

**TOWN OF WINCHESTER, MASSACHUSETTS**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**



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## INDEPENDENT AUDITORS' REPORT

Honorable Select Board  
Town of Winchester, Massachusetts

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winchester, Massachusetts, as of and for the year ended June 30, 2021 (except for the Winchester Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2020), and the related notes to the financial statements, which collectively comprise the Town of Winchester, Massachusetts' basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 Winchester, Massachusetts, as of June 30, 2021 (except for the Winchester Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2020), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

During the fiscal year ended June 30, 2021, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result, certain significant accounting policies were updated as described in Note 1 to the financial statements. Our auditors' opinions were not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and general fund budgetary comparison and certain pension and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of the Town of Winchester, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winchester, Massachusetts' internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
December 20, 2021

**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

As management of the Town of Winchester, Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2021.

***Financial Highlights***

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$109,045,617 (net position).
- The Town's total net position increased \$10,702,711.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$19,256,050, or 13.3% of total general fund expenditures and transfers out.
- The Town's total net outstanding bonded debt increased by \$1,946,923 during the fiscal year. The Town issued \$9,782,500 of new debt, retired \$8,804,401 of existing debt and had a net increase of \$968,824 of unamortized bond premiums.

***Overview of the Basic Financial Statements***

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information in addition to the basic financial statements, consisting of the following:

1. General Fund – schedule of revenues, expenditures and changes in fund balance – non-GAAP budgetary basis - budget and actual
2. Other postemployment benefits schedules
3. Pension plan schedules

**Government-wide financial statements**

The government-wide and enterprise fund financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

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

**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest). Business-type activities include the Town's Water & Sewer Enterprise Fund activities and Recreation Enterprise Fund activities.

The government-wide financial statements can be found on pages 12-14 of this report.

**Fund financial statements**

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

1. Governmental funds
2. Proprietary funds
3. 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 funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect 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 maintains over 300 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and School Construction (capital projects) Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The governmental funds basic financial statements can be found on pages 15-18 of this report.

**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

**Proprietary funds**

The Town maintains one type of proprietary fund representing the Town's enterprise funds.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water & Sewer activities and Recreation activities.

The proprietary funds basic financial statements can be found on pages 19-21 of this report.

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary funds provide information for the Town's Pension and Other Postemployment Benefits (OPEB) Trust Funds. Private-Purpose Trust are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption "Private Purpose Trust Funds".

The fiduciary funds basic financial statements can be found on pages 22-23 of this report.

**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. The notes to the basic financial statements can be found on pages 24-66 of this report.

**Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the General Fund schedule of revenues, expenditures and changes in fund balance (budget and actual) and certain pension and other postemployment benefits information, which can be found on pages 67-75.

**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

**Government-Wide Financial Analysis**

The following tables present current and prior year data on the government-wide financial statements.

