b>		
Benefit payments		1,605,345
Scholarships and awards	8,300	
Total deductions	8,300	1,605,345
 Change in net position	1,696	11,840
 Net position - beginning of year	313,225	70,484
Net position - end of year	\$ 314,921	\$ 82,324

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

### **NOTE 1. ORGANIZATION AND REPORTING ENTITY**

#### **A. Organization**

The Town of East Bridgewater, Massachusetts (the Town), was incorporated in 1823. The Town is a political subdivision of the Commonwealth of Massachusetts located in Plymouth County. The Town operates under a Town Meeting form of government and an elected three-member Board of Selectmen. The Town's major operations include police and fire protection, education, parks, library and recreation, public works, and general administrative services. In addition, the Town owns and operates a water system and solid waste disposal and recycling services.

#### **B. Reporting Entity**

##### **General**

The accompanying financial statements present the Town of East Bridgewater, Massachusetts (the primary government) and its component units. Component units are included in the reporting entity if their operational and financial relationships with the Town are significant. Pursuant to these criteria, the Town of East Bridgewater, Massachusetts did not identify any component units requiring inclusion in the accompanying financial statements.

##### **Joint Ventures**

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific recipients. The following is a list of the Town's joint ventures, their purpose, and the annual assessment/payments made by the Town in fiscal year 2020. Financial statements may be obtained from each the joint ventures by contacting each of them directly. The Town also belongs to a cost sharing group established pursuant to Massachusetts General Laws for pension benefits. See accompanying notes for additional information.

<b><u>Name and Address</u></b>	<b><u>Purpose</u></b>	<b><u>Town's Payments 2020</u></b>
Southeastern Regional School District 250 Foundry Street Easton, MA 02375	To provide vocational education	\$ 770,668
North River Collaborative 198 Spring Street Rockland, MA 02370	To provide SPED services	\$ 652,943
Massachusetts Bay Transit Authority 45 High Street Boston, MA 02110	To provide transportation services	\$ 53,191

The Southeastern Regional School District (District) was established by an agreement between the member towns of Brockton, East Bridgewater, Easton, Foxboro, Mansfield, Norton, Sharon, Stoughton, and West Bridgewater, pursuant to M.G.L. Chapter 71 to provide vocational technical education for students grades 9-12. The District is governed by a Regional School Committee, elected from each town at respective town elections. The Town is indirectly liable for debt and other expenditures of the District pursuant to the Agreement and is assessed annually for its share of operating and capital costs. The Town has no other equity interests in the other joint ventures. The annual assessment must be accepted by each Town's electorate.

## **TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

### **Notes to the Financial Statements**

June 30, 2020

The North River Collaborative (the Collaborative) is a public entity formed as an educational collaborative by an agreement between member governmental entities pursuant to the provisions of Massachusetts General Law Chapter 40, Section 4E. The Town pays the Collaborative for educational programs and services on an as needed basis for students.

#### **Related Organization**

Board members for the East Bridgewater Housing Authority are elected by Town voters; thus, the Town has no accountability for this organization.

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Basis of Presentation**

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's police and fire protection, parks, library and recreation, public works, educational, and general administrative services are classified as governmental activities. The Town's water and solid waste – disposal and recycling services are classified as business-type activities.

#### **Government-wide Statements**

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and deferred outflows of resources as well as long-term liabilities, deferred inflows of resources, and other liabilities, reported on a full accrual basis. The Town's net position is reported in three parts – net investment in capital assets, restricted, and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. Gross expenses (including depreciation) are reduced on the Statement of Activities by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs are normally covered by general revenue.

Certain costs, such as pension and other postemployment benefits and property, liability, and health insurance, among others are not allocated among the Town's functions and are included in general government expenses in the financial statements. OPEB costs have also been allocated to business-type activities.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

#### Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses.

The emphasis in the Town's fund financial statements is on the major funds in the governmental or business-type activities functional categories. Governmental Accounting Standards Board pronouncements set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of either fund category or the governmental and enterprise fund combined) for the determination of major funds. The Town may electively add funds as major funds, which have specific community focus. The nonmajor funds are combined in a column in the fund financial statements titled Other Governmental Funds.

The following fund types which may be used by the Town:

#### Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

#### Major Funds:

- General Fund – The general fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Other governmental funds consist of other special revenue, capital projects, and permanent funds that are aggregated and presented in the other governmental funds' column of the governmental fund financial statements. The following describes the general use of these fund types:

- Special revenue funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.
- Debt service funds – Debt service funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal and interest. Currently, the Town does not utilize a debt service fund.
- Capital projects funds – Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. It excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The Town accounts for certain capital asset acquisitions (capital outlay) through the general fund's budgetary process, as well as through certain special revenue funds. Currently, the Town has determined that capital project funds are to account for and report capital assets to be financed through the issuance of long-term debt.
- Permanent funds – Permanent funds are used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is for the benefit of the government or its citizens.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

#### Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

- Enterprise funds – Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues, has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or establishes fees and charges based on a pricing policy designed to recover similar costs. These fees and charges are considered operating revenue. The Town's enterprise funds consist of water and solid waste funds.
- Internal service funds – Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds, or component units of the Town on a cost-reimbursement basis. Currently, the Town does not utilize internal service funds.

#### Fiduciary Funds:

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose, other postemployment benefits, and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The following is a description of the fiduciary funds of the Town:

- Private purpose trust funds – Private purpose trust funds account for resources legally held in trust for the benefit of persons and organizations other than the Town. Since these funds cannot be used for providing Town services, they are excluded from the Town's government-wide financial statements.
- Other postemployment benefits trust fund – The other postemployment benefits trust fund accounts for resources legally held in trust for the purpose of accumulating resources to fund future health insurance benefits for retired employees of the Town. Since these funds cannot be used for providing Town services, they are excluded from the Town's government-wide financial statements. This fund was established pursuant to Town Meeting vote in accordance with provisions of M.G.L. Chapter 32B, Section 20, which allows for establishment of a trust fund for other postemployment benefits.
- Agency funds – Agency funds are used to hold funds on behalf of parties other than the Town, including federal and state agencies and public-school student activities. Agency funds are custodial in nature and do not involve measurement of results of operations.

#### **B. Measurement Focus and Basis of Accounting**

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

## **TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

### **Notes to the Financial Statements**

June 30, 2020

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means 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, and certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and property tax revenues are considered available if they are collected within 60 days after fiscal year end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

#### **C. Fair Value Measurement**

The Town measures assets and liabilities, except for capital assets and certain investments, at fair value according to the hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or liability, including assumptions about risk. The following are levels considered.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 – pricing inputs that are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are not directly observable for an asset or a liability.
- Level 3 – unobservable pricing inputs for an asset or a liability that should only be used if relevant Level 1 and Level 2 inputs are not available.

The Town considers most assets and liabilities to be reported as Level 1 inputs; however, see accompanying notes for additional information regarding certain investments, capital assets, pension and OPEB liabilities, deferred outflows and deferred inflows.

#### **D. Cash, Cash Equivalents, and Investments**

Cash balances from all funds, except those required to be segregated by law, are combined to form consolidated cash. For the purpose of the financial statements, cash and cash equivalents include all demand and savings accounts. The Town maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under "cash, cash equivalents, and investments." Massachusetts General Laws and local provisions place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. Generally, investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commissions (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool. The Town reports certificates of deposits as investments.

Additional cash and investment note disclosures are presented in these Notes.

#### **E. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

#### **F. Receivables**

Receivables consist of all revenues earned at year-end and not yet received, net of an allowance for uncollectible amounts. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Revenues related to receivables are reported in the government-wide financial statements and fund financial statements under the accrual basis of accounting and modified accrual basis of accounting, respectively. The following are the significant receivables associated with the Town.

- Property taxes, deferred property taxes, and tax liens: By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% cash value. Taxes are due and payable on July 1<sup>st</sup>. The Town has accepted the quarterly tax payment system, under which the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. After the Town sets the tax rate, usually prior to December 31<sup>st</sup>, the assessors make the actual tax commitment. The Town has an ultimate right to foreclose on the property for which taxes have not been paid. The allowance for uncollectible amounts is based upon historical trends and specific account analysis.
- Excise taxes: Excise taxes consist of motor vehicle excise taxes which are assessed annually for each vehicle registered in the Town. The Commonwealth of Massachusetts is responsible for reporting the number of vehicles registered in the Town, and the associated fair value upon which the tax is calculated. The allowance for uncollectible amounts is based upon historical trends and specific account analysis.
- User charges: User charges and fees consist of water and solid waste use. Water fees are levied monthly and are based on individual meter readings and are subject to penalties and interest if they are not paid by their respective due date. Solid waste charges are billed to users bi-annually. Water and solid waste liens are processed each year and are included as a lien on the property owner's tax bill. User charges for utilities are considered fully collectible.
- Departmental: Departmental revenues consist primarily of ambulance, parking tickets, and off-duty details. The allowance for ambulance bills is based upon historical trends and periodic aging reports. Other departmental receivables are considered to be fully collectible.



## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

- Special assessments: Special assessments in the governmental funds consist septic repair betterment programs. The Town has an ultimate right to foreclose on the property for which special assessments have not been paid. These receivables are considered to be fully collectible.
- Intergovernmental: Intergovernmental receivables represent amounts due from various federal and state agencies for operating and capital purposes. These receivables are considered to be fully collectible.

#### G. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

##### Government-wide Statements

In the government-wide financial statements, capital assets, including intangible assets, are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their acquisition value (entry price) at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002. The Town generally utilizes a per item or project threshold of \$5,000 for capitalization.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized and are not treated as expenses when incurred. Improvements are capitalized. All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

➤ Buildings and Improvements	40 years
➤ Improvements	10-50 years
➤ Machinery and Equipment	3-20 years
➤ Utility System	10-50 years
➤ Infrastructure	30-50 years

##### Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the respective expenditure function of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

#### H. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources, as applicable, represent a consumption of assets by the government that is applicable to a future reporting period. These *deferred outflows of resources* have a positive effect on the net position and are reported after assets, when applicable. Deferred inflows of resources, as applicable, represent the acquisition of assets by the government that is applicable to a future reporting period. These *deferred inflows of resources* have a negative effect on the net position and are reported after liabilities, when applicable. These amounts are reported in government-wide and fund financial statements based upon the nature of the items.

#### I. Liabilities

Liabilities represent *present obligations* to sacrifice resources for which the government has *little or no discretion to avoid*. The primary focus is on the obligation for the government to perform. The accounting treatment for these obligations depends on whether they are reported in the government-wide or fund financial statements.

Current liabilities are reported in both the fund and government-wide financial statements. Current liabilities represent obligations incurred in the operating cycle for acquisition of goods, services, accruals for salaries/wages, vacation accruals, and other obligations due or generally expected to be liquidated within one year from the balance sheet date. Government-wide financial statements also report other current liabilities such as accrued interest, which is reported on a full accrual basis.

Generally, all long-term liabilities are not reported as liabilities in the fund financial statements but are reported in the government-wide statements. Such obligations consist primarily of bonds payable, capital leases, compensated absences, estimated landfill post-closure monitoring, other postemployment liability, and net pension liability.

#### J. Compensated Absences

The Town grants employees sick, personal, and vacation leave in carrying amounts based upon length of service and in accordance with various individual collective bargaining unit contracts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and/or sick leave, subject to certain limitations, at their current rates of pay pursuant to the various agreements.

#### K. Equity Classifications

##### Government-wide Statements

Equity is classified as net position in the government-wide financial statements. The Town utilizes resources which have been restricted prior to utilizing unrestricted resources. Net position is displayed in the following three components:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets and related debt are also included in this component of net position.
- Restricted net position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These assets may be restricted by constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

- Unrestricted net position – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

#### Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The Town does not maintain any minimum fund balance policies. The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned, and unassigned fund balance. Most governmental funds were designated for one purpose at the time of their creation. Therefore, any expenditure made from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Fund balance can be classified in the following components:

Nonspendable fund balance – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – consists of amounts upon which constraints have been placed on their use either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – consists of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of Town Meeting, the Town's highest level of decision making. Any modification or recession must be through Town Meeting votes.

Assigned fund balance – consists of amounts that are constrained by the Town's intent to be used for a specific purpose. Intent is expressed by either the governing body, or the officials directly responsible for departmental appropriations. Amounts may also be assigned by Town Meeting vote.

Unassigned fund balance – represents the residual classification for the general fund. It represents amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

#### **L. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results will differ from those estimates.

#### **M. Pensions**

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

## **TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

### **Notes to the Financial Statements**

June 30, 2020

#### **N. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's OPEB Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position, have been recognized on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

#### **O. Total Columns**

The total column presented on the government-wide financial statements represents consolidated financial information.

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

### **NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Property Tax Calendar and Limitations**

Real and personal property taxes are based on values assessed as of each January 1<sup>st</sup> (of the prior fiscal year) and are normally due on a quarterly basis during the fiscal year. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to lien, interest, and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables in the fiscal year of the levy.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the property tax levy to an amount equal to 2 ½% of the value of all taxable property in the Town. A secondary limitation is that no levy in a fiscal year may exceed the preceding year's allowable tax levy by more than 2 ½%, plus taxes levied on certain property newly added to the tax rolls ("new growth"). Certain Proposition 2 ½ taxing limitations can be overridden by a town-wide referendum vote.

#### **B. Budgetary Basis of Accounting**

The Town must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2 ½ and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all non-property tax revenue and transfers projected to be received by the Town, including available surplus funds.

The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Board of Selectmen. The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are acted upon by vote of Town Meeting. All general fund and enterprise fund functions are budgeted; the Town does not have legally adopted annual budgets for its special revenue funds. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth or other grantor agencies.

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). A comparison of the General Fund budget to actual amounts on a budgetary basis is provided as required supplementary information to provide a meaningful comparison with the budget.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

### C. Fund Equities

Operations of the various Town funds for the fiscal year were funded in accordance with the General Laws of Massachusetts. The Town classifies fund equity in the fund financial statements as either nonspendable, restricted, committed, or assigned for specific purposes. The residual is reported as unassigned fund balance. As of June 30, 2020, the classification of the Town's fund balances can be detailed as follows:

	General Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>			
Public safety	\$	\$ 500	\$ 500
Culture & recreation		80,110	80,110
Subtotal		80,610	80,610
<b>Restricted:</b>			
General government		802,588	802,588
Public safety		216,281	216,281
Education		2,250,067	2,250,067
Public works		54,896	54,896
Human services		1,808,436	1,808,436
Culture & recreation		240,280	240,280
Debt service	54,882		54,882
Subtotal	54,882	5,372,548	5,427,430
<b>Committed:</b>			
General government	379,896	8,807	388,703
Public safety	28,689	1,656,843	1,685,532
Education	54,812	45,023	99,835
Public works	4,600		4,600
Culture & recreation		2,571	2,571
Capital outlay	5,085,897		5,085,897
Fiscal year 2021 budget	568,679		568,769
Subtotal	6,122,573	1,713,244	7,835,817
<b>Assigned:</b>			
General government	178,710		178,710
Public safety	53,261		53,261
Education	546,396		546,396
Public works	313		313
Culture & recreation	10,090		10,090
Subtotal	788,770		788,770
<b>Unassigned:</b>	6,933,873	(1,123,445)	5,810,428
<b>Total:</b>	\$ 13,900,098	\$ 6,042,957	\$ 19,943,055

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

Fiscal year 2021 budget committee fund balance represents appropriations of existing fund balance for various articles for the fiscal year 2021 budget.

Pursuant to M.G.L., the Town maintains stabilization funds, which maintain funds set aside by Town Meeting votes for further appropriations, or in accordance with M.G.L. for the Board of Selectmen to perform interfund borrowings during the year. As of June 30, 2020, the Town maintained balances of \$2,472,000 in its general stabilization fund and \$5,086,000 in its capital stabilization fund. These amounts have been reported in unassigned and committed fund balance, respectively.

The Town reported deficit unassigned fund balances of \$1,123,000 in other governmental funds as of June 30, 2020. \$850,000 of this deficit relates to capital projects funds, which will be funded through the issuance of long-term debt. The remaining amounts relate to school and town grant deficits, due to unbilled amounts on cost reimbursement grants, which have been subsequently billed. These deficit balances are as follows:

School grants	\$ ( 51,000)
Town grants	<u>( 222,000)</u>
Total	<u>\$ ( 273,000)</u>

### D. Restricted Net Position

Certain net position reported as special revenue funds in the Town's fund basis balance sheet, including the Town's stabilization fund and health claims funds, are classified as unrestricted net position because they are available for appropriation to fund the general operations of the Town.

Restricted net position on the government-wide Statement of Net Position consist of the following:

Septic loan	\$	2,503,339
School lunch		211,933
Town federal and state grants		166,684
Town revolving and other special revenue		2,647,051
School revolving and other special revenue		1,890,027
School federal and state grants		99,502
Permanent:		
Expendable		162,987
Nonexpendable		<u>80,610</u>
Total restricted net position	\$	<u>7,762,133</u>

### **NOTE 4. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Massachusetts General Laws, Chapter 44, Sections 54 and 55, place certain limitations on cash deposits and investments available to the Town. OPEB funds may be invested in accordance with M.G.L. Chapter 203C. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved. The Town may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from date of purchase. The Town may invest in units of the Massachusetts Municipal Depository Trust (MMDT), an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts. Cash deposits are reported at carrying amount, which reasonably approximates fair value.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

The Town maintains deposits in authorized financial institutions. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a formal deposit policy for custodial credit risk. At June 30, 2020, cash deposits totaled \$17,363,174 and had a carrying amount of \$17,147,575. Of the deposit amounts, \$3,205,452 was exposed to custodial credit risk at June 30, 2020 because it was uninsured and uncollateralized. The difference between deposit amounts and carrying amounts generally represents outstanding checks and deposits in transit.

The Town's investment policy states that unsecured bank deposits may be limited to no more than 10% of the Town's cash. As of June 30, 2020, the Town had unsecured deposits in excess of the 10% limit by \$1,490,000 in one bank.

