

TOWN OF RAYNHAM, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2020

**TOWN OF RAYNHAM, MASSACHUSETTS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Raynham, Massachusetts

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

Management's Responsibility for the Financial Statements

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. 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 Raynham, Massachusetts, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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, and Bristol County Contributory Retirement System schedules - Town's proportionate share of the net pension liability, and Town's contribution, Other Post-Employment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contribution, and investment return, and notes to required supplementary information on pages 3 – 10, 68 – 69, 70 – 72 and 73 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.



Certified Public Accountant

July 9, 2021

Management's Discussion and Analysis

As management of the Town of Raynham, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Raynham's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

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

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

Both of the government-wide financial statements distinguish functions and activities 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 and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, pension benefits, health and life insurance, employee benefits, state and county charges, and interest. The business-type activities include costs relating to the Town's sewer operations.

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

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

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town of Raynham adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. This allows the community to recover total service costs through user fees if it chooses. It also enables a community to reserve the "surplus" or retained earnings generated by the enterprise fund. The Town of Raynham has one enterprise fund. The Sewer Enterprise Fund is used to account for the Town's sewer operations.

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

Private-purpose trust funds, postemployment benefits trust, and agency funds are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds", "postemployment benefits trust", and "agency funds", respectively.

Notes to the basic 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.

Government-Wide Financial Analysis

The chart on the following page summarizes key financial components of the Town's financial statements.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$38,733,254 at the close of fiscal year 2020.

Net position of \$52,259,299 (134.92%) reflects its investment in capital assets (e.g., land, buildings and improvements, capital improvements other than buildings, machinery and equipment, vehicles, infrastructure, and construction in progress), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its 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 net position totaling \$11,191,829 (28.89%) represents resources that are subject to external restrictions on how they may be used. The restricted net assets relate to governmental activities. The remaining balance of unrestricted net position is a deficit of (\$24,717,874) (-63.81%).

Town of Raynham - Financial Highlights

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Assets:						
Current assets	\$ 22,021,335	\$ 20,996,436	\$ 6,149,685	\$ 7,924,141	\$ 28,171,020	\$ 28,920,577
Noncurrent assets (excluding capital)	-	-	1,017,702	1,173,947	1,017,702	1,173,947
Investment in net capital assets	29,581,131	27,705,910	40,911,362	38,928,185	70,492,493	66,634,095
Total assets	51,602,466	48,702,346	48,078,749	48,026,273	99,681,215	96,728,619
Deferred Outflow of Resources	7,688,283	5,053,921	402,457	263,513	8,090,740	5,317,434
Liabilities:						
Current liabilities (excluding debt)	1,017,498	860,802	740,220	775,622	1,757,718	1,636,424
Noncurrent liabilities (excluding debt)	44,815,520	39,163,507	1,885,233	1,669,235	46,700,753	40,832,742
Current debt	130,000	137,872	1,721,744	3,770,619	1,851,744	3,908,491
Noncurrent debt	615,000	745,000	16,607,060	16,663,527	17,222,060	17,408,527
Total liabilities	46,578,018	40,907,181	20,954,257	22,879,003	67,532,275	63,786,184
Deferred Inflow of Resources	1,359,424	2,022,510	147,002	204,944	1,506,426	2,227,454
Net Position:						
Net investments in net capital assets	28,803,687	26,780,221	23,455,612	20,065,093	52,259,299	46,845,314
Restricted	11,191,829	9,225,709	-	-	11,191,829	9,225,709
Unrestricted	(28,642,209)	(25,179,354)	3,924,335	5,140,746	(24,717,874)	(20,038,608)
Total net position	\$ 11,353,307	\$ 10,826,576	\$ 27,379,947	\$ 25,205,839	\$ 38,733,254	\$ 36,032,415
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,517,483	\$ 3,420,484	\$ 4,066,228	\$ 2,950,104	\$ 6,583,711	\$ 6,370,588
Operating grants and contributions	686,820	671,755	-	2,978.00	686,820	674,733
Capital grants and contributions	831,722	158,942	61,637	179,156	893,359	338,098
<i>General Revenues:</i>						
Real Estate and personal property taxes	37,105,945	35,543,214	-	-	37,105,945	35,543,214
Motor vehicle and other excise taxes	2,885,103	2,769,355	-	-	2,885,103	2,769,355
Nonrestricted grants and contributions	1,283,547	1,423,186	-	-	1,283,547	1,423,186
Hotel/motel occupancy tax	819,364	973,867	-	-	819,364	973,867
Unrestricted investment income	443,698	559,048	-	-	443,698	559,048
Bond premium	95,298	-	-	-	95,298	-
Sale of real estate	-	-	-	-	-	-
Other revenues	292,178	387,869	-	-	292,178	387,869
Total Revenues	46,961,158	45,907,720	4,127,865	3,132,238	51,089,023	49,039,958
Expenses:						
General Government	2,126,312	1,753,378	-	-	2,126,312	1,753,378
Public Safety	9,391,939	9,238,090	-	-	9,391,939	9,238,090
Education	21,970,419	21,385,099	-	-	21,970,419	21,385,099
Public Works	2,647,480	2,793,706	-	-	2,647,480	2,793,706
Human Services	404,292	452,574	-	-	404,292	452,574
Culture and Recreation	818,055	824,865	-	-	818,055	824,865
Employee Benefits	7,020,223	6,145,683	-	-	7,020,223	6,145,683
State and County Assessments	393,048	403,115	-	-	393,048	403,115
Interest	14,873	16,882	-	-	14,873	16,882
Sewer	-	-	3,601,543	3,779,206	3,601,543	3,779,206
Total Expenses	44,786,641	43,013,392	3,601,543	3,779,206	48,388,184	46,792,598
Increase/(Decrease) in Net Position before transfers	2,174,517	2,894,328	526,322	(646,968)	2,700,839	2,247,360
Transfers	(1,647,786)	(1,697,708)	1,647,786	1,697,708	-	-
Increase/(Decrease) in Net Position	526,731	1,196,620	2,174,108	1,050,740	2,700,839	2,247,360
Net Position - beginning	10,826,576	9,629,956	25,205,839	24,155,099	36,032,415	33,785,055
Net Position - ending	\$ 11,353,307	\$ 10,826,576	\$ 27,379,947	\$ 25,205,839	\$ 38,733,254	\$ 36,032,415

The total net position increased from \$36,032,415 to \$38,733,254 from the prior fiscal year, an increase of \$2,700,839. Of this change in net position, an increase of \$526,731 was attributable to governmental activities and an increase of \$2,174,108 was attributable to business-type activities. An increase in net position means that the change in total assets exceeded the change in total liabilities.

The governmental activities net position increase of \$526,731 during the current fiscal year was attributable to a significant increase in Real Estate and Personal Property tax receipts. The business-type activities net position increase of \$2,174,108 was primarily attributable to net transfers of \$1,647,786 from the general fund, and secondarily from a significant increase in charges for services revenues of \$1,116,124.

Financial Analysis of the Government's Funds

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

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

Total fund balance of the governmental funds at June 30, 2020 was \$19,268,958, an increase of \$687,732. This increase is largely due to an increase in Property Tax, Excise, and Tax Title receipts.

The general fund is the chief operating fund. At the end of fiscal year 2020, unassigned fund balance of the general fund was \$8,237,150, while total fund balances were \$15,019,333. Committed fund balance includes \$3,492,518 of continuing articles. Assigned fund balances include several assigned fund balances totaling \$3,209,595. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 19.21% of total general fund expenditures, while total fund balance represents 35.02% of that same amount.

General Fund Budgetary Highlights

The \$356,132 increase in expenditures between the original budget and the final amended budget was primarily due to additional appropriations voted upon in a subsequent special town meeting.

Capital Asset and Debt Administration

In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming fiscal year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The Town's investment in capital assets for governmental and business-type activities as of June 30, 2020, amounts to \$70.5 million, net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, capital improvements (other than buildings), machinery and equipment, vehicles, infrastructure, and construction in progress.

**Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
	Land	\$ 7,046,563	\$ 7,046,563	\$ 1,882,875	\$ 1,868,015	\$ 8,929,438
Buildings and improvements	4,622,354	3,926,105	655,015	677,656	5,277,369	4,603,761
Capital Improvements (other than buildings)	436,740	488,313	165,517	179,582	602,257	667,895
Machinery and Equipment	798,393	703,097	671,876	411,071	1,470,269	1,114,168
Vehicles	2,003,923	2,028,137	164,944	132,771	2,168,867	2,160,908
Software	12,598	20,996	-	-	12,598	20,996
Infrastructure	14,317,439	13,492,699	20,360,414	21,111,509	34,677,853	34,604,208
Construction in Progress	343,121	-	17,010,721	14,547,581	17,353,842	14,547,581
Total Capital Assets	\$ 29,581,131	\$ 27,705,910	\$ 40,911,362	\$ 38,928,185	\$ 70,492,493	\$ 66,634,095

The Town of Raynham currently maintains an AA+ Bond Rating with S & P Global, a recent upgrade. The Towns' outstanding long-term debt of the general government, as of June 30, 2020, totaled \$18,510,000, of which \$17,765,000 is related to sewer projects, and \$745,000 is related to the Town Hall/Police Station remodeling.