Net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position was \$109,045,617 at the close of the fiscal year and is summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current assets.....	\$ 53,846,760	\$ 53,608,683	\$ 14,757,341	\$ 7,577,125	\$ 68,604,101	\$ 61,185,808
Noncurrent assets excluding capital assets).....	9,085,904	7,294,374	-	-	9,085,904	7,294,374
Capital assets (net).....	310,389,270	310,857,051	25,122,100	23,801,206	335,511,370	334,658,257
Total assets.....	<u>373,321,934</u>	<u>371,760,108</u>	<u>39,879,441</u>	<u>31,378,331</u>	<u>413,201,375</u>	<u>403,138,439</u>
<b>Deferred outflows of resources.....</b>	<u>14,694,868</u>	<u>12,871,821</u>	<u>420,828</u>	<u>359,975</u>	<u>15,115,696</u>	<u>13,231,796</u>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	5,118,899	5,323,144	371,614	255,047	5,490,513	5,578,191
Noncurrent liabilities (excluding debt).....	132,401,572	131,302,735	3,377,937	3,431,867	135,779,509	134,734,602
Current debt.....	9,067,578	12,230,942	1,786,475	1,522,185	10,854,053	13,753,127
Noncurrent debt.....	<u>127,915,451</u>	<u>131,072,705</u>	<u>15,134,310</u>	<u>9,642,569</u>	<u>143,049,761</u>	<u>140,715,274</u>
Total liabilities.....	<u>274,503,500</u>	<u>279,929,526</u>	<u>20,670,336</u>	<u>14,851,668</u>	<u>295,173,836</u>	<u>294,781,194</u>
<b>Deferred inflows of resources.....</b>	<u>23,317,150</u>	<u>22,554,256</u>	<u>780,468</u>	<u>691,879</u>	<u>24,097,618</u>	<u>23,246,135</u>
<b>Net Position</b>						
Net investment in capital assets.....	182,993,114	176,829,344	17,498,552	16,784,739	200,491,666	193,614,083
Restricted.....	23,624,308	13,168,345	-	-	23,624,308	13,168,345
Unrestricted.....	<u>(116,421,270)</u>	<u>(107,849,542)</u>	<u>1,350,913</u>	<u>(589,980)</u>	<u>(115,070,357)</u>	<u>(108,439,522)</u>
Total net position, as restated.....	<u>\$ 90,196,152</u>	<u>\$ 82,148,147</u>	<u>\$ 18,849,465</u>	<u>\$ 16,194,759</u>	<u>\$ 109,045,617</u>	<u>\$ 98,342,906</u>

The largest portion of the Town's net position reflects its net investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure). These capital assets are used 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used.

The unrestricted net position in the business-type activities of \$1,350,913 consists of \$2,387,831 that may be used to meet the Town's on-going obligations to citizens and creditors for the Town's Water & Sewer Enterprise Fund activities, along with a deficit of \$1,036,918 in the Recreation Enterprise Fund. The Town's unrestricted net position deficit in governmental activities is \$116,421,270. Such resources have been consumed with the recognition of net pension and total other postemployment benefits liabilities.



**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

Changes in Net position

For the fiscal year ended June 30, 2021, the Town's total net position increased \$10,702,711, compared to an increase of \$5,823,110 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services.....	\$ 9,589,972	\$ 9,235,045	\$ 9,709,071	\$ 7,114,621	\$ 19,299,043	\$ 16,349,666
Operating grants and contributions.....	37,115,774	29,668,087	11,212	64,977	37,126,986	29,733,064
Capital grants and contributions.....	178,026	2,382,827	652,500	652,500	830,526	3,035,327
<i>General Revenues:</i>						
Real estate and personal property taxes.....	106,365,337	100,961,571	-	-	106,365,337	100,961,571
Motor vehicle and other excise taxes.....	3,881,867	3,836,590	-	-	3,881,867	3,836,590
Penalties and interest on taxes.....	293,015	191,532	-	-	293,015	191,532
Payments in lieu of taxes.....	89,256	81,390	-	-	89,256	81,390
Grants and contributions not restricted to specific programs.....	1,688,499	1,722,682	-	-	1,688,499	1,722,682
Unrestricted investment income.....	129,968	520,651	-	-	129,968	520,651
<b>Total revenues.....</b>	<b>159,331,714</b>	<b>148,600,375</b>	<b>10,372,783</b>	<b>7,832,098</b>	<b>169,704,497</b>	<b>156,432,473</b>
<b>Expenses</b>						
General government.....	9,994,003	10,191,427	-	-	9,994,003	10,191,427
Public safety.....	16,970,933	15,306,553	-	-	16,970,933	15,306,553
Education.....	100,245,103	91,690,097	-	-	100,245,103	91,690,097
Public works.....	10,257,495	11,767,347	-	-	10,257,495	11,767,347
Health and human services.....	2,442,872	2,307,411	-	-	2,442,872	2,307,411
Culture and recreation.....	2,813,612	2,837,659	-	-	2,813,612	2,837,659
Debt service - interest.....	4,520,223	4,708,419	-	-	4,520,223	4,708,419
Water & Sewer.....	-	-	10,516,475	9,912,583	10,516,475	9,912,583
Recreation.....	-	-	1,241,070	1,887,867	1,241,070	1,887,867
<b>Total expenses.....</b>	<b>147,244,241</b>	<b>138,808,913</b>	<b>11,757,545</b>	<b>11,800,450</b>	<b>159,001,786</b>	<b>150,609,363</b>
Change in net assets before transfers.....	12,087,473	9,791,462	(1,384,762)	(3,968,352)	10,702,711	5,823,110
Transfers, net.....	(4,039,468)	(3,764,765)	4,039,468	3,764,765	-	-
<b>Change in net position.....</b>	<b>8,048,005</b>	<b>6,026,697</b>	<b>2,654,706</b>	<b>(203,587)</b>	<b>10,702,711</b>	<b>5,823,110</b>
Net position - beginning of year.....	82,148,147	76,121,450	16,194,759	16,398,346	98,342,906	92,519,796
<b>Net position - end of year.....</b>	<b>\$ 90,196,152</b>	<b>\$ 82,148,147</b>	<b>\$ 18,849,465</b>	<b>\$ 16,194,759</b>	<b>\$ 109,045,617</b>	<b>\$ 98,342,906</b>