As of June 30, 2020, the Town had the following investments:

### Governmental Activities:

<u>Investment Type</u>	<u>Fair Value Measurement</u>	<u>June 30, 2020 Value</u>
Money Market Funds (including MMDT)	Amortized Cost	\$ 368,280
Domestic Certificates of Deposit	Level 1	903,359
U.S. Government and Agencies	Level 1	3,854,358
Domestic Fixed Income Mutual Funds	Level 1	704,867
Domestic Equities	Level 1	1,288,880
Domestic Corporate Bonds	Level 2	2,137,634
		<u>\$ 9,257,378</u>

### Fiduciary Funds:

<u>Investment Type</u>	<u>Fair Value Measurement</u>	<u>June 30, 2020 Value</u>
Money Market Funds	Amortized Cost	\$ 24,954
Domestic Certificates of Deposit	Level 1	86,957
U.S. Government and Agencies	Level 1	117,910
Domestic Equities	Level 1	43,600
Domestic Corporate Bonds	Level 2	123,824
		<u>\$ 397,245</u>

*Custodial credit risk* for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. Although the Town's investment policy does not entirely address all aspects for custodial credit risk, the Town's investment policy addresses the certain factors associated with custodial credit risk. In addition, the Town does currently have a collateralization agreement with Rockland Trust.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

*Interest rate risk* is the risk that changes in market interest rates that will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair market value to changes in market interest rates. The Town has an investment policy which limits investment maturities as a means of managing its exposure to fair value losses arising from changes in interest rates. The approximate maturities of the Town's debt investments are disclosed in the following table.

As of June 30, 2020:

Investment Type	Value	Less than 1 Year	1 to 3 Years	3 to 5 Years	5 to 10 Years	10 + Years
Domestic Certificates of Deposit	\$ 990,316	\$ 460,929	\$ 434,392	\$ 94,995	\$	\$
U.S. Government and Agencies	3,972,268	226,401	1,332,721	1,592,020	715,044	106,082
Domestic Fixed Income Mutual Funds	704,867		215,019	489,848		
Domestic Corporate Bonds	2,261,458	507,587	953,130	619,569	181,172	
	<u>\$ 7,928,909</u>	<u>\$ 1,194,917</u>	<u>\$ 2,935,262</u>	<u>\$ 2,796,432</u>	<u>\$ 896,216</u>	<u>\$ 106,082</u>

*Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. Government and certain of its agencies are not considered to have credit risk and therefore no rating is disclosed in the table below. Equity securities and equity mutual funds are not rated as to credit risk. The Town's investment policy limits the Town to investing in U.S. treasuries and agencies, financial institution depository accounts, and certain corporate bonds as allowed by Massachusetts General Law.

The credit ratings associated with the corporate bonds reported is based upon Moody's ratings and is as follows: Aaa to Aa3 \$87,776; A1 to A3 \$1,228,709; Baa1 to Baa2 \$944,773

*Concentration of credit risk* is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's policy states that unsecured bank deposits may be limited to no more than 5% of an institutions asset and no more than 10% of the Town's cash. Additionally, the Town has an investment policy which limits the amount that can be invested in any one issuer or security.

*Foreign currency risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have an investment policy which covers foreign currency risk.

### **NOTE 5. RECEIVABLES**

The Town reports the aggregate amount of receivables in the accompanying statement of net position and balance sheet. The Town includes the following receivables for individual major and nonmajor governmental funds and fiduciary funds in the aggregate, including applicable allowances for uncollectible amounts and amounts:



# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

### Governmental activities:

<b>Receivable Type</b>	<b>Gross Amount</b>	<b>Allowance for Uncollectible</b>	<b>Net Amount</b>
Real estate and personal property tax	\$ 622,577	\$ (15,678)	\$ 606,899
Tax liens and deferrals	1,866,750		1,866,750
Tax possessions	2,398,778		2,398,778
Motor vehicle excise	291,927	(30,863)	261,064
Charges for service - ambulance	277,714	(83,314)	194,400
Betterments	790,293		790,293
Intergovernmental:			
MSBA	19,163		19,163
Chapter 90 awards requested	149,426		149,426
State and federal grants	374,315		374,315
Veterans benefits	130,104		130,104
Total governmental activities	<u>\$ 6,921,047</u>	<u>\$ (129,855)</u>	<u>\$ 6,791,192</u>

Tax liens, deferrals, possessions, and betterments are classified as current assets in the accompanying financial statements; however, it is unlikely that a significant portion of these amounts will be collected in fiscal year 2021. These amounts are considered to be fully collectible.

### Massachusetts School Building Authority

Central School Boiler – In November 2018, the Town entered an agreement with the Massachusetts School Building Authority (MSBA) for partial funding assistance related to the replacement of the Town's Central School boiler. Per the agreement, the MSBA approved the estimated total facilities grant not to exceed the lesser of 56.26% of the final approved total eligible projects costs, as determined by the MSBA, or \$829,000. The MSBA, under its own authority, may determine that expenditures from the owner's contingency and construction contingency line items of the total project budget are eligible for reimbursement and in the event of such determination the MSBA shall adjust the above stated maximum total facilities grant to the amount of \$867,000. In no event shall the final, maximum total facilities grant, including any eligible owners and construction contingency amounts exceed \$867,000. The receivable of \$19,163 at June 30, 2020 represents amounts due to the Town for eligible cost reimbursements.

### Business-type activities:

<b>Receivable Type</b>	<b>Gross Amount</b>	<b>Allowance for Uncollectible</b>	<b>Net Amount</b>
Water rates and charges	\$ 1,271,979	\$	\$ 1,271,979
Solid waste and departmental	168,936		168,936
Total business-type activities	<u>\$ 1,440,915</u>	<u>\$</u>	<u>\$ 1,440,915</u>

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

### **NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<b>Beginning</b>			<b>Ending</b>
<b>Governmental Activities:</b>	<b>Balances</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Balances</b>
Capital assets not being depreciated:				
Land	\$ 4,848,950	\$	\$	\$ 4,848,950
Construction in progress	335,533		(335,533)	
Works of art and historical treasures	93,450			93,450
Subtotal	5,277,933		(335,533)	4,942,400
Capital assets being depreciated:				
Buildings and related improvements	99,725,735	1,124,886	(104,513)	100,746,108
Equipment, machinery, and vehicles	17,968,665	576,068	(2,454,358)	16,090,375
Infrastructure	35,732,787	981,741		36,714,528
Subtotal	153,427,187	2,682,695	(2,558,871)	153,551,011
Less accumulated depreciation:				
Buildings and related improvements	27,392,470	2,451,857	(104,513)	29,739,814
Equipment, machinery, and vehicles	14,285,701	1,001,749	(2,454,358)	12,833,092
Infrastructure	21,941,718	744,911		22,686,629
Subtotal	63,619,889	4,198,517	(2,558,871)	65,259,535
Governmental capital assets, net	\$ 95,085,231	\$ (1,515,822)	\$ (335,533)	\$ 93,233,876
	<b>Beginning</b>			<b>Ending</b>
<b>Business-Type Activities - Water Enterprise:</b>	<b>Balances</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Balances</b>
Capital assets not being depreciated:				
Land	\$ 192,627	\$	\$	\$ 192,627
Subtotal	192,627			192,627
Capital assets being depreciated:				
Buildings and related improvements	3,800,523			3,800,523
Equipment, machinery, and vehicles	1,259,609	56,443	(30,000)	1,286,052
Infrastructure	25,397,698			25,397,698
Subtotal	30,457,830	56,443	(30,000)	30,484,273
Less accumulated depreciation:				
Buildings and related improvements	1,631,473	66,796		1,698,269
Equipment, machinery, and vehicles	841,374	72,500	(30,000)	883,874
Infrastructure	10,594,010	441,291		11,035,301
Subtotal	13,066,857	580,587	(30,000)	13,617,444
Water enterprise capital assets, net	\$ 17,583,600	\$ (524,144)	\$	\$ 17,059,456

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

## Notes to the Financial Statements

June 30, 2020

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government	\$ 168,235
Public safety	515,715
Education	2,595,653
Public works	808,117
Human services	101,237
Culture and recreation	9,560
Total governmental activities	<u>\$ 4,198,517</u>

**Business-Type Activities:**

Total water enterprise	<u>\$ 580,587</u>
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**NOTE 7. INTERFUND BALANCES AND ACTIVITY**

The General Fund is owed \$378,337 from various other governmental funds as of June 30, 2020 for deficit spending.

Interfund transfers, for the year ended June 30, 2020, consisted of the following:

	<b>General Fund</b>	<b>Other Governmental Funds</b>
Transfer from the Ambulance Fund to fund the FY 2020 operating budget	\$ 812,600	\$ (812,600)
Transfer from other special revenue funds (library)	3,000	(3,000)
Transfer unused from ambulance operating subsidy	(3,769)	3,769
Transfer to establish SPED Reserve Fund	(6,219)	6,219
Net transfers in	<u>\$ 805,612</u>	<u>\$ (805,612)</u>

During fiscal year 2020, the Town transferred \$10,000 to the OPEB Trust Fund. This has been reported as a contribution in the statement of changes in fiduciary net position and a general government expenditure in the statement of revenues, expenditures, and changes in fund balances. In addition, the Town appropriated and transferred \$1.35 million from the general fund to the capital stabilization fund and appropriated and transferred \$903,400 from the capital stabilization fund to the general fund for purposes of paying long term debt associated with previously completed capital projects.