Please refer to notes **5**, **7**, and **8** for further discussion of the major capital and debt activity.

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2020	Outstanding June 30, 2019
MWPAT - SEPTIC - TITLE V 8/1/01	\$ -	\$ 2,872
TOWN HALL RENOVATION - 8/24/17	745,000	880,000
Total Governmental Activities	\$ 745,000	\$ 882,872
Business-type Activities	Outstanding June 30, 2020	Outstanding June 30, 2019
SEWER PHASE VI 7/27/12	\$ 6,645,000	\$ 7,040,000
MWPAT - SEWER PHASE V 11/6/03	1,640,000	2,015,000
MWPAT - SEWER PHASE V 11/6/03 RESTRUCTURED	45,000	56,250
SEWER PHASE VII	5,545,000	5,840,000.00
SEWER PHASE V 7/15/01 - REFUNDED 7/27/12	295,000	445,000
SEWER I - 8/15/17	1,810,000	2,055,000
SEWER II - 8/15/17	135,000	155,000
SEWER III - 8/15/17	135,000	155,000
SEWER VII - 1/22/20	1,515,000	-
Total Business-type Activities	\$ 17,765,000	\$ 17,761,250
Total Outstanding Debt	\$ 18,510,000	\$ 18,644,122

Economic Factors and Next Year's Budgets and Rates

The COVID-19 pandemic has had a catastrophic impact nation-wide. With the majority of the Country under lockdown for the entire 4th quarter of FY20, the impacts have caused significant reductions in revenue and thus an adverse impact on operations. The Town survived fiscal 2020 due to a strong first three quarters and conservative revenue estimates. However, the impact to fiscal year 2021 is uncertain and thus, the Town has taken a very conservative approach in estimating revenues for fiscal year 2021.

In spite of the pandemic, FY20 local receipts came in \$1.38 million higher than projected. New growth tax in real estate taxes was \$597,622 on top of the 2 ½ % increase allowed by statute \$807,797.

FY21 local receipts have been estimated at \$4,264,061 or approximately \$80,000 more than what was estimated for FY20 reinforcing the conservative approach with respect to revenue estimating. New growth for FY21 is estimated at approximately \$570,000 which is in addition to the statutorily allowed 2 ½% increase of \$878,177.

The Town was able to increase its general stabilization account by \$50,000 in FY20. Since the economic low point of 2009, the Town has managed to steadily increase this savings account to more acceptable and prudent levels. The Town also authorized a Public Safety Building Stabilization transfer in the amount of \$1,300,000. Lastly, the Town contributed \$250,000 to the Other Post-Employment Benefits (OPEB) Trust fund in order to reduce the actuarial accrued liability.

The FY2021 budget calls for a modest 3.49% increase in most department budgets. Salaries and wages have been kept in check through favorable collective bargaining agreements. Expenses have been held to levels needed to fund necessary items with small increases in training for police and fire.

The Town of Raynham has seen steady growth in both commercial and residential construction. Reconstruction/remodeling of a number of buildings have added several new businesses along Raynham's two business corridors (Rt. 44 and Rt. 138). Route 44 has been the primary service and retail corridor for the Town and the region. The Town is home to the "Raynham Auto Mile" which has been the catalyst to the redevelopment of vacant retail space. Several major car dealerships have expanded their footprint and parking areas in the last few years. In total, there are 16 new car dealerships on Route 44. In addition, the proposed route of the South Coast Commuter Rail project would pass through Raynham, extending rail service to Boston, Fall River and New Bedford. The Raynham Dog Track site, which is over 100 acres, would be the site of a commuter rail stop on the rail line when completed.

Route 44 is also home to "Raynham Woods," a commercial park that is approved for 2.0 million square feet and includes office, banking, research and development, engineering, light manufacturing, hotel, conference facility, restaurant and related business. The park is home to Johnson & Johnson, Amica Insurance, Electrochem, Federal Express, Preferred Freezer Services, Courtyard by Marriott and others. Johnson & Johnson has expanded the site in 2005, 2009, 2010 and 2011 and has further plans to expand in the near future. A second Wal-Mart Super Center on Route 138 was completed in 2014, making the Town of Raynham the first Massachusetts community under 15,000 people to be home to two Wal-Mart Super Centers.

Approximately 99% of the Town is serviced by two water districts, including the commercially zoned area. Due to recent sewer expansion, 98% of the Town now has sewer access. Local receipts for motor vehicle excise tax, and licenses and local permits, in particular have also increased steadily since 2010. After property taxes, these local receipts are the most important source of revenue for the Town: state aid makes up a much smaller portion of Town revenues. Finally, the Town plans to add a considerable amount to our Public Safety Building stabilization account while continuing to spend needed dollars on capital equipment and infrastructure. Debt re-financing and Excluded Debt pay downs will enhance our already favorable bond rating and save taxpayers money in the short term and long term.

Requests for Information

This financial report is designed to provide a general overview of the Town of Raynham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Raynham Veteran's Memorial Town Hall, 558 South Main Street, Raynham, MA 02767.

**TOWN OF RAYNHAM, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 11,768,770	\$ 4,070,532	\$ 15,839,302
INVESTMENTS	7,958,925	-	7,958,925
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	1,048,696	-	1,048,696
TAX LIENS	673,306	-	673,306
MOTOR VEHICLE EXCISE TAXES	370,112	-	370,112
USER FEES	-	1,790,334	1,790,334
DEPARTMENTAL AND OTHER	163,073	-	163,073
INTERGOVERNMENTAL	38,453	-	38,453
SPECIAL ASSESSMENTS	-	288,819	288,819
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	-	1,017,702	1,017,702
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	29,581,131	40,911,362	70,492,493
TOTAL ASSETS	51,602,466	48,078,749	99,681,215
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
RELATED TO PENSIONS	7,590,875	399,520	7,990,395
RELATED TO POST EMPLOYMENT BENEFITS	97,408	2,937	100,345
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,688,283	402,457	8,090,740
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	905,338	505,106	1,410,444
ACCRUED INTEREST	7,190	190,422	197,612
BONDS AND NOTES PAYABLE	130,000	1,721,744	1,851,744
LANDFILL POSTCLOSURE CARE COSTS	18,800	-	18,800
COMPENSATED ABSENCES	86,170	44,692	130,862
NONCURRENT:			
BONDS AND NOTES PAYABLE	615,000	16,607,060	17,222,060
LANDFILL POSTCLOSURE CARE COSTS	169,200	-	169,200
COMPENSATED ABSENCES	989,236	57,178	1,046,414
POSTEMPLOYMENT BENEFITS	20,894,681	630,034	21,524,715
NET PENSION LIABILITY	22,762,403	1,198,021	23,960,424
TOTAL LIABILITIES	46,578,018	20,954,257	67,532,275
<u>DEFERRED INFLOWS OF RESOURCES</u>			
DEFERRED AMOUNT ON REFUNDING	32,444	86,017	118,461
RELATED TO PENSIONS	933,005	49,106	982,111
RELATED TO POST EMPLOYMENT BENEFITS	393,975	11,879	405,854
TOTAL DEFERRED INFLOWS OF RESOURCES	1,359,424	147,002	1,506,426
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	28,803,687	23,455,612	52,259,299
RESTRICTED FOR:			
PERMANENT FUNDS:			
EXPENDABLE	413,065	-	413,065
NONEXPENDABLE	15,100	-	15,100
OTHER PURPOSES	10,763,664	-	10,763,664
UNRESTRICTED	(28,642,209)	3,924,335	(24,717,874)
TOTAL NET POSITION	\$ 11,353,307	\$ 27,379,947	\$ 38,733,254