Governmental activities increased the Town's net position by \$8,048,005. In the prior year, governmental activities increased by \$6,026,697. The key element of this change is an increase in the operating grants and contributions due to new COVID-19 grants in fiscal year 2021. These new grants made up approximately \$1,500,000 of the increase from the prior year.

Business-type activities increased the Town's net position by \$2,654,706. In the prior year, business-type activities decreased the Town's net position by \$203,587. The key element of this change is an increase in water and sewer user charges of approximately \$2,800,000 as a result of an increase in consumption, rates and service fees.

**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

***Fund Financial Statement Analysis***

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$54,130,635, an increase of \$4,879,626 in comparison with the prior year. \$17,258,770 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable - \$2,898,140
- Restricted - \$22,256,615
- Committed - \$8,581,197
- Assigned - \$3,135,913

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund totaled \$19,256,050, while total fund balance was \$31,015,529. 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 and transfers out. Unassigned fund balance represents 13.3% of total General Fund expenditures and transfers out, while total fund balance represents 21.5% of that same amount.

The fund balance of the Town's General Fund increased \$3,540,658 during fiscal year 2021. The Town recognized a positive budget to actual variance (excluding encumbrances and continuing appropriations) totaling approximately \$12,118,000; and used approximately \$2,151,000 of reserves (excluding prior year encumbrances and continuing appropriations) to fund the fiscal year 2021 budget.

Financial highlights of the Town's other major governmental fund is as follows:

The School Construction Fund (capital projects) consists of construction projects for the High School (essentially completed in early fiscal year 2018) the McCall Middle School Phase II, and other school related projects. Fund balance decreased \$1,482,341 during the current fiscal year. The fund recognized \$1,516,000 of bond proceeds and \$185,022 of premiums from bonds. Expenditures totaled \$3,183,363.

Proprietary funds

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

Unrestricted net position of the Water & Sewer Enterprise Fund at the end of the year amounted to \$2,387,831. The Water & Sewer Enterprise Fund had an increase in net position for the year of \$2,514,171. Unrestricted net position of the Recreation Enterprise Fund at the end of the year amounted to a deficit of \$1,036,918. The Recreation Enterprise Fund had an increase in net position for the year of \$140,535. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

General Fund Budgetary Highlights

The original General Fund budgeted expenditures (including transfers out) totaled \$137,108,254. During the year, supplemental decreases in appropriations totaling \$806,623 were authorized.

During the year, revenues and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance totaling approximately \$6,026,000. Encumbrances and continuing appropriations total \$6,091,129 at year-end.

**Capital Assets and Debt Administration**

Capital assets

The Town's capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$335,511,370 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total net increase in capital assets for the current fiscal year was \$853,113.