**NOTE 8. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

The following tables summarize the Town's deferred outflows of resources and deferred inflows of resources as of June 30, 2020, reported for governmental activity and business-type activities, as well as governmental funds.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

### Governmental Activities/Business-type Activities:

<b>Deferred Outflows of Resources</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Associated with pension:			
Differences between expected and actual experience	\$ 2,599,331	\$ 134,185	\$ 2,733,516
Changes of assumptions	357,927	18,477	376,404
Changes in proportion and differences between employer contributions and proportionate share of contributions	212,812	10,986	223,798
Total deferred outflows associated with pension	3,170,070	163,648	3,333,718
Associated with OPEB:			
Differences between expected and actual experience	3,123,397	82,523	3,205,920
Changes of assumptions	1,681,147	44,418	1,725,565
Net difference between projected and actual investment earnings	1,000	26	1,026
Total deferred outflows associated with OPEB	4,805,544	126,967	4,932,511
Total deferred outflows of resources	\$ 7,975,614	\$ 290,615	\$ 8,266,229
<b>Deferred Inflows of Resources</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Unamortized bond premiums	\$ 773,511	\$	\$ 773,511
Associated with pension:			
Net difference between projected and actual investment earnings	481,744	24,869	506,613
Changes of assumptions	74,598	3,851	78,449
Changes in proportion and differences between employer contributions and proportionate share of contributions	145,861	7,530	153,391
Total deferred inflows associated with pension	702,203	36,250	738,453
Associated with OPEB:			
Differences between expected and actual experience	4,621,211	122,097	4,743,308
Changes of assumptions	4,125,609	109,003	4,234,612
Net difference between projected and actual investment earnings	990	25	1,015
Total deferred inflows associated with OPEB	8,747,810	231,125	8,978,935
Total deferred inflows of resources	\$ 10,223,524	\$ 267,375	\$ 10,490,899

### Governmental Funds:

The following deferred inflows of resources are reported on the governmental funds and are fully accrued in the government-wide financial statements.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

Type	General Fund	Other Governmental Funds	Total
Real estate and personal property taxes	\$ 357,116	\$	\$ 357,116
Tax liens and deferrals	1,866,750		1,866,750
Tax foreclosures	2,398,778		2,398,778
Motor vehicle excise	291,927		291,927
Charges for service - ambulance		277,714	277,714
Betterments		790,293	790,293
Intergovernmental – veteran’s benefits	130,104		130,104
Intergovernmental - MSBA		19,163	19,163
Total	<u>\$ 5,044,675</u>	<u>\$ 1,087,170</u>	<u>\$ 6,131,845</u>

### **NOTE 9. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
<b>Governmental Activities:</b>					
MCWT subsidized septic bond, 4%, dtd. various, due 2017-2027	\$ 1,733,927	\$	\$ (202,177)	\$ 1,531,750	\$ 202,227
MCWT subsidized landfill bond, N/A, dtd. various, due 2020	75,000		(75,000)		
General obligation bond, 2.00-4.00%, dtd. 8/5/2010, due 8/1/2022	400,000		(100,000)	300,000	100,000
MCWT subsidized storm water mgt bond, N/A, dtd. N/A, due 2/15/2027	187,559		(19,212)	168,347	19,600
General obligation bond, 3.00-5.00%, dtd. 6/21/2011, due 6/15/2031	23,860,000		(1,520,000)	22,340,000	1,595,000
General obligation bond, 2.00-3.00%, dtd. 8/23/2012, due 8/15/2032	814,000		(65,000)	749,000	68,000
General obligation bond, 2.00-4.00%, dtd. 9/27/2013, due 9/15/2033	3,925,000		(210,000)	3,715,000	220,000
General obligation bond, 2.00-4.00%, dtd. 8/27/2015, due 8/15/2035	2,290,000		(265,000)	2,025,000	190,000
General obligation bond, 2.25-4.00%, dtd. 12/27/2015, due 12/15/2035	1,095,000		(120,000)	975,000	120,000
General obligation bond, 2.00-2.75%, dtd. 9/26/2017, due 9/15/2036	1,270,000		(70,000)	1,200,000	70,000
General obligation bond, 1.60-3.50%, dtd. 3/5/2019, due 3/1/2039	1,627,000		(62,000)	1,565,000	65,000
Total governmental bonds payable	<u>37,277,486</u>		<u>(2,708,389)</u>	<u>34,569,097</u>	<u>2,649,827</u>
Landfill post-closure and monitoring liability	256,351		(30,000)	226,351	
Net pension liability	24,346,323		(1,398,534)	22,947,789	
Net OPEB liability	57,543,887	4,947,055		62,490,942	
Compensated absences	1,498,000		(33,340)	1,464,660	
Total governmental activities	<u>\$ 120,922,047</u>	<u>\$ 4,947,055</u>	<u>\$ (4,170,263)</u>	<u>\$ 121,698,839</u>	<u>\$ 2,649,827</u>

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
<b>Business-Type Activities:</b>					
MCWT water filtration project bond, 2.00%, dtd. 12/18/2007, due 7/15/2027	\$ 5,007,926	\$	\$ (512,970)	\$ 4,494,956	\$ 523,334
MCWT drinking water bond, 2.00%, dtd. 7/8/2010, due 7/15/2030	2,025,247		(150,830)	1,874,417	153,877
MCWT drinking water bond, 2.00%, dtd. 7/8/2010, due 7/15/2030	519,076		(38,661)	480,415	39,441
General obligation bond, 2.00-3.00%, dtd. 8/23/2012, due 8/15/2032	676,000		(40,000)	636,000	42,000
General obligation bond, 2.00-4.00%, dtd. 8/27/2015, due 8/15/2035	760,000		(40,000)	720,000	40,000
General obligation bond, 2.00-4.00%, dtd. 8/27/2015, due 8/15/2035	815,000		(35,000)	780,000	40,000
Total business-type bonds payable	9,803,249		(817,461)	8,985,788	838,652
Net pension liability	1,257,185		(72,270)	1,184,915	
Net OPEB liability	1,527,864	123,209		1,651,073	
Compensated absences	124,000		(12,684)	111,316	
Total business-type activities	\$ 12,712,298	\$ 123,209	\$ (902,415)	\$ 11,933,092	\$ 838,652

### Long-term Debt:

The outstanding Massachusetts Clean Water Trust (MCWT) bonds above are recorded at the gross amount outstanding, as the Town is obligated to repay the full amount outstanding, including interest. However, it is anticipated that approximately 33% to 44% of the debt service payments relating to septic and landfill bonds will be subsidized by the Commonwealth of Massachusetts via contract payments to MCWT (and MCWT available earnings). These payments are recorded as revenue and expenses in the accompanying entity-wide and governmental financial statements; however, these payments are not included in the budgetary basis supplementary information because it is not part of the local budget. The septic and landfill bonds have been combined according to type for presentation purposes. These obligations have varying maturity dates as indicated. The Town received interest subsidies of \$34,217 during the current year.

The annual requirements to amortize all general obligation bonds and loans outstanding as of June 30, 2020, including interest, are as follows:

Year Ending	Governmental Activities			Business-Type Activities		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,649,827	\$ 1,374,453	\$ 4,024,280	\$ 838,652	\$ 197,139	\$ 1,035,791
2022	2,689,493	1,260,208	3,949,701	853,129	178,201	1,031,330
2023	2,787,927	1,142,967	3,930,894	874,898	158,841	1,033,739
2024	2,785,827	1,023,701	3,809,528	895,967	139,163	1,035,130
2025	2,906,276	901,343	3,807,619	916,339	119,167	1,035,506
2026-2030	15,095,980	2,769,674	17,865,654	3,583,688	316,046	3,899,734
2031-2035	5,173,767	392,805	5,566,572	908,115	75,649	983,764
2036-2039	480,000	8,050	488,050	115,000	2,038	117,038
Totals	\$34,569,097	\$ 8,873,201	\$43,442,298	\$ 8,985,788	\$ 1,186,244	\$10,172,032

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

The Town is subject to a dual level general debt limit – the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth. Additionally, there are many categories of general obligation debt that are exempt from the debt limit but are subject to other limitations.

Unissued debt authorizations consist of the following at June 30, 2020:

	<b>Year</b>	<b>Balance</b>
	<b>Authorized</b>	<b>June 30, 2020</b>
Central School boiler replacement	2019	\$ 940,910
Technology and security upgrades	2019	425,917
Road repairs	2019	517,892
		<u>\$ 1,884,719</u>

### Lease Obligations:

#### Operating Leases:

The Town has entered into a number of operating leases to support governmental activities, some of which are non-cancelable but otherwise are subject to annual appropriation. The annual minimum required lease payment for non-cancelable operating leases is immaterial as of June 30, 2020.