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2020**

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE</u>	
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>		<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,126,312	\$ 334,466	\$ 72,123	\$ -	\$ (1,719,723)
PUBLIC SAFETY	9,391,939	1,240,264	188,332	-	(7,963,343)
EDUCATION	21,970,419	258,982	-	-	(21,711,437)
PUBLIC WORKS	2,647,480	46,615	184,762	831,722	(1,584,381)
HUMAN SERVICES	404,292	492,778	208,921	-	297,407
CULTURE & RECREATION	818,055	144,378	32,527	-	(641,150)
EMPLOYEE BENEFITS	7,020,223	-	155	-	(7,020,068)
STATE & COUNTY ASSESSMENTS	393,048	-	-	-	(393,048)
INTEREST	14,873	-	-	-	(14,873)
TOTAL GOVERNMENTAL ACTIVITIES	44,786,641	2,517,483	686,820	831,722	(40,750,616)
BUSINESS-TYPE ACTIVITIES:					
SEWER	3,601,543	4,066,228	-	61,637	526,322
TOTAL PRIMARY GOVERNMENT	\$ 48,388,184	\$ 6,583,711	\$ 686,820	\$ 893,359	\$ (40,224,294)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF RAYNHAM, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2020**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (40,750,616)	\$ 526,322	\$ (40,224,294)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	37,105,945	-	37,105,945
MOTOR VEHICLE EXCISE TAXES	2,885,103	-	2,885,103
HOTEL/MOTEL TAX	819,364	-	819,364
PENALTIES AND INTEREST ON TAXES	178,481	-	178,481
PAYMENTS IN LIEU OF TAXES	35,000	-	35,000
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,283,547	-	1,283,547
UNRESTRICTED INVESTMENT INCOME	443,698	-	443,698
BOND PREMIUM	95,298	-	95,298
MISCELLANEOUS	78,697	-	78,697
TRANSFERS, NET	(1,647,786)	1,647,786	-
TOTAL GENERAL REVENUES AND TRANSFERS	41,277,347	1,647,786	42,925,133
CHANGE IN NET POSITION	526,731	2,174,108	2,700,839
NET POSITION:			
BEGINNING OF YEAR	10,826,576	25,205,839	36,032,415
END OF YEAR	\$ 11,353,307	\$ 27,379,947	\$ 38,733,254

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF RAYNHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

ASSETS	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 7,782,417	\$ 3,986,353	\$ 11,768,770
INVESTMENTS	7,678,701	280,224	7,958,925
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	1,048,696	-	1,048,696
TAX LIENS	673,306	-	673,306
MOTOR VEHICLE EXCISE TAXES	370,112	-	370,112
DEPARTMENTAL AND OTHER	3,052	160,021	163,073
INTERGOVERNMENTAL	38,453	-	38,453
TOTAL ASSETS	\$ 17,594,737	\$ 4,426,598	\$ 22,021,335
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 888,386	\$ 16,952	\$ 905,338
DEFERRED INFLOWS OF RESOURCES:			
UNAVAILABLE REVENUE	1,687,018	160,021	1,847,039
FUND BALANCES:			
NONSPENABLE	-	15,100	15,100
RESTRICTED	80,070	4,238,574	4,318,644
COMMITTED	3,492,518	-	3,492,518
ASSIGNED	3,209,595	-	3,209,595
UNASSIGNED	8,237,150	(4,049)	8,233,101
TOTAL FUND BALANCES	15,019,333	4,249,625	19,268,958
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 17,594,737	\$ 4,426,598	\$ 22,021,335

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2020**

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 36,926,798	\$ -	\$ 36,926,798
MOTOR VEHICLE EXCISE TAXES	2,732,419	-	2,732,419
PENALTIES AND INTEREST ON TAXES	268,364	-	268,364
INTERGOVERNMENTAL	1,448,468	1,041,002	2,489,470
MEALS AND HOTEL TXES	819,364	-	819,364
PAYMENTS IN LIEU OF TAXES	35,000	-	35,000
CHARGES FOR SERVICES	-	1,306,845	1,306,845
INVESTMENT INCOME	443,668	112,540	556,208
CONTRIBUTIONS & DONATIONS	-	121,710	121,710
DEPARTMENTAL AND OTHER	1,517,841	4,307	1,522,148
	<u>44,191,922</u>	<u>2,586,404</u>	<u>46,778,326</u>
TOTAL REVENUES			
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	2,053,779	73,626	2,127,405
PUBLIC SAFETY	9,116,492	147,807	9,264,299
EDUCATION	21,683,502	275,754	21,959,256
PUBLIC WORKS	3,868,816	839,597	4,708,413
HUMAN SERVICES	377,021	45,992	423,013
CULTURE & RECREATION	608,440	174,892	783,332
EMPLOYEE BENEFITS	4,620,091	-	4,620,091
STATE & COUNTY ASSESSMENTS	393,048	-	393,048
DEBT SERVICE			
PRINCIPAL	137,872	-	137,872
INTEREST	26,079	-	26,079
	<u>42,885,140</u>	<u>1,557,668</u>	<u>44,442,808</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,306,782	1,028,736	2,335,518
OTHER FINANCING SOURCES (USES)			
OPERATING TRANSFERS IN	1,374,161	97,443	1,471,604
OPERATING TRANSFERS OUT	(1,745,229)	(1,374,161)	(3,119,390)
	<u>(371,068)</u>	<u>(1,276,718)</u>	<u>(1,647,786)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	935,714	(247,982)	687,732
FUND BALANCES AT BEGINNING OF YEAR	14,083,619	4,497,607	18,581,226
FUND BALANCES AT END OF YEAR	<u>\$ 15,019,333</u>	<u>\$ 4,249,625</u>	<u>\$ 19,268,958</u>

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 19,268,958
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		29,581,131
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		1,847,039
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(7,190)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(745,000)	
DEFERRED AMOUNT ON REFUNDING	(32,444)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(20,894,681)	
NET PENSION LIABILITY	(22,762,403)	
DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(933,005)	
DEFERRED INFLOWS OF RESOURCES - RELATED TO OPEB	(393,975)	
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	7,590,875	
DEFERRED OUTFLOWS OF RESOURCES - POST EMPLOYMENT BENEFITS	97,408	
COMPENSATED ABSENCES	(1,075,406)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(188,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(39,336,631)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 11,353,307</u></u>

See accompanying notes to the basic financial statements

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 687,732
<p>GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.</p>		
CAPITAL OUTLAY	3,155,076	
DEPRECIATION EXPENSE	<u>(1,279,855)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		1,875,221
<p>REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE</p>		
		182,832
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>		
DEBT SERVICE PRINCIPAL PAYMENTS	<u>137,872</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		137,872
<p>SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.</p>		
NET CHANGE IN DEFERRED AMOUNT ON REFUNDING	10,373	
NET CHANGE IN ACCRUED COMPENSATED ABSENCES	(90,903)	
NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS	(599,970)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	97,607	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(13,432)	
NET CHANGE IN NET PENSION LIABILITY	(4,996,334)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	555,106	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	2,647,794	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	32,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>833</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(2,356,926)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 526,731</u>

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2020**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 36,851,115	\$ 36,851,115	\$ 36,926,798	\$ 75,683
INTERGOVERNMENTAL	1,501,741	1,501,741	1,448,389	(53,352)
MOTOR VEHICLE EXCISE TAXES	2,000,000	2,000,000	2,732,419	732,419
HOTEL/MOTEL OCCUPANCY TAX	840,000	840,000	819,364	(20,636)
PAYMENTS IN LIEU OF TAXES	35,000	35,000	35,000	-
PENALTIES & INTEREST ON TAXES	165,000	165,000	268,364	103,364
INVESTMENT INCOME	22,000	22,000	265,777	243,777
DEPARTMENTAL AND OTHER	1,123,500	1,123,500	1,517,841	394,341
TOTAL REVENUES	<u>42,538,356</u>	<u>42,538,356</u>	<u>44,013,952</u>	<u>1,475,596</u>
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	2,538,256	2,600,490	2,053,779	546,711
PUBLIC SAFETY	10,398,202	10,563,202	9,116,492	1,446,710
EDUCATION	21,689,966	21,816,966	21,683,502	133,464
PUBLIC WORKS	5,895,464	5,895,464	3,868,816	2,026,648
HUMAN SERVICES	539,313	541,211	377,021	164,190
CULTURE & RECREATION	655,473	655,473	608,440	47,033
EMPLOYEE BENEFITS	4,998,115	4,998,115	4,620,091	378,024
STATE & COUNTY ASSESSMENTS	423,827	423,827	393,048	30,779
DEBT SERVICE:				
PRINCIPAL	147,137	147,137	137,872	9,265
INTEREST	33,000	33,000	26,000	7,000
TOTAL EXPENDITURES	<u>47,318,753</u>	<u>47,674,885</u>	<u>42,885,061</u>	<u>4,789,824</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,780,397)</u>	<u>(5,136,529)</u>	<u>1,128,891</u>	<u>6,265,420</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	1,209,161	1,374,161	1,374,161	-
OPERATING TRANSFERS OUT	(1,647,786)	(1,647,786)	(1,745,229)	(97,443)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(438,625)</u>	<u>(273,625)</u>	<u>(371,068)</u>	<u>(97,443)</u>
NET CHANGE IN FUND BALANCE	(5,219,022)	(5,410,154)	757,823	6,167,977
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>8,109,679</u>	<u>8,109,679</u>	<u>8,109,679</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 2,890,657</u>	<u>\$ 2,699,525</u>	<u>\$ 8,867,502</u>	<u>\$ 6,167,977</u>