Major capital asset events that occurred during the current fiscal year include the following:

- Parkhurst School elevator (approximately \$768,000)
- McCall School roadway improvements (approximately \$1,695,000)
- McCall School expansion (approximately \$1,845,000)
- Waterfield Road bridge repairs (approximately \$907,000)
- Water & Sewer Enterprise Fund infrastructure improvements (approximately \$2,047,000)

The following table summarizes the Town's capital assets (net of accumulated depreciation):

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land.....	\$ 64,731,516	\$ 64,731,516	\$ -	\$ -	\$ 64,731,516	\$ 64,731,516
Land improvements.....	14,544,162	14,902,266	869,275	951,278	15,413,437	15,853,544
Buildings and improvements.....	209,708,653	205,111,756	3,784,402	3,936,038	213,493,055	209,047,794
Machinery and equipment.....	2,490,351	2,629,076	365,098	433,889	2,855,449	3,062,965
Vehicles.....	1,615,440	1,149,718	70,606	89,447	1,686,046	1,239,165
Infrastructure.....	15,358,772	13,162,154	13,275,008	13,250,232	28,633,780	26,412,386
Construction in progress.....	1,940,376	9,170,565	6,757,711	5,140,322	8,698,087	14,310,887
Total capital assets.....	<u>\$ 310,389,270</u>	<u>\$ 310,857,051</u>	<u>\$ 25,122,100</u>	<u>\$ 23,801,206</u>	<u>\$ 335,511,370</u>	<u>\$ 334,658,257</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$151,775,324, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds.....	\$ 135,281,829	\$ 139,163,647	\$ 13,714,200	\$ 8,408,558	\$ 148,996,029	\$ 147,572,205
MWRA notes.....	-	-	2,779,295	2,256,196	2,779,295	2,256,196
Total bonds and notes.....	<u>\$ 135,281,829</u>	<u>\$ 139,163,647</u>	<u>\$ 16,493,495</u>	<u>\$ 10,664,754</u>	<u>\$ 151,775,324</u>	<u>\$ 149,828,401</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

The Town's total net outstanding bonded debt increased by \$1,946,923 during the fiscal year. The Town issued \$9,782,500 of new debt, retired \$8,804,401 of existing debt and had a net increase of \$968,824 of unamortized bond premiums.

The Town's most recent bond ratings from Moody's Investors Services was Aaa. Additional information on the Town's long-term debt can be found in Notes 8 and 9 of this report.

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

The Annual Spring Town Meeting held this past spring approved the fiscal year 2022 Operating Budget of approximately \$143,299,000 which includes the appropriations of the General Fund, appropriations to the Special Article Fund, Building Stabilization Fund, Capital Stabilization Fund, Other Funds and the appropriation to and for the Water & Sewer and Recreation Enterprise Funds. Also included in the total appropriations is a transfer from the General Fund to the OPEB Trust Fund in the amount of \$350,000, bringing the OPEB Trust Fund balance to approximately \$5,520,000.

The provisions of Proposition 21/2 limit the growth of the Town's major source of revenue, property taxes, to an annual increase of 2 1/2 plus a factor for the new construction, unless the voters at an election approve an increase for operating expenses or debt service for a specific project. The Town voters approved a fiscal year 2020 override of \$10,000,000, of which \$8,000,000 was for general operations, \$1,600,000 was dedicated to the Capital Stabilization Fund and \$400,000 was dedicated to the Building Stabilization Fund. In fiscal year 2022, the revenue collected from taxes, including debt exclusions, will amount to approximately \$112,188,000.

Total fiscal year 2021 General Fund budgetary basis revenue and other financing sources (transfers in and premiums from issuance of bonds) was \$136,224,786. Property taxes accounted for 78.18%, Motor Vehicle Excise 2.70% and Intergovernmental 8.80% of total General Fund revenue and other financing sources. In fiscal year 2022, State revenue is expected to be "level-funded" which is a slight increase compared to fiscal year 2021. In past years, General Fund State reimbursements related to School construction were \$672,082 but this reimbursement did not continue beyond FY21 because the debt service associated with this reimbursement was paid in full in FY21.

Total fiscal year 2021 General Fund budgetary basis expenditures (including encumbrances and continued appropriations) and transfers to other funds amount to \$138,913,262.