#### Capital Leases:

In accordance with Massachusetts General Laws, the Town may enter into lease agreements for a period not to exceed five years and subject to annual appropriation. As of June 30, 2020, there were no material capital lease obligations.

### **NOTE 10. TEMPORARY BORROWINGS**

Under state law and by authorization of the Board of Selectmen, the Town is authorized to borrow on a temporary (short-term) basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of tax anticipation notes (TANs);
- Capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs); and
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state aid anticipation notes (FANs and SANs).

Temporary loans are general obligations of the Town and carry maturity dates that are limited by statute. Temporary loan balances are accounted for in the appropriate fund. Internal expenditures for governmental activities are accounted for in the general fund. Interest for business-type activities are accounted for in the appropriate fund.

Changes in the Town's short-term debt for the year ended June 30, 2020 are as follows:

	<b>Interest</b>	<b>Maturity</b>	<b>Beginning</b>			<b>Ending</b>
<b>Purpose</b>	<b>Rate</b>	<b>Date</b>	<b>Balance</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance</b>
Multipurpose BAN, DTD 10/30/2019	1.76%	10/30/2020	\$	\$ 943,809	\$	\$ 943,809

On October 30, 2020, the Town renewed the BAN, due July 15, 2021 at 1.25%.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

#### **NOTE 11. EMPLOYEE BENEFITS**

##### **A. Pension Plans**

###### *Plymouth County Retirement Association*

###### Plan Description

The Plymouth County Retirement Association (Association/Plan) is a multiple-employer, cost sharing, contributory defined benefit pension plan covering all employees of the governmental member units deemed eligible by the Plymouth County Retirement Board (the Board). Membership in the Plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. As of December 31, 2019, the Association had 53 participating employers.

The Association is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). The Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's public retirement systems. The Association is governed by a five-member Board who establish the policies under which the Association operates. The Association issued an audited financial statement for the year ended December 31, 2019, which may be obtained by contacting the Association directly at: Plymouth County Retirement Association, 10 Cordage Park Circle, Suite 234, Plymouth, MA 02360, or at [www.pcr.ma.org](http://www.pcr.ma.org).

###### Benefits Provided

The Association provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory public employee retirement systems (PERS). Those requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of credible service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

###### Contributions

There are three classes of membership in the retirement system: Group 1, Group 2 and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have specified as hazardous. Lastly, Group 4 consists of police officers, firefighters and other hazardous positions.

Any individual whose membership began before January 1, 1978 and who maintains an annuity savings fund account, is eligible to receive a superannuation retirement allowance at age 55 or later, regardless of how many years or creditable service.

Members hired after January 1, 1978 and prior to April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 20 years of service or upon completion of 10 years of service and upon reaching age 55.



# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

Members hired on or after April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 10 years of service and upon reaching age 60 or age 55, depending on class of membership.

Governmental employers are required to pay an annual appropriation established by PERAC. The total appropriation includes the amount to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and an additional appropriation in accordance with adopted early retirement incentive programs. The total appropriations are payable July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discount rate of approximately 2%. The pension fund appropriations are allocated among employers based on covered payroll. The Town's statutorily required contribution for the year was \$2,610,451, which was net of the discount of approximately \$50,000.

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

The collective net pension liability of the Association was determined by an actuarial valuation as of January 1, 2020 and measured as of December 31, 2019.

At December 31, 2019, based upon the valuation date of January 1, 2020:

	<b>2019</b>
Total pension liability	\$ 1,777,175,519
Less: Plan fiduciary net position	(1,094,928,104)
Net pension liability	<u>\$ 682,247,415</u>
Plan's fiduciary net position as a percentage of total pension liability	61.61%
Total employer pension expense	\$ 107,443,103
Town's proportionate share of the collective net pension liability	\$ 24,132,704
Town's percentage share of the collective net pension liability	3.5372%
Town's covered payroll	\$ 10,393,100
Town's proportionate share of pension expense recognized	\$ 3,755,506

Pension expense was allocated to governmental activities and business-type activities in the amount of \$3,571,153 and \$184,353, respectively for the year ended June 30, 2020. The collective net deferred outflows/(inflows) of resources of the Plan was \$71,572,378 at December 31, 2019. The Town's proportionate share of collective net deferred outflows/(inflows) of resources was \$2,595,265, which was the result of the net difference between projected and actual investment earnings of the pension plan investments, differences between expected and actual experience, changes in assumptions and changes in proportion related to pension liability. This is to be recognized in future pension expense in the amount of \$1,047,573 for the year ending June 30, 2021, \$954,779 for the year ending 2022, \$1,089,944 for the year ending 2023 and \$497,031 for the year ending 2024.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

#### Actuarial Assumptions

Valuation date	January 1, 2020
Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Payments increase at 7.0% for the unfunded actuarial accrued liability, and level amortization of the 2002 and 2013 Early Retirement Incentives
Remaining amortization period	Amortization of the unfunded actuarial accrued liability over 10 years, 2003 ERI over one year, and the 2013 ERI over 9 years; all as of January 1, 2019
Asset valuation method	Market value for GASB 68 and for the actuarial report market value with a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor
Investment rate of return	7.875% nominal rate, net of investment expense
Projected salary increases	3.75% per year
Cost-of-living adjustments	3.00% of the first \$16,000 of retirement income. Previously \$14,000
Rates of retirement	Varies based upon age for general employees, police, and fire employees
Rates of disability	General employees – 45% ordinary (55% service connected) Police & Fire – 10% ordinary (90% service connected)
Mortality rates	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retirement members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

#### Investment Policy

The Plan's policy in regard to the allocation of invested assets is established by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the Plan.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected nominal rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation of January 1, 2020 are summarized in the following table:

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

<u>Asset Class</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Asset Allocation</u>
Domestic equity	7.40%	26.00%
International developed equity	7.90%	6.00%
Emerging markets equity	9.10%	10.00%
Global equity	7.80%	10.00%
Core bonds	3.00%	9.00%
Value-added fixed income	4.90%	6.00%
Hedge funds	4.00%	4.00%
Real estate	7.50%	10.00%
Private equity	9.40%	13.00%
Real assets	7.50%	6.00%
		<u>100.00%</u>

### Discount Rate

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the Plan'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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the net position liability calculated using the discount rate of 7.875%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.875%) or 1-percentage point higher (8.875%) than the current discount rate (7.875%):

	<u>1% Decrease (6.875%)</u>	<u>Current Discount Rate (7.875%)</u>	<u>1% Increase (8.875%)</u>
PCRA - Total	\$ 866,436,543	\$ 682,247,415	\$ 525,265,208
Town's proportionate share	\$ 30,565,282	\$ 24,132,704	\$ 18,529,781

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

#### Special Funding Situation – Massachusetts Teachers’ Retirement System (MTRS)

##### Plan Description

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

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

The Commonwealth is a nonemployer contributing entity and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers, including the Town, are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability for the Town to recognize. However, the Town must disclose the portion of the nonemployer contributing entity’s share of the collective net pension liability that is associated with the Town. In addition, the Town must recognize its portion of the collective pension expense as both a revenue and a pension expense.

##### Benefits Provided

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

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

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

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

### Contributions

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

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

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

The total of Commonwealth provided contributions has been allocated based on the ratio of each employer's covered payroll to the total covered payroll (approximately \$7,277,148,000) of employers in MTRS as of the measurement date of June 30, 2019. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town is required to recognize its proportional share of pension revenue and expenses, as reported by MTRS, as on-behalf payments in its financial statements. As of June 30, 2020, the Town recognized \$6,231,871 of on-behalf revenues and expenses in its Statement of Activities and \$2,942,473 of on-behalf revenues and expenditures in its Statement of Revenues, Expenditures, and Changes in Fund Balances.

### Pension Liabilities and Expenses Related to Pensions

The collective net pension liability of the MTRS was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019 (measurement date). The following table (in thousands) illustrates the Plan's net pension liability and the Commonwealth's proportionate share associated with the Town:

	<u><b>2019</b></u>
Total pension liability	\$ 54,751,000
Less: Plan fiduciary net position	<u>29,536,980</u>
Net pension liability	<u><u>\$ 25,214,020</u></u>
Plan fiduciary net position as a percentage of total pension liability	53.95%
Commonwealth's proportionate share of the collective net pension liability associated with the Town	\$ 51,389,518
Commonwealth's proportionate share of the collective pension expense associated with the Town	0.204%
Commonwealth's proportionate share of the collective net pension liability as a percentage of the total associated with the Town	203.813%

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

The Commonwealth's proportionate share of pension expense has been included in the Town's Statement of Revenues, Expenditures, and Changes in Fund Balances as intergovernmental revenues and education expenditures. In the Statement of Activity, these amounts are reported as program revenues from operating grants and contributions and as education expenses. Since the Town is considered to be in a special funding situation and does not contribute directly to MTRS, the Town does not record a net pension liability in the Statement of Net Position.