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITIES
<u>ASSETS</u>	SEWER ENTERPRISE FUND
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 4,070,532
USER FEES	1,790,334
SPECIAL ASSESSMENTS	288,819
TOTAL CURRENT ASSETS	6,149,685
NONCURRENT:	
SPECIAL ASSESSMENTS	1,017,702
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	40,911,362
TOTAL NONCURRENT ASSETS	41,929,064
TOTAL ASSETS	48,078,749
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
RELATED TO PENSIONS	399,520
RELATED TO POSTEMPLOYMENT BENEFITS	2,937
TOTAL DEFERRED OUTFLOWS OF RESOURCES	402,457
<u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	505,106
ACCRUED INTEREST	190,422
BONDS AND NOTES PAYABLE	1,721,744
COMPENSATED ABSENCES	44,692
TOTAL CURRENT LIABILITIES	2,461,964
NONCURRENT:	
BONDS AND NOTES PAYABLE	16,607,060
COMPENSATED ABSENCES	57,178
POSTEMPLOYMENT BENEFITS	630,034
NET PENSION LIABILITY	1,198,021
TOTAL NONCURRENT LIABILITIES	18,492,293
TOTAL LIABILITIES	20,954,257
<u>DEFERRED INFLOWS OF RESOURCES</u>	
DEFERRED AMOUNT ON REFUNDING	86,017
RELATED TO PENSIONS	49,106
RELATED TO POSTEMPLOYMENT BENEFITS	11,879
TOTAL DEFERRED INFLOWS OF RESOURCES	147,002
<u>NET POSITION</u>	
NET INVESTMENT IN CAPITAL ASSETS	23,455,612
UNRESTRICTED	3,924,335
TOTAL NET POSITION	\$ 27,379,947

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITIES
	SEWER ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 4,066,228
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	2,126,756
DEPRECIATION	865,963
TOTAL OPERATING EXPENSES	2,992,719
OPERATING INCOME (LOSS)	1,073,509
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
INTERGOVERNMENTAL	61,637
INTEREST EXPENSE	(608,824)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(547,187)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	526,322
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS IN	1,647,786
CHANGE IN NET POSITION	2,174,108
NET POSITION AT BEGINNING OF YEAR	25,205,839
NET POSITION AT END OF YEAR	\$ 27,379,947

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITIES
	SEWER ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 3,848,580
PAYMENTS TO SUPPLIERS	(1,148,767)
PAYMENTS TO EMPLOYEES	(796,390)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,903,423
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN	1,647,786
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	(534,723)
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(1,511,250)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(3,005,722)
INTEREST EXPENSE	(647,863)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	(5,699,558)
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(2,148,349)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	6,218,881
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	\$ 4,070,532
 <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	\$ 1,073,509
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	865,963
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(217,648)
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	(138,944)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	134,461
INCREASE (DECREASE) IN COMPENSATED ABSENCES PAYABLE	(61,156)
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	(32,199)
INCREASE (DECREASE) IN NET PENSION LIABILITY	262,965
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS PAYABLE	16,472
TOTAL ADJUSTMENTS	829,914
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,903,423

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	<u>POSTEMPLOYMENT BENEFITS TRUST</u>	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>			
CASH AND SHORT-TERM INVESTMENTS	\$ 4,927	\$ 164	\$ 2,116,592
INVESTMENTS	443,342	5,855	-
DEPARTMENTAL RECEIVABLE	-	-	142,286
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	448,269	6,019	2,258,878
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	246,668
OTHER LIABILITIES	-	-	2,012,210
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	-	-	\$ 2,258,878
	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>			
HELD IN TRUST FOR PLAN PARTICIPANTS	448,269	-	
HELD IN TRUST FOR OTHER PURPOSES	-	6,019	
	<hr/>	<hr/>	
TOTAL	\$ 448,269	\$ 6,019	
	<hr/>	<hr/>	

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2020**

	<u>POSTEMPLOYMENT BENEFITS TRUST</u>	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
EMPLOYER CONTRIBUTIONS	\$ 250,000	\$ -
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	637,899	-
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	<u>5,220</u>	<u>133</u>
TOTAL ADDITIONS	<u>893,119</u>	<u>133</u>
<u>DEDUCTIONS:</u>		
BENEFIT PAYMENTS	<u>637,899</u>	<u>-</u>
CHANGE IN NET POSITION	255,220	133
NET POSITION AT BEGINNING OF YEAR	<u>193,049</u>	<u>5,886</u>
NET POSITION AT END OF YEAR	<u>\$ 448,269</u>	<u>\$ 6,019</u>

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Raynham, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by a three member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government’s financial reporting entity.

Joint Ventures

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint ventures:

Name	Purpose	Address	Annual Assessment
Bridgewater-Raynham Regional School District	To provide grades K-12 educational services	777 Pleasant Street Raynham, MA 02767	\$ 19,895,609
Bristol-Plymouth Regional Technical School District	To provide grades 9-12 vocational and technical educational services	940 County Street Taunton, MA 02780	\$ 1,737,878

The Bridgewater-Raynham Regional School District (the District) is governed by an eight (8) member school committee consisting of four (4) elected representatives from each Town. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 40.29% in the joint venture.

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The Bristol-Plymouth Regional Technical School District (the District) is governed by an eight (8)-member school committee consisting of one (1) elected representative from the Town of Raynham. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

TOWN OF RAYNHAM, MASSACHUSETTS
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C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *Grants and contributions* that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the various enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the 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., when they become both 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 interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, other postemployment benefits (**OPEB**), net pension liability and landfill postclosure care costs, which are recognized when the obligations are expected to be liquidated with current expendable available resources.

TOWN OF RAYNHAM, MASSACHUSETTS
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In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Nonmajor Governmental funds* consist of other special revenue and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary fund is reported:

- The *Sewer Enterprise fund* is used to account for sewer activities.

Fiduciary Fund Financial Statements

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

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.
- The *Postemployment Benefit Trust* is used to account for the assets held that will fund the long term liability associated with the Town's retiree's health benefits.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3 – Fair Market Value of Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

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

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Sewer

User fees are levied semi-annually based on residential and commercial rates and are subject to interest if they are not paid by the respective due date. Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Sewer charges and related liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Business Type activities special assessments consist primarily of Sewer receivables which are recorded as receivables in the fiscal year accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the sewer enterprise fund are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

**TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, vehicles, buildings and improvements, capital improvements (other than buildings), machinery and equipment, infrastructure (e.g., sewer mains, roadways, and similar items), and construction in progress, are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of four years or greater.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	20-40
Capital improvements (other than buildings)	20-30
Machinery and equipment	4-10
Vehicles	5-15
Infrastructure	40-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

I. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

J. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

Government-Wide Financial Statements

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

K. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town reported deferred outflows of resources related to pensions and postemployment benefits in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resources related to pensions, other postemployment benefits, and deferred amount on refunding in this category.

Governmental Funds Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are classified into three components:

- a. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with 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.

Net position have been “restricted” for the following:

- *Permanent funds – expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds – nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other specific purposes* represents restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

N. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

O. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide and Proprietary Fund Financial Statements

The total amount to be paid in future years is presented in the government-wide and proprietary fund statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2020 is recorded in the governmental fund financial statement.

P. Pension

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

Q. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's share of 75% for medical and 50% for life insurance premiums in the general fund in the fiscal year paid.

R. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying 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/expenses during the reporting period. Actual results could vary from estimates that were used.

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund. The budgets for all departments and operations of the Town, except that of the public school districts, are prepared under the direction of the Town Administrator. The School District's budgets are prepared under the direction of the School Committees. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2020 approved budget authorized \$44,750,587 in current year appropriations and other amounts to be raised and \$2,568,166 in encumbrances and appropriations carried over from previous fiscal years. Supplemental appropriations of \$356,132 were approved at two Special Town Meetings for fiscal year 2020.

The Town Accountant has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2020, is presented below:

Net change in fund balance - budgetary basis	\$ 757,823
Basis of accounting differences:	
Net Stabilization Fund activity	177,891
Increase in revenue for the MWPAT subsidy	79
Increase in expenditures for the MWPAT subsidy	<u>(79)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 935,714</u></u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2020 actual expenditures exceeded appropriations for hydrant rental and snow removal. These over-expenditures will be funded by available funds during fiscal year 2021.

D. Deficit Fund Balance

Several individual fund deficits exist within the Special Revenue Funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants or proceeds of long-term debt during fiscal year 2021.