The Town continues to have substantial balances in its Stabilization Funds. The balances at June 30, 2021 in these funds are as follows:

- General/Capital Stabilization Fund - \$4,545,140
- Building Stabilization Fund - \$3,054,126
- Capital Stabilization Fund - \$2,169,992

As noted above, the Town voted to pass an override that dedicated additional funds to be transferred to the Building Stabilization Fund (\$400,000) and to the Capital Stabilization Fund (\$1,600,000). These amounts will be increased by 2 1/2 % as part of the levy growth each year.

The Town is aware that the on-going COVID-19 pandemic may have an unfavorable budgetary impact on fiscal year 2022 and beyond. COVID-19's financial impact in FY21 was minimal due to the availability of federal, state and other grant funding available to the Town.

**TOWN OF WINCHESTER, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

***Requests for Information***

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Comptroller, 71 Mount Vernon Street, Winchester, Massachusetts 01890.

**TOWN OF WINCHESTER, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 27,131,421	\$ 2,755,990	\$ 29,887,411
Restricted Cash and Cash Equivalents	16,435,636	9,297,237	25,732,873
Investments	6,335,716	-	6,335,716
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	993,312	-	993,312
Tax and Utility Liens	851,244	28,241	879,485
Motor Vehicle and Other Excise Taxes	649,883	-	649,883
User Charges	-	2,675,873	2,675,873
Department and Other	659,574	-	659,574
Intergovernmental	789,974	-	789,974
Total Current Assets	<u>53,846,760</u>	<u>14,757,341</u>	<u>68,604,101</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	395,133	-	395,133
Restricted Investments	7,803,681	-	7,803,681
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	873,487	-	873,487
Tax Foreclosures	13,603	-	13,603
Capital Assets not being Depreciated	66,671,892	6,757,711	73,429,603
Capital Assets, Net of Accumulated Depreciation	<u>243,717,378</u>	<u>18,364,389</u>	<u>262,081,767</u>
Total Noncurrent Assets	<u>319,475,174</u>	<u>25,122,100</u>	<u>344,597,274</u>
Total Assets	<u>373,321,934</u>	<u>39,879,441</u>	<u>413,201,375</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to Pensions	853,314	46,142	899,456
Related to OPEB	<u>13,841,554</u>	<u>374,686</u>	<u>14,216,240</u>
Total Deferred Outflows of Resources	<u>14,694,868</u>	<u>420,828</u>	<u>15,115,696</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable	1,632,383	202,224	1,834,607
Accrued Payroll	472,790	41,814	514,604
Tax Refunds Payable	85,741	-	85,741
Other Liabilities	1,109,871	-	1,109,871
Accrued Interest	1,573,587	118,091	1,691,678
Workers' Compensation Claims	57,797	-	57,797
Compensated Absences	186,730	9,485	196,215
Short-Term Notes Payable	1,701,200	427,290	2,128,490
Long-Term Bonds and Notes Payable	<u>7,366,378</u>	<u>1,359,185</u>	<u>8,725,563</u>
Total Current Liabilities	<u>14,186,477</u>	<u>2,158,089</u>	<u>16,344,566</u>
Noncurrent Liabilities:			
Workers' Compensation Claims	19,266	-	19,266
Compensated Absences	1,680,569	85,365	1,765,934
Net Pension Liability	14,971,761	401,111	15,372,872
Net OPEB Liability	115,729,976	2,891,461	118,621,437
Long-Term Bonds and Notes Payable	<u>127,915,451</u>	<u>15,134,310</u>	<u>143,049,761</u>
Total Noncurrent Liabilities	<u>260,317,023</u>	<u>18,512,247</u>	<u>278,829,270</u>
Total Liabilities	<u>274,503,500</u>	<u>20,670,336</u>	<u>295,173,836</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Pensions	8,638,273	467,106	9,105,379
Related to OPEB	<u>14,678,877</u>	<u>313,362</u>	<u>14,992,239</u>
Total Deferred Inflows of Resources	<u>23,317,150</u>	<u>780,468</u>	<u>24,097,618</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	182,993,114	17,498,552	200,491,666
Restricted