### Actuarial Assumptions

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

- (1) (a) 7.25% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund, and (c) 3.00% cost of living increase on the first \$13,000 of allowance per year.
- (2) Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
- (3) Mortality rates were as follows:
  - Pre-retirement – reflects RP-2014 White Collar Employees Table projected generationally with Scale MP-2016 (gender distinct).
  - Post-retirement – reflects RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct).
  - Disability – assumed to be in accordance with the RP-2014 White Collar Healthy Annuitant Table projected generationally with MP-2016 (gender distinct).
- (4) Experience study was performed as follows:
  - Dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	39.0%	4.9%
Core Fixed Income	15.0%	1.3%
Private Equity	13.0%	8.2%
Portfolio Completion Strategies	11.0%	3.9%
Real Estate	10.0%	3.6%
Value Added Fixed Income	8.0%	4.7%
Timberland/Natural Resources	4.0%	4.1%
Total	100.0%	

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

### Discount Rate

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

### Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate as of June 30, 2019. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current discount rate (7.25%) (amounts in thousands):

	<b>1% Decrease to 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase to 8.25%</b>
MTRS - Total Plan	\$ 31,232,100	\$ 25,214,020	\$ 20,062,500
Town's proportionate share	\$ 63,655	\$ 51,390	\$ 40,890

### **B. Compensated Absences**

Employees earn vacation and sick leave as they provide services. The cost of vacation and sick leave benefits is recorded as an expenditure of the applicable fund when incurred. Vacation and sick pay accumulate for various groups of employees based upon personnel by-laws and their respective collective bargaining agreements. Accumulated unused sick leave is due to certain employees upon termination of employment and has been recorded as a liability in the accompanying statement of net position for both governmental and business-type activities of approximately \$1.46 million and \$111,000, respectively.

### **C. Other Postemployment Benefits**

#### General Information about the OPEB Plan

##### Plan Description

The Town administers the Town of East Bridgewater Other Postemployment Benefits Plan (the plan) – a single employer defined benefit plan which provides health and prescription drug benefits to substantially all retired employees, their dependents, and beneficiaries (plan members). Eligibility to retire under the Town's plan is based upon meeting one of the following conditions:

1. Completion of 20 years of service, regardless of age.
2. For an employee hired before April 2, 2012 – attainment of age 55 with 10 years of creditable service.
3. For an employee hired on or after April 2, 2012 – attainment of age 60 with 10 years of creditable service.

The Plan is included as a fiduciary fund in the Town's basic financial statements. An actuarial valuation may be obtained by contacting the Town.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

#### Benefits Provided

Benefits were paid to retirees, beneficiaries, and dependents during the fiscal year ended June 30, 2020 and are paid on a “pay-as-you-go” basis. These benefits are provided for and amended under various provisions of Massachusetts General Law, terms of collective bargaining agreements, and Town ordinances.

#### Employees Covered

At July 1, 2018, the date of the actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	304
Active employees:	<u>454</u>
Total:	<u><u>758</u></u>

#### Contributions

The contribution rates of retirees are established by collective-bargaining agreements, Massachusetts General Law, and Town ordinances. The required contribution is based on pay-as-you-go financing requirements. All benefits are provided through a third-party insurance carrier that administers, assumes, and pays all claims. The Town contributes at 60% - 70% of the insurance premiums, dependent upon the plan, with the remainder funded through retiree contributions.

The Town currently pays postemployment benefits on a pay-as-you-go basis. The cost of a retiree’s healthcare benefits is recognized as an expenditure in the general fund as premiums are paid. Contributions in excess of premium payments are determined on an annual basis during the budgetary process. The Town contributed \$10,000 beyond the pay-as-you-go cost for the period ending June 30, 2020. For the year ended June 30, 2020, total Town premiums plus implicit costs for retiree medical program were \$1,605,345. \$331,869 of this amount represents the implicit cost, which is the portion of premiums being paid for active employees that are being used to subsidize the premiums of retirees that are not yet Medicare eligible. For the year ended June 30, 2020, the Town’s average contribution rate was 6.09% of covered-employee payroll. Active employees are not required to contribute to the plan.

#### GASB Statements #75 and #74 – the Employer and the Plan

In accordance with GASB Statement #75, the Town (the employer) recognizes a net OPEB liability measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the OPEB plan’s fiduciary net position. The net OPEB liability is recognized as of the measurement date. The Town’s most recent actuarial valuation was performed using a valuation date of July 1, 2018 for the measurement date and reporting period of June 30, 2020. GASB Statement # 74 addresses reporting requirements of the Plan as of the end of its fiscal year June 30, 2020. An actuarial valuation report associated with the fund may be obtained by contacting the Town directly.

#### Changes in the Net OPEB Liability

The following table illustrates the changes in the net OPEB liability through the actuarial valuation as of July 1, 2018, for the measurement date of June 30, 2020:



# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b>Balances for June 30, 2019</b>	\$ 59,142,235	\$ 70,484	\$ 59,071,751
<b>Changes for the year:</b>			
Service cost	2,820,413		2,820,413
Interest on total OPEB liability, service cost, and benefit payments	1,834,977		1,834,977
Changes in assumptions	2,032,059		2,032,059
Net investment income		1,840	(1,840)
Employer contributions to Trust		1,615,345	(1,615,345)
Benefit payments withdrawn from Trust		(1,605,345)	1,605,345
Total benefit payments including implicit cost	(1,605,345)		(1,605,345)
 Net changes	 5,082,104	 11,840	 5,070,264
 <b>Balances at June 30, 2020</b>	 <b>\$ 64,224,339</b>	 <b>\$ 82,324</b>	 <b>\$ 64,142,015</b>

### Actuarial Methods and Assumptions

The following significant assumptions were utilized in the actuarial valuation:

<u>Actuarial Cost Method:</u>	Individual Entry Age Normal.
<u>Asset-Valuation Method:</u>	Market value of assets as of June 30, 2020.
<u>Investment Rate of Return:</u>	4.14%, net of OPEB plan investment expense, including inflation.
<u>Inflation Rate:</u>	2.50% as of June 30, 2020 and for future periods.
<u>Municipal Bond Rate:</u>	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
<u>Single Equivalent Discount Rate:</u>	2.75%, net of OPEB plan investment expense, including inflation (previously 3.0%).
<u>Salary Increases:</u>	3.00% annually as of June 30, 2020 and for future periods.
<u>Amortization:</u>	30-year level dollar of NOL.
<u>Medical Care Inflation:</u>	4.5% flat per year for non-Medicare integrated plans and for Medicare integrated plans (previously 5.0%).
<u>Participation Rate:</u>	80% of employees eligible to receive retirement benefits would enroll in the retiree medical plans upon retirement. For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement.
<u>Spouse Participation Rate:</u>	It was assumed that 80% of male employees and 70% of female employees who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement.

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

<u>Spouse Demographics:</u>	It was assumed that a male spouse is three years older than a female spouse and the same sex spouses were assumed to be the same age. For current retirees, the actual census information was used, if available.
<u>Pre-Retirement Mortality:</u>	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
<u>Post-Retirement Mortality:</u>	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
<u>Disabled Mortality:</u>	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.
<u>Assumption Experience Study:</u>	The mortality assumptions reflect recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

#### Investment rate of return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity - Large Cap	12.25%	4.80%
Domestic Fixed Income	63.50%	2.05%
Cash & Cash Equivalents	24.25%	0.00%
	<u>100.00%</u>	

#### Discount Rate

The discount rate used to measure the total OPEB liability was 2.75%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made on a “pay-as-you-go” basis. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on the OPEB plan assets is applied to the projected benefit payments which the fiduciary net position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter. The Municipal Bond Rate is based on the S&P Municipal Bond 20-Year High Grade Index (“SAPIHG”), which was 2.66% as of June 30, 2020. The S&P Municipal Bond 20-Year High Grade Index is the index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate (2.75%):

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(1.75%)</b>	<b>(2.75%)</b>	<b>(3.75%)</b>
Net OPEB liability	\$ 76,096,581	\$ 64,142,015	\$ 55,213,565

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(3.5%)</b>	<b>Trend Rate</b>	<b>(5.5%)</b>
Net OPEB liability	\$ 54,439,400	\$ 64,142,015	\$ 76,835,180

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For fiscal year 2020 (measurement date and reporting date), the Town recognized net OPEB expense for governmental activities and business-type activities of \$3,736,960 and \$68,401, respectively. Additionally, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB (as detailed in note 8):

	<b>Deferred</b>	<b>Deferred</b>
	<b>Outflows of</b>	<b>Inflows of</b>
	<b>Resources</b>	<b>Resources</b>
Differences between expected and actual experience	\$ 3,205,920	\$ (4,743,308)
Changes of assumptions	1,725,565	(4,234,612)
Net difference between projected and actual earnings on OPEB plan investments	1,026	(1,016)
<b>Total</b>	<b>\$ 4,932,511</b>	<b>\$ (8,978,936)</b>

Net amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are amortized over average remaining service lives and will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	<b>Net</b>
2021	\$ (846,906)
2022	(846,906)
2023	(846,905)
2024	(846,569)
2025	(852,234)
Thereafter	193,095
Total, net	<u><u>\$ (4,046,425)</u></u>

# **TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

## **Notes to the Financial Statements**

June 30, 2020

### **NOTE 12. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

State and Federal laws and regulations require the Town to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years thereafter. The landfill has stopped accepting solid waste and pursuant to a Massachusetts Department of Environmental Protection consent order, the Town has placed a final cover on its landfill.