NOTE 3 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

Deposits

▪ *Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess."

The Town does not have a deposit policy for custodial credit risk.

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (**FDIC**) and the Depositor's Insurance Fund (**DIF**). The Town also carries deposits that are not collateralized and uninsured.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are uninsured and uncollateralized as of June 30, 2020:

Total Bank Balances		<u>\$ 18,416,275</u>
Bank Balances Covered by Deposit Insurance		
Federal deposit insurance corporation (FDIC)	1,308,808	
Depositor's insurance fund (DIF)	<u>12,299,220</u>	
Total Bank Balances Covered by Deposit Insurance		13,608,028
Balances Subject to Custodial Credit Risk		
Bank Balances Uninsured & Uncollateralized	<u>4,808,247</u>	
Total Bank Balances Subject to Custodial Credit Risk		<u>4,808,247</u>
Total Bank Balances		<u>\$ 18,416,275</u>

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

a) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Presented below is the actual rating as of year end for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End					
			Aaa	A1	A2	A3	Baa1	Unrated
U.S. Government & Agency Securities	\$ 2,763,782	N/A	\$ 2,763,782	\$ -	\$ -	\$ -	\$ -	\$ -
Common Stocks	714,052	N/A	-	-	-	-	-	714,052
Certificates of Deposit	1,328,436	N/A	-	-	-	-	-	1,328,436
Corporate Bonds	3,059,055	N/A	202,143	1,132,389	660,401	276,963	787,159	-
Money Market Mutual Funds	100,672	N/A	-	-	-	-	-	100,672
Mutual Funds Equity	261,840	N/A	-	-	-	-	-	261,840
Fixed Income Mutual Funds	180,285	N/A	-	-	-	-	-	180,285
Total Investments	\$ 8,408,122		\$ 2,965,925	\$ 1,132,389	\$ 660,401	\$ 276,963	\$ 787,159	\$ 2,585,285

b) Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The investment in U.S. Government and Agency Securities, corporate bonds, and common stock are not exposed to custodial credit risk because the related securities are registered in the name of the Town. The investment in certificates of deposit are not exposed to custodial credit risk because the related certificates of deposit are fully insured by the Federal Depositors Insurance Corporation (FDIC) and the Depositor's Insurance Fund (DIF). The mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

c) *Interest Rate Risk*

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
<u>Debt Related Securities:</u>				
U.S. Government & Agency	\$ 2,763,782	\$ 414,036	\$ 2,245,770	\$ 103,976
Corporate Bonds	3,059,055	344,855	2,714,200	-
Certificates of Deposit	1,328,436	646,828	681,608	-
Fixed Income Mutual Funds	180,285	180,285	-	-
Total - Debt related securities	<u>7,331,558</u>	<u>1,586,004</u>	<u>5,641,578</u>	<u>103,976</u>
<u>Other Investments:</u>				
Common Stocks	714,052	714,052	-	-
Mutual Funds Equity	261,840	261,840	-	-
Money Market Mutual Funds	100,672	100,672	-	-
Total Other Investments	<u>1,076,564</u>	<u>1,076,564</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 8,408,122</u>	<u>\$ 2,662,568</u>	<u>\$ 5,641,578</u>	<u>\$ 103,976</u>

d) *Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following security.

Issuer	Percentage of Total Investments
Pfizer Inc Note 0.64338%	5.30%

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

e.) Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by the major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurement as of June 30, 2020:

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Government and Agency	\$ 2,763,782	\$ 2,763,782	\$ -	\$ -
Corporate Bonds	3,059,055	-	3,059,055	-
Certificates of Deposit	1,328,436	1,328,436	-	-
Fixed Income Mutual Funds	180,285	-	180,285	-
Total debt securities	7,331,558	4,092,218	3,239,340	-
Other Investments				
Common Stock	714,052	714,052	-	-
Mutual Funds Equity	261,840	261,840	-	-
Money Market Mutual Funds	100,672	100,672	-	-
Total other investments	1,076,564	1,076,564	-	-
Total investments measured at fair value	8,408,122	\$ 5,168,782	\$ 3,239,340	\$ -
Investments measured at amortized cost				
Massachusetts Municipal Depository Trust - (MMDT)	60,370			
Total investments	\$ 8,468,492			

U.S. Government and Agency, Common Stock, Certificates of Deposit, Mutual Funds Equity, and Money Market Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds and fixed income mutual funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Massachusetts Municipal Depository Trust (MMDT) investments are valued at amortized cost. Under the amortized cost method an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment or account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 – RECEIVABLES

The receivables at June 30, 2020 for the Town’s individual major, nonmajor governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 1,004,964	\$ -	\$ 1,004,964
Personal property taxes	136,332	(92,600)	43,732
Real estate and personal property taxes	1,141,296	(92,600)	1,048,696
Tax liens	673,306	-	673,306
Motor vehicle	543,712	(173,600)	370,112
Departmental and other	780,617	(475,258)	305,359
Intergovernmental	38,453	-	38,453
Total	<u>\$ 3,177,384</u>	<u>\$ (741,458)</u>	<u>\$ 2,435,926</u>

The receivables at June 30, 2020 for the Sewer Enterprise fund consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer - User Fees	\$ 1,790,334	\$ -	\$ 1,790,334
Sewer - Special Assessments	1,306,521	-	1,306,521
Total	<u>\$ 3,096,855</u>	<u>\$ -</u>	<u>\$ 3,096,855</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Deferred Inflows of Resources Analysis

Deferred Inflows:	General Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 602,095	\$ -	\$ 602,095
Deferred Other Revenue	1,046,470	160,021	1,206,491
Deferred Inter Governmental Revenue	38,453	-	38,453
 Total	 \$ 1,687,018	 \$ 160,021	 \$ 1,847,039

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 7,046,563	\$ -	\$ -	\$ 7,046,563
Construction in progress	-	343,121	-	343,121
Total capital assets not being depreciated	7,046,563	343,121	-	7,389,684
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	8,709,149	877,810	-	9,586,959
Capital Improvements (other than buildings)	1,417,720	-	-	1,417,720
Machinery and equipment	2,560,989	220,145	-	2,781,134
Vehicles	8,963,214	420,292	-	9,383,506
Infrastructure	24,239,341	1,293,708	-	25,533,049
Total capital assets being depreciated	45,890,413	2,811,955	-	48,702,368
<i>Less accumulated depreciation for:</i>				
Buildings and Improvements	(4,783,044)	(181,561)	-	(4,964,605)
Capital Improvements (other than buildings)	(929,407)	(51,573)	-	(980,980)
Machinery and equipment	(1,836,896)	(133,247)	-	(1,970,143)
Vehicles	(6,935,077)	(444,506)	-	(7,379,583)
Infrastructure	(10,746,642)	(468,968)	-	(11,215,610)
Total accumulated depreciation	(25,231,066)	(1,279,855)	-	(26,510,921)
Total capital assets being depreciated, net	20,659,347	1,532,100	-	22,191,447
Total governmental activities capital assets, net	\$ 27,705,910	\$ 1,875,221	\$ -	\$ 29,581,131

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,868,015	\$ 14,860	\$ -	\$ 1,882,875
Construction in progress	14,547,582	2,463,139	-	17,010,721
Total capital assets not being depreciated	16,415,597	2,477,999	-	18,893,596
<i>Capital assets being depreciated:</i>				
Buildings & Building Improvements	905,651	-	-	905,651
Capital Improvements (other than Buildings)	281,312	-	-	281,312
Machinery & Equipment	1,436,668	314,318	-	1,750,986
Vehicles	471,449	56,823	-	528,272
Infrastructure	33,863,733	-	-	33,863,733
Total capital assets being depreciated	36,958,813	371,141	-	37,329,954
<i>Less accumulated depreciation for:</i>				
Buildings & Building Improvements	(227,994)	(22,641)	-	(250,635)
Capital Improvements (other than Buildings)	(101,731)	(14,066)	-	(115,797)
Machinery & Equipment	(1,025,598)	(53,512)	-	(1,079,110)
Vehicles	(338,679)	(24,651)	-	(363,330)
Infrastructure	(12,752,223)	(751,093)	-	(13,503,316)
Total accumulated depreciation	(14,446,225)	(865,963)	-	(15,312,188)
Total capital assets being depreciated, net	22,512,588	(494,822)	-	22,017,766
Total business-type activities capital assets, net	\$ 38,928,185	\$ 1,983,177	\$ -	\$ 40,911,362

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 96,939
Public safety	372,036
Education	42,642
Public works	720,236
Human services	13,279
Culture and recreation	<u>34,723</u>
Total depreciation expense - governmental activities	<u>\$ 1,279,855</u>

Business-Type Activities:

Sewer	<u>\$ 865,963</u>
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**TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2020, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:			Total
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	
Nonmajor Governmental Funds	\$ 1,374,161	\$ -	\$ -	\$ 1,374,161 (2)
General Fund	-	-	1,647,786	1,647,786 (1)
General Fund	-	97,443	-	97,443 (3)
Total	\$ 1,374,161	\$ 97,443	\$ 1,647,786	\$ 3,119,390

- (1) Represents budgeted transfers to the sewer enterprise fund.
- (2) Represents various budgeted transfers to supplement the operating budget.
- (3) Represents other transfers between funds.

NOTE 7 – SHORT -TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, through the issuance of State Aid anticipated notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenses for short term borrowings are accounted for in the Sewer Enterprise Fund.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
<u>Sewer Enterprise</u>							
BAN	Sewer Design/Construction	1.85%	1/26/2020	\$ 2,200,000	\$ -	\$ (2,200,000)	\$ -

NOTE 8 – LONG-TERM DEBT

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’s Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

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

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
MWPAT Title V #97-1053	5.33	\$ 2,872	\$ -	\$ 2,872	\$ -
Town Hall/Police Station	4.53	880,000	-	135,000	745,000
Total Bonds Payable and Notes Payable		\$ 882,872	\$ -	\$ 137,872	\$ 745,000

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 130,000	\$ 23,350	\$ 153,350
2022	130,000	20,100	150,100
2023	125,000	16,275	141,275
2024	120,000	12,000	132,000
2025	120,000	7,200	127,200
2026	<u>120,000</u>	<u>2,400</u>	<u>122,400</u>
Total	<u>\$ 745,000</u>	<u>\$ 81,325</u>	<u>\$ 826,325</u>

Bonds and Notes Payable Schedule - Sewer Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2019</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2020</u>
Sewer Phase V - MWPAT #02-26	Var.	\$ 2,015,000	\$ -	\$ 375,000	\$ 1,640,000
Sewer Phase V - MWPAT #02-26A	Var.	56,250	-	11,250	45,000
Sewer Phase VI	Var.	7,040,000	-	395,000	6,645,000
Sewer	1.64	445,000	-	150,000	295,000
Sewer Phase I	2.40	2,055,000	-	245,000	1,810,000
Sewer Phase II	2.40	155,000	-	20,000	135,000
Sewer Phase III	2.40	155,000	-	20,000	135,000
Sewer Phase VII	3.08	3,795,000	-	190,000	3,605,000
Sewer Phase Suzanne & River	3.08	2,045,000	-	105,000	1,940,000
Sewer Phase Suzanne & River	3.08	<u>-</u>	<u>1,515,000</u>	<u>-</u>	<u>1,515,000</u>
Total Bonds and Notes Payable		<u>17,761,250</u>	<u>1,515,000</u>	<u>1,511,250</u>	<u>17,765,000</u>
Add: Unamortized bond premium		91,371	-	19,911	71,460
Add: Unamortized bond premium		381,525	-	39,458	342,067
Add: Unamortized bond premium		<u>-</u>	<u>171,402</u>	<u>21,125</u>	<u>150,277</u>
Total Unamortized bond premium		<u>472,896</u>	<u>171,402</u>	<u>80,494</u>	<u>563,804</u>
Total Bonds and Notes Payable Net		<u>\$ 18,234,146</u>	<u>\$ 1,686,402</u>	<u>\$ 1,591,744</u>	<u>\$ 18,328,804</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

The annual debt service requirements for principal and interest for sewer enterprise fund bonds and notes outstanding at June 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 1,641,250	\$ 633,566	\$ 2,274,816
2022	1,666,250	562,762	2,229,012
2023	1,556,250	489,569	2,045,819
2024	1,566,250	422,538	1,988,788
2025	1,140,000	377,913	1,517,913
2026-2030	5,300,000	1,268,156	6,568,156
2031-2035	3,740,000	456,113	4,196,113
2036-2039	1,155,000	98,261	1,253,261
Total	\$ 17,765,000	\$ 4,308,878	\$ 22,073,878

Changes in Long-term Liabilities

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

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 882,872	\$ -	\$ (137,872)	\$ 745,000	\$ 130,000
Compensated absences	984,503	90,903	-	1,075,406	86,170
Landfill postclosure care costs	220,000	-	(32,000)	188,000	18,800
Postemployment benefits	20,294,711	599,970	-	20,894,681	-
Net Pension Liability	17,766,069	4,996,334	-	22,762,403	-
Total governmental activities long-term liabilities	\$ 40,148,155	\$ 5,687,207	\$ (169,872)	\$ 45,665,490	\$ 234,970
Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 17,761,250	\$ 1,515,000	\$ (1,511,250)	\$ 17,765,000	\$ 1,641,250
Add: Unamortized Premiums	472,896	171,402	(80,494)	563,804	80,494
Total Bond Payable	18,234,146	1,686,402	(1,591,744)	18,328,804	1,721,744
Compensated absences	163,025	-	(61,155)	101,870	44,692
Postemployment benefits	613,562	16,472	-	630,034	-
Net Pension Liability	935,056	262,965	-	1,198,021	-
Total business-type activities long-term liabilities	\$ 19,945,789	\$ 1,965,839	\$ (1,652,899)	\$ 20,258,729	\$ 1,766,436

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

The governmental activities long-term liabilities are generally liquidated by the general fund.

Loans Authorized and Unissued

As of June 30, 2020 the Town has one loan authorized and unissued as follows :

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Septic Betterments	5/19/2014	<u>\$ 2,500,000</u>

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2020:

<u>Agency</u>	<u>Total Long- Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Bridgewater-Raynham Regional School District	\$ 1,957,000	100%	\$ 1,957,000
Bridgewater-Raynham Regional School District	<u>8,490,000</u>	40.29%	<u>3,420,621</u>
Total	<u>\$ 10,447,000</u>		<u>\$ 5,377,621</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has classified its governmental fund balances with the following hierarchy.

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances			
Nonspendable:			
Permanent Fund Principal	\$ -	\$ 15,100	\$ 15,100
Restricted For:			
General Government	-	998,413	998,413
Public Safety	-	1,165,544	1,165,544
Education	-	657,916	657,916
Public Works	-	242,648	242,648
Human Services	-	469,796	469,796
Culture & Recreation	-	285,165	285,165
Employee Benefits	-	6,027	6,027
Bond Premiums	80,070	-	80,070
Expendable Trust Funds	-	413,065	413,065
	80,070	4,238,574	4,318,644
Committed To:			
Continuing Appropriations			
General Government	364,617	-	364,617
Public Safety	995,693	-	995,693
Education	127,000	-	127,000
Public Works	1,935,208	-	1,935,208
Human Services	60,000	-	60,000
Culture & Recreation	10,000	-	10,000
	3,492,518	-	3,492,518
Assigned To:			
Encumbered For:			
General Government	433	-	433
Public Safety	105	-	105
Public Works	10,800	-	10,800
Human Services	1,590	-	1,590
School Maintenance Stabilization Fund	27,789	-	27,789
Stormwater Infrastructure Stabilization Fund	258,807	-	258,807
Solid Waste Stabilization Fund	318,163	-	318,163
Public Safety Building Stabilization Fund	2,591,908	-	2,591,908
	3,209,595	-	3,209,595
Unassigned			
General Fund	3,914,486	-	3,914,486
Non - Major Governmental Funds	-	(4,049)	(4,049)
General Stabilization Fund	4,322,664	-	4,322,664
	8,237,150	(4,049)	8,233,101
Total Governmental Fund Balances	\$ 15,019,333	\$ 4,249,625	\$ 19,268,958

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – STABILIZATION FUNDS

The Town has established five funds where the Town has set aside amounts for emergency and capital needs. These funds consist of the following;

- *The Stabilization Fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$4,322,664 as of June 30, 2020. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- *The School Maintenance Stabilization Fund* is used to account for appropriations funding costs of the maintenance of school buildings. The fund balance is \$27,789 as of June 30, 2020. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.
- *The Stormwater Infrastructure Stabilization Fund* is used to account for appropriations funding the costs related to stormwater infrastructure. The fund balance is \$258,807 as of June 30, 2020. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.
- *The Solid Waste Stabilization Fund* is used to account for appropriations funding costs related to the solid waste program. The fund balance is \$318,163 as of June 30, 2020. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.
- *The Public Safety Building Stabilization Fund* is used to account for appropriations funding the construction related to the Town's Public Safety Building. The fund balance is \$2,591,908 as of June 30, 2020. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed \$1,000 per incident.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2020. The Town's workers compensation program is premium-based. The policy is limited to Massachusetts Statutory Benefits.