As of June 30, 2020, \$226,000 has been reported on the Town's statement of net position as an estimated remaining liability for post-closure monitoring costs of the landfill. The Town anticipates 7 years of post-closure monitoring remaining. Actual costs may change due to the finalizing of regulations with regulatory authorities, changing technology, and inflation.

### **NOTE 13. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town carries commercial insurance for all risks.

The Town belongs to the Group Insurance Commission (GIC). The GIC was established by the Massachusetts Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth of Massachusetts' employees and retirees, their dependents, and survivors. The GIC also covers housing and redevelopment authorities' personnel, participating municipalities, and retired municipal employees and teachers in certain governmental units. The Town paid approximately \$5.4 million to the GIC for the year ended June 30, 2020, which includes both the Town's and the employees' shares of contributions.

### **NOTE 14. COMMITMENTS AND CONTINGENCIES**

The Town is currently involved in pending litigation. The legal actions are ongoing, and at this point in time, in the opinion of management, no outcome can reasonably be foreseen. Accordingly, no provision for any loss relating to these lawsuits has been recorded in the financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

### **NOTE 15. RESTATEMENT OF CERTAIN BEGINNING BALANCES**

Certain restatements have been made to beginning balances in the financial statements as follows:

	<b>School Projects Fund</b>	<b>Septic Loan Repayment Fund</b>	<b>Other Governmental Funds</b>
Fund balance, June 30, 2019	\$ 461,715	\$ 1,901,814	\$ 5,187,924
To restate beginning fund balance due to change in major funds	<u>(461,715)</u>	<u>(1,901,814)</u>	<u>2,363,529</u>
Fund balance, July 1, 2019, restated	<u>\$</u>	<u>\$</u>	<u>\$ 7,551,453</u>

## TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

### Notes to the Financial Statements

June 30, 2020

#### **NOTE 16. IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The following are pronouncements issued by the Governmental Accounting Standards Board (GASB), which the Town believes are applicable to its financial statements.

##### Current Pronouncements:

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective implementation dates of certain pronouncements as a result of the COVID-19 pandemic, as follows:

- The effective dates of certain provisions contained in the following pronouncements are postponed by one year: GASB Statements No. 83, No. 84, No. 88, No. 89, No. 90, No. 91, No. 92, and No. 93 and Implementation Guides No. 2018-1, No. 2019-1, and No. 2019-2.
- The effective dates of the following pronouncements are postponed by eighteen months: GASB Statement No. 87 and Implementation Guide No. 2019-3.

##### Future Pronouncements:

The GASB issued Statement No. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2021, as amended by GASB Statement No. 95. This pronouncement establishes criteria for identifying fiduciary activities and its objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Town will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 87, *Leases*, which is required to be implemented in fiscal year 2022, as amended by GASB Statement No. 95. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which is required to be implemented in fiscal year 2022, as amended by GASB Statement No. 95. This pronouncement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. Additionally, it will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period. The Town will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, which is required to be implemented in fiscal year 2021, as amended by GASB Statement No. 95. This pronouncement improves the consistency and comparability of reporting a government's majority interest in a legally separate organization and improves the relevance of financial statement reporting for certain component units. The Town will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, which is required to be implemented in fiscal year 2023, as amended by GASB Statement No. 95. This pronouncement improves financial reporting by providing a single method of reporting conduit debt obligations by issuers and eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Town will evaluate the applicability of this pronouncement upon implementation.

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Notes to the Financial Statements

June 30, 2020

The GASB issued Statement No. 92, Omnibus 2020, which is generally required to be implemented in fiscal year 2023, as amended by GASB Statement No. 95. This pronouncement addresses a variety of topics and includes specific provisions of previously issued pronouncements. The Town will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 93, Replacement of Interbank Offered Rates, which is generally required to be implemented in fiscal year 2022 or thereafter, as amended by GASB Statement No. 95. This pronouncement addresses the accounting and reporting implications resulting from interbank offered rates (IBOR). The Town will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which is generally required to be implemented in fiscal year 2023. This pronouncement addresses the accounting and reporting of arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or an exchange-like transaction. The Town will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which is generally required to be implemented in fiscal year 2023. This pronouncement addresses the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Town will evaluate the applicability of this pronouncement upon implementation.

The GASB issued 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. This pronouncement improves the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements will also enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The requirements of this Statement that are related to the accounting and financial reporting of Section 457 plans are generally required to be implemented in fiscal year 2022. The Town will evaluate the applicability of this pronouncement upon implementation.

### **NOTE 17. SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through February 22, 2021, which is the date the financial statements were available to be issued. Management has reported the following events, which are necessary to disclose to keep the financial statements from being misleading. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

#### **State of Emergency – COVID-19:**

As a result of the COVID-19 outbreak, the State of Emergency declared by the Governor of the Commonwealth of Massachusetts continues.

The economic impact to the Commonwealth and the ramifications upon state aid and local receipts to the Town is uncertain. There are significant uncertainties regarding ongoing guidelines and restrictions associated with reopening businesses, workplaces, and educational facilities. Accordingly, any economic impact to the Town and its operational budget cannot be fully determined as of the date of these financial statements.

\* \* \* \* \*

**REQUIRED SUPPLEMENTARY INFORMATION**

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Required Supplementary Information

### Schedule of the Town's Proportionate Share of the Net Pension Liabilities and Pension Plan Contributions Last Ten Fiscal Years

#### Plymouth County Retirement System

The Plymouth County Retirement System (the System) is a multiple-employer, cost-sharing, contributory defined benefit pension plan covering all eligible employees of the governmental member units deemed eligible by the Plymouth County Retirement Board (the Board), with exception of school department employees who serve in a teaching capacity. Based upon the actuarial valuation date of the System as of December 31, XX the following is presented:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	3.54%	3.49%	3.57%	3.52%	3.49%	3.49%
System's proportionate share of the net pension liability associated with the Town	\$ 24,132,704	\$ 25,603,508	\$ 19,102,197	\$ 22,324,421	\$ 22,109,349	\$ 20,320,378
Town's covered payroll (approximate)	\$ 10,393,100	\$ 10,891,412	\$ 10,940,724	\$ 10,519,927	\$ 9,925,244	\$ 9,566,500
Town's proportionate share of the net pension liability as a percentage of its covered payroll	232.20%	235.08%	174.60%	212.21%	222.76%	212.41%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	56.10%	65.56%	58.32%	56.76%	58.88%
Actuarially determined contribution	\$ 2,610,451	\$ 2,531,361	\$ 2,427,677	\$ 2,343,657	\$ 2,220,461	\$ 2,052,200
Contributions in relation to the actuarial determined contribution	(2,610,451)	(2,531,361)	(2,427,677)	(2,343,657)	(2,220,461)	(2,052,200)
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Contributions as a percentage of covered payroll	25.12%	23.24%	22.19%	22.28%	22.37%	21.45%

#### **Notes to Schedule:**

#### Changes of Assumptions:

Effective December 31, 2018:

- Discount rate is 7.875%; previously 8.00%

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

See Independent Auditor's Report.



**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
 Required Supplementary Information  
 Schedule of the Town's Proportionate Share of the Net Pension Liabilities and Pension Plan Contributions  
 Last Ten Fiscal Years

Special Funding Situation - Massachusetts Teachers' Retirement System

The Commonwealth of Massachusetts is a nonemployer contributing entity and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB and the Commonwealth is a nonemployer contributing entity in the Massachusetts Teachers' Retirement System (MTRS) (the Plan). Since the Town does not contribute directly to the MTRS, there is no net pension liability to recognize. Based upon the actuarial valuations of the Plan for the year ended June 30, 20XX, the following is presented:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.35%	0.20%	0.17%	0.19%	0.19%	0.19%
Commonwealth's proportionate share of the net pension liability associated with the Town	\$ 51,389,518	\$ 48,222,769	\$ 39,035,506	\$ 41,369,545	\$ 39,327,856	\$ 29,475,401
Town's covered payroll (approximate)	\$ 14,831,793	\$ 14,282,734	\$ 11,582,470	\$ 10,044,825	\$ 9,566,500	\$ 9,117,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	346.48%	337.63%	337.02%	411.85%	411.10%	323.30%
Plan fiduciary net position as a percentage of the total pension liability	66.28%	54.84%	54.25%	52.73%	55.38%	61.64%
Actuarially determined contribution	\$ 2,942,473	\$ 2,673,936	\$ 2,107,412	\$ 2,080,845	\$ 1,961,494	\$ 1,738,111
Contributions in relation to the actuarial determined contribution	(2,942,473)	(2,673,936)	(2,107,412)	(2,080,845)	(1,961,494)	(1,738,111)
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Contributions as a percentage of covered payroll	19.84%	18.72%	18.19%	20.72%	20.50%	19.06%

**Notes to Schedule:**

Changes of Assumptions:

Effective June 30, 2019:

- Discount rate is 7.25%; previously 7.35%

Effective June 30, 2018:

- Discount rate is 7.35%; previously 7.5%

Effective June 30, 2015:

- Discount rate is 7.5%; previously 8.0%

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

See Independent Auditor's Report.