The Town purchases accident insurance policies for all uniformed police and fire personnel which has a limit of \$1,000,000 per injury. Accident claims paid to uniformed police and fire personnel was not material in fiscal year 2020.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

The Town has four contributory health care options for its employees. There are 90 employees who participate in the Town's health care programs. The Town contributes 75% of the premium costs for indemnity plans, 86% of the premium costs for HMO family plans, and 90% of the premium costs for HMO individual plans. After 7/1/14 any new hires the Town contributes 80% of premium costs for HMO family plans and individual plans.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The GASB Standards for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the following disclosures in the financial statements related to the retiree medical and life insurance benefits:

Plan Description. The Town of Raynham Other Postemployment Benefits Plan (The **Plan**) is a single-employer defined benefit healthcare plan administered by the Town of Raynham. The **Plan** provides comprehensive medical insurance and group term life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General Laws Chapter 32B to provide 50% of the premium cost of retirees' health and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2020 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$637,899. The Town also made a contribution to an OPEB Trust of \$250,000 for a total contribution during the measurement period of \$887,899 to be reported on the financial statement for the fiscal year ending June 30, 2020.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2020, the Town pre-funded future OPEB liabilities totaling \$250,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2020, the balance of this fund totaled \$448,269.

GASB Statement #75 – OPEB Employer Financial Reporting

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Measurement Date - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Plan Membership – The following table represents the Plan’s membership as July 1, 2018:

Active Members	113
Inactive members currently receiving benefits	<u>106</u>
Total	<u><u>219</u></u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2020:

Total OPEB Liability	\$ 21,972,984
Less: OPEB plan's fiduciary net position	<u>(448,269)</u>
Net OPEB Liability	<u><u>\$ 21,524,715</u></u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	2.04%
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TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Significant Actuarial Methods and Assumptions – The plan’s total OPEB liability, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020 to be in accordance with GASB Statement #75.

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 as of the measurement date, June 30, 2020
Investment Rate of Return	6.30%, 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)
Single Equivalent Discount Rate:	3.50% net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2020 and for future periods
Salary Increases:	3.00% annually as of June 30, 2020 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Rate of Return – For the year ended June 30, 2020 the annual money-weighted rate on investments, net of investments expense, was 1.54%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

The long-term real rate of return on OPEB investments was determined using the Town’s investment policy. Best estimates of real rates of returns for each major asset class included in the OPEB plans target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap	35.00%	4.80%
Domestic equity - small/mid cap	5.00%	5.29%
International equity - developed market	5.00%	5.45%
International equity - emerging market	0.00%	6.42%
Domestic fixed income	35.00%	2.05%
International fixed income	5.00%	3.00%
Alternatives	10.00%	6.50%
Real Estate	5.00%	6.25%
Cash & Cash Equivalents	0.00%	0.00%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2019	\$ 21,101,321	\$ 193,048	\$ 20,908,273
Charges for the year			
Service cost	771,076	-	771,076
Interest on Total OPEB Liability, Service cost and benefit payments	754,467	-	754,467
Difference between actual and expected experience	(15,981)	-	(15,981)
Net Investment Income	-	5,221	(5,221)
Employer Contributions to Trust	-	887,899	(887,899)
Benefit payments withdrawn from Trust	-	(637,899)	637,899
Benefit payments excluding implicit costs	(522,926)	-	(522,926)
Implicit costs amount	(114,973)	-	(114,973)
Net Change	871,663	255,221	616,442
Balance at June 30, 2020	<u>\$ 21,972,984</u>	<u>\$ 448,269</u>	<u>\$ 21,524,715</u>

Sensitivity of the net OPEB liability and service cost to changes in the discount rate – The following table presents the Plan’s net OPEB liability and service cost calculated using the discount rate of 3.50% as well as what the net OPEB liability and service cost would be if it were calculated using a discount rate that is 1 percentage- point lower (2.50%) or 1 percentage-point higher (4.50%) than the current rate.

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 25,425,855	\$ 21,524,715	\$ 18,443,157
Service Cost	\$ 1,026,369	\$ 771,076	\$ 585,369

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Sensitivity of the net OPEB liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability and service cost calculated using the current healthcare trend rate of 4.50% as well as what the net OPEB liability and service cost would be if it were calculated using a healthcare trend rate that is 1 percentage-point lower or 1 percentage-point higher.

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Net OPEB liability	\$ 17,989,644	\$ 21,524,715	\$ 26,153,264
Service Cost	\$ 581,520	\$ 771,076	\$ 1,041,226

Deferred Outflows/Inflows of Resources

At June 30, 2020 the Town reported deferred outflows and inflows of resources related to other postemployment benefits of \$100,345 and \$405,854 respectively.

The balances of deferred outflows and inflows as of June 30, 2020 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	\$ 88,588	\$ (13,055)	\$ 75,533
Changes of Assumptions	-	(390,079)	(390,079)
Net difference between projected and actual earnings	11,757	(2,720)	9,037
Total Deferred Outflows (Inflows) of Resources	\$ 100,345	\$ (405,854)	\$ (305,509)

The net deferred outflows/inflows of resources related to other postemployment benefits will be recognized in future years other postemployment benefits expense are as follows:

Year ended June 30	Amount
2021	\$ (88,029)
2022	(88,029)
2023	(88,031)
2024	(40,069)
2025	(1,351)
Total Deferred Outflows/Inflows Recognized in Future Years	\$ (305,509)

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Changes of Assumption – None

Changes in Plan Provisions - None

NOTE 13 – PENSION PLAN

A. Plan Description

The Town is a member of the Bristol County Contributory Retirement System (The System), a cost-sharing multiple-employer, contributory defined pension plan covering eligible employees of the 37 members units deemed eligible by the system. Chapter 32 of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the system. Substantially all employees are members of the system.

The “System” is a contributory defined benefit plan and membership in the “System” is mandatory upon commencement of employment for all permanent, full-time employees.

The System issues a publically available audited financial report that may be obtained by contacting the system at 645 County Street, County Crossing, Taunton, MA 02780.

B. Benefits Provided

The System provides retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of an employee's highest three year average annual rate of regular compensation for those hired prior to April 1, 2012. For persons who became employees after April 1, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon an employee’s age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. 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 even been specified as hazardous. Lastly, group 4 consist of police officers, firefighters, and other hazardous positions.

Employees become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 55 years of age with 10 years of service if in group 2 and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

Employees who become permanently and totally disabled for further duty are eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the employee’s age, years of creditable service, level of compensation, veterans’ status and group classification.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Employees who resign from service are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of employees whose death occurs prior to or following retirement.

Cost-of living adjustments granted between 1981 and 1997, and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are borne by the system.

C. Contributions

Bristol County Contributory Retirement System

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan employees are required to contribute to the system at rates ranging from 5 to 9% of their gross compensation depending on the date upon which their membership began and certain employees contribute an additional 2.0% over \$30,000 of annual compensation. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the system, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended December 31, 2019 which was \$2,128,441 and 24.42% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

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

Pension Liabilities

At June 30, 2020 the Town reported a liability of \$23,960,424 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 20. Accordingly, updated procedures were used to roll down the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined. At December 31, 2019, the Town's proportion was 4.951%.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2020 the Town recognized pension expense of \$4,016,266. At June 30, 2020 the Town reported deferred outflows and inflows of resources related to pensions of \$7,990,395 and \$982,111 respectively.

The balances of deferred outflows and inflows as of June 30, 2020 consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 3,730,197	\$ -	\$ 3,730,197
Changes of Assumptions	4,203,028	-	4,203,028
Net difference between projected and actual earnings	-	(964,028)	(964,028)
Changes in proportionate share of contributions	57,170	(18,083)	39,087
Total Deferred Outflows (Inflows) of Resources	<u>\$ 7,990,395</u>	<u>\$ (982,111)</u>	<u>\$ 7,008,284</u>

The net deferred outflows/inflows of resources related to pensions will be recognized in future pension expense are as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2021	\$ 1,890,801
2022	1,677,146
2023	1,857,753
2024	1,075,368
2025	507,216
Total Net Balance of Deferred Outflows/Inflows	<u>\$ 7,008,284</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

E. Actuarial assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date.

Valuation date	January 1, 2020
Actuarial cost method	Entry Age Normal
Investment rate of return	7.50%
Projected salary increases	3.00%
Cost of living adjustments	3.00% on the first \$18,000 of benefits
Rates of retirement	Varies based upon age for general employees, police, and fire employees.
Mortality rates	RP – 2014 table adjusted to 2006 and projected generationally with MP – 2019 (gender distinct). During employment, the healthy employee mortality table is used. Post-employment, the healthy annuitant table is used. For disabled retirees, mortality follows same table as non-disabled retirees, set forward two years. Death is assumed to be due to same cause as disability 40% of the time