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
Required Supplementary Information  
Schedule of Changes in the Town's Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years

Valuation date: For the reporting period & fiscal year ending on:	July 1, 2018 June 30, 2020	July 1, 2018 June 30, 2019	June 30, 2016 June 30, 2018	June 30, 2016 June 30, 2017	June 30, 2016 June 30, 2016
<b>Total OPEB liability</b>					
Service cost	\$ 2,820,413	\$ 2,508,172	\$ 2,704,845	\$ 2,554,321	\$ 2,617,379
Interest	1,834,977	2,119,655	2,191,966	1,926,124	1,669,937
Differences between expected and actual experience		(6,792,252)			5,563,159
Changes of assumptions	2,032,059	(6,063,816)			
Implicit cost amount	(331,869)	(332,032)	(91,959)	(82,524)	
Benefits payments	(1,273,476)	(1,209,620)	(1,346,429)	(1,260,567)	(1,154,083)
Net change in total OPEB liability	5,082,104	(9,769,893)	3,458,423	3,137,354	8,696,392
Total OPEB liability - beginning	59,142,235	68,912,128	65,453,705	62,316,351	53,619,959
<b>Total OPEB liability - ending (a)</b>	<b>\$ 64,224,339</b>	<b>\$ 59,142,235</b>	<b>\$ 68,912,128</b>	<b>\$ 65,453,705</b>	<b>\$ 62,316,351</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 1,615,345	\$ 1,551,652	\$	\$	\$
Net investment income	1,840	3,114			
Benefit payments, including implicit cost	(1,605,345)	(1,541,652)			
Net change in fiduciary net position	11,840	13,114			
Plan fiduciary net position - beginning	70,484	57,370			
<b>Plan fiduciary net position - ending (b)</b>	<b>82,324</b>	<b>70,484</b>			
<b>Town's net OPEB liability - ending (a-b)</b>	<b>\$ 64,142,015</b>	<b>\$ 59,071,751</b>	<b>\$ 68,912,128</b>	<b>\$ 65,453,705</b>	<b>\$ 62,316,351</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.00%	0.00%	0.00%
Covered - employee payroll	\$ 26,502,877	\$ 25,730,949	\$ 23,431,218	\$ 22,748,755	\$ 22,748,755
Town's net OPEB liability as a percentage of covered-employee payroll	242.02%	229.57%	294.10%	287.72%	273.93%
Single discount rate used to calculate Plan liabilities	2.75%	3.00%	3.00%	3.00%	3.00%

**Notes to Schedule:**

Changes of Assumptions:

From June 30, 2019 to June 30, 2020

Discount rate is 2.75%; previously 3.00%

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

See Independent Auditor's Report.

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
Required Supplementary Information  
Schedule of the Town Contributions - Other Postemployment Benefits Plan  
Last Ten Fiscal Years

<b>For the fiscal year ending:</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Actuarially determined contribution	\$ 5,903,251	\$ 5,434,188	\$ 5,946,980	\$ 5,796,457	\$ 5,641,053
Contributions in relation to the actuarially determined contribution	(1,615,345)	(1,609,022)	(1,438,388)	(1,343,091)	(1,154,083)
Contribution deficiency (excess)	\$ 4,287,906	\$ 3,825,166	\$ 4,508,592	\$ 4,453,366	\$ 4,486,970
Covered-employee payroll	\$ 26,502,877	\$ 25,730,949	\$ 22,748,755	\$ 22,748,755	\$ 22,748,755
Contributions as a percentage of covered-employee payroll	6.09%	6.25%	6.32%	5.90%	5.07%
Discount rate	2.75%	3.00%	3.00%	3.00%	3.00%

**Notes to Schedule:**

Valuation date:	Actuarially determined contribution was calculated as of July 1, 2018
Actuarial cost method:	Individual Entry Age Normal
Asset valuation method:	Market value of assets
Investment rate of return:	4.14%, net of OPEB plan investment expense, including inflation
Municipal bond rate:	2.66% as of June 30, 2020 (source: S & P Municipal Bond 20-Year High Grade Index - SAPIHG)
Discount rate:	2.75%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2020 and for future periods
Healthcare cost trend rates:	4.5% initial flat per year for all plan types
Salary increases:	3.00% annually as of June 30, 2020 and for future periods
Pre-retirement mortality:	RP-2000 Employees Mortality Table projected generationally with a scale BB and a base year 2009 for males and females.
Post-retirement mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with a scale BB and a base year 2009 for males and females.
Disabled mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with a scale BB and a base year 2012 for males and females.

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

See Independent Auditor's Report.

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
Required Supplementary Information  
Schedule of Investment Returns - Other Postemployment Benefits Plan  
Last Ten Fiscal Years

<b>For the fiscal year ending:</b>	<b><u>June 30, 2020</u></b>	<b><u>June 30, 2019</u></b>	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>
Annual money-weighted rate of return, net of investment expense	2.41%	5.42%	N/A	N/A

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

# TOWN OF EAST BRIDGEWATER, MASSACHUSETTS

## Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 30,773,822	\$ 30,773,822	\$ 30,739,552	\$ (34,270)
Excise taxes	1,971,159	1,971,159	2,019,277	48,118
Licenses and permits	225,000	225,000	272,849	47,849
Penalties and interest	315,000	315,000	303,255	(11,745)
Investment income	85,000	85,000	171,643	86,643
Fees and fines	221,500	221,500	276,958	55,458
Departmental and other	96,500	96,500	50,399	(46,101)
Intergovernmental	12,792,601	12,792,601	12,770,356	(22,245)
Total revenues	46,480,582	46,480,582	46,604,289	123,707
<b>Expenditures</b>				
General government	12,638,219	12,245,297	11,685,009	560,288
Public safety	5,936,671	5,896,786	5,784,979	111,807
Education	22,917,509	22,479,686	22,215,970	263,716
Public works	1,314,622	1,457,584	1,338,086	119,498
Human services	697,220	700,970	612,341	88,629
Culture and recreation	530,741	524,150	496,577	27,573
State and county assessments	665,066	665,066	720,608	(55,542)
Debt service	4,012,164	4,012,164	3,982,164	30,000
Total expenditures	48,712,212	47,981,703	46,835,734	1,145,969
Revenues over (under) expenditures	(2,231,630)	(1,501,121)	(231,445)	1,269,676
<b>Other financing sources (uses)</b>				
Transfers in from other funds	2,136,861	2,139,861	2,139,861	
Transfers out to other funds	(1,554,786)	(1,554,786)	(1,558,555)	(3,769)
Total other financing sources (uses)	582,075	585,075	581,306	(3,769)
Revenues and other financing sources over/(under) expenditures and other financing uses	(1,649,555)	(916,046)	<u>\$ 349,861</u>	<u>\$ 1,265,907</u>
<b>Other budget items</b>				
Use of available fund balance	1,095,263	1,618,522		
Overlay appropriations	100,000	100,000		
Carryover articles and encumbrances	742,044	(514,724)		
Funding of prior year deficits	(287,752)	(287,752)		
Total other budget items	1,649,555	916,046		
Net budget	<u>\$</u>	<u>\$</u>		

See Independent Auditor's Report.

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

**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**  
 Required Supplementary Information  
 Notes to the Budgetary Comparison Schedule – General Fund  
 For the Year Ended June 30, 2020

**NOTE 1. BUDGETARY BASIS OF ACCOUNTING**

The Town must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2 ½ and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all non-property tax revenue and transfers projected to be received by the Town, including available surplus funds.

The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Board of Selectmen. The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are acted upon by vote of Town Meeting. All general fund and enterprise fund functions are budgeted; the Town does not have legally adopted annual budgets for its special revenue funds. Budgets for various special revenue funds utilized to account for specific grant programs are established in accordance with the requirements of the Commonwealth or other grantor agencies.

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). The "actual" results column of the Budgetary Comparison Schedule – General Fund, is presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP basis is that all budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenues when levied (budget) as opposed to when susceptible to accrual (GAAP). A reconciliation of the budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2020, is presented below:

	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources/(Uses), Net</b>
As reported on a budgetary basis	\$ 46,604,289	\$ 46,835,734	\$ 581,306
Adjustments for property tax revenues	138,614		
State funded teachers' pension (MTRS)	2,942,473	2,942,473	
BAN payment budgeted in general fund			
Stabilization fund activity	358,132	16,886	435,059
Transfer to OPEB trust fund		10,000	10,000
Prefunded FY20 solid waste subsidy			200,000
Indirect costs of water fund reported as operating transfers on budgetary basis		(420,753)	(420,753)
As reported on a GAAP basis	<u>\$ 50,043,508</u>	<u>\$ 49,384,340</u>	<u>\$ 805,612</u>