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

F. Investment policy

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 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 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 system's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Policy Range	Long-Term Expected Real Rate of Return
Domestic equities	22.00%	4.90%
International equities	11.00%	5.20%
Emerging markets equities	11.00%	7.30%
Global Reits	2.00%	4.40%
Core fixed income	5.00%	1.80%
High yield fixed income	3.00%	3.60%
Real estate	11.00%	4.00%
Timber	3.00%	4.80%
Hedge funds	4.00%	3.60%
Private equity	12.00%	8.00%
Emerging markets fixed income	4.00%	4.00%
Global fixed income	3.00%	1.50%
Farm land	3.00%	5.90%
Infra structure	6.00%	5.30%
	<u>100.00%</u>	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed 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 and the member rate. Based on those assumptions, the system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

H. Sensitivity of the net pension liability to changes on the discount rate

The following presents the net pension liability of the system, as of December 31, 2019 calculated using the discount rate of 7.50%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Town's Proportionate share of the net pension liability	\$ 31,030,245	\$ 23,960,424	\$ 17,998,338

Detailed information about the pension plan's fiduciary net pension is available in a separately issued Bristol County Contributory Retirement System financial report.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$750,000 of federal awards during the period ended June 30, 2020. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town's landfill was closed in 2000 by order of the Massachusetts Department of Environmental Protection (DEP). The DEP approved the capping construction of the landfill which was completed by the end of the year. The Town is responsible for post-closure monitoring of the site for thirty years (10 years remaining), and the estimated liability has been recorded in the Statement of Net position, Governmental Activities. The \$188,000 reported as landfill post-closure liability at June 30, 2020 is based on what it would cost to perform all post-closure care at June 30, 2020 Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The DEP identified another potential site known as the Thrasher burn dump which was capped over 30 years ago. In order for the Town to use the land, a new cap will have to be added to the site which will also need DEP approval.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state’s Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it closed its doors to the public, departments remained operational and employees continued to perform their daily duties in-person or remotely.

In Fiscal Year 2021 the Town has incurred unanticipated costs specifically related to the pandemic. On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment of funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Commonwealth and communities throughout the Commonwealth were awarded a portion of the federal funding. In addition to the funding from the CARES Act, there are several other federal and state grants available to help offset these unanticipated costs.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2020, the following GASB pronouncements were implemented:

The GASB issued **Statement #84**, *Fiduciary Activities*, was implemented in 2020. Management’s current assessment is that this pronouncement did not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #90**, *Majority Equity Interests – an Amendment of GASB Statements No.14 and No.61*, was implemented in 2020. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #95**, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was implemented in 2020. Management’s current assessment is that this pronouncement did not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #96**, *Subscription-Based Information Technology Arrangements*, was implemented in 2020. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Future GASB Pronouncements:

The GASB issued **Statement #87**, *Leases*, which is required to be implemented in 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #91**, *Conduit Debt Obligations* – which is required to be implemented for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. . Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #92**, *Omnibus 2020*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #93**, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #94**, *Public-Private and Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Service Code 457 Deferred Compensation Plans*, which is required to be implemented in 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF RAYNHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BRISTOL COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2020**

Schedule of the Town's Proportionate Share of the Net Pension Liability

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	4.951%	5.041%	5.044%	5.044%	5.044%	5.177%
Town's proportionate share of the net pension liability	\$ 23,960,424	\$ 18,701,125	\$ 15,739,065	\$ 16,839,494	\$ 16,969,770	\$ 14,791,279
Town's covered-employee payroll	\$ 8,714,670	\$ 8,229,186	\$ 8,171,286	\$ 7,946,808	\$ 7,688,100	\$ 7,344,701
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	274.94%	227.25%	192.61%	211.90%	220.73%	201.39%
Plan fiduciary net position as a percentage of the total pension liability	61.25%	63.48%	68.56%	64.17%	62.90%	67.11%

Note: This schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF RAYNHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BRISTOL COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2020**

SCHEDULE OF TOWN'S CONTRIBUTION

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Actuarially determined contribution	\$ 2,128,441	\$ 1,974,910	\$ 1,899,112	\$ 1,782,402	\$ 1,680,569	\$ 1,562,774
Contribution in relation to the actuarially determined contribution	<u>(2,128,441)</u>	<u>(1,974,910)</u>	<u>(1,899,112)</u>	<u>(1,782,402)</u>	<u>(1,680,569)</u>	<u>(1,562,774)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 8,714,670	\$ 8,229,186	\$ 8,171,286	\$ 7,946,808	\$ 7,688,100	\$ 7,344,701
Contribution as a percentage of covered - employee payroll	24.42%	24.00%	23.24%	22.43%	21.86%	21.28%

Note: This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF RAYNHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2020**

Schedule of the Town's Net OPEB Liability and Related Ratios

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability				
Service Cost	\$ 771,076	\$ 744,073	\$ 672,050	\$ 687,054
Interest on total OPEB liability, service cost, and benefit payments	754,467	740,334	793,243	711,912
Difference Between Expected and Actual Plan Experience	(15,981)	139,794	939,672	-
Changes in assumptions	-	(615,557)	(1,870,110)	-
Benefits Payments Excluding Implicit Cost	(522,926)	(506,642)	(571,950)	(538,960)
Implicit Cost Amount	<u>(114,973)</u>	<u>(119,270)</u>	<u>(17,343)</u>	<u>(14,686)</u>
Net Change in total OPEB liability	871,663	382,732	(54,438)	845,320
Total OPEB liability-beginning	<u>21,101,321</u>	<u>20,718,589</u>	<u>20,773,027</u>	<u>19,927,707</u>
Total OPEB liability-ending (a)	<u><u>21,972,984</u></u>	<u><u>21,101,321</u></u>	<u><u>20,718,589</u></u>	<u><u>20,773,027</u></u>
 Plan fiduciary net position				
Contributions-employer	887,899	675,912	639,293	628,646
Net investment income	5,221	14,042	2,732	1,274
Benefit payments	<u>(637,899)</u>	<u>(625,912)</u>	<u>(589,293)</u>	<u>(553,646)</u>
Net change in plan fiduciary net position	<u>255,221</u>	<u>64,042</u>	<u>52,732</u>	<u>76,274</u>
Plan fiduciary net position - beginning	<u>193,048</u>	<u>129,006</u>	<u>76,274</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>448,269</u></u>	<u><u>193,048</u></u>	<u><u>129,006</u></u>	<u><u>76,274</u></u>
 Town's net OPEB liability-ending (a)-(b)	 <u><u>\$ 21,524,715</u></u>	 <u><u>\$ 20,908,273</u></u>	 <u><u>\$ 20,589,583</u></u>	 <u><u>\$ 20,696,753</u></u>
 Plan fiduciary net position as a percentage of total OPEB liability	 2.04%	 0.91%	 0.62%	 0.37%
 Covered-employee payroll	 <u>\$ 10,444,795</u>	 <u>\$ 10,140,578</u>	 <u>\$ 8,425,533</u>	 <u>\$ 8,180,128</u>
 Plan's net OPEB liability as a percentage of covered-employee payroll	 206.08%	 206.18%	 244.37%	 253.01%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available

See notes to required supplementary information.

**TOWN OF RAYNHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2020**

Schedule of the Town's Contribution

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarially determined contribution	\$ 1,901,827	\$ 1,842,441	\$ 1,790,924	\$ 1,733,910
Contributions in relation to the actuarially determined contribution	<u>(887,899)</u>	<u>(675,912)</u>	<u>(639,293)</u>	<u>(628,646)</u>
Contribution deficiency (excess)	<u>\$ 1,013,928</u>	<u>\$ 1,166,529</u>	<u>\$ 1,151,631</u>	<u>\$ 1,105,264</u>
Covered-employee payroll	\$ 10,444,795	\$ 10,140,578	\$ 8,425,533	\$ 8,180,128
Contributions as a percentage of covered- employee payroll	8.50%	6.67%	7.59%	7.69%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**TOWN OF RAYNHAM, MASSACHUSETTS
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFITS
 JUNE 30, 2020**

Schedule of Investment Return

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	1.54%	8.91%	3.58%	4.42%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

TOWN OF RAYNHAM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Pension Plan Schedules

A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability; the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contribution

Governmental employees are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts 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 additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1, and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Changes in Plan Provisions – None

Other Postemployment Benefits Schedules

A. Schedule of the Town's Net OPEB Liability and Related Ratios

The Schedule of the Town's Net OPEB Liability and Related Ratios presents multi-year trend information on changes in the plan's total OPEB liability, changes in the plan's net position, and ending net OPEB liability. It also demonstrates the plan's net position as a percentage of the total liability and the plan's net OPEB liability as a percentage of covered-employee payroll.

B. Schedule of the Town's Contribution

The Schedule of the Town's contributions includes the Town's annual required contribution to the plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

C. Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes in Provisions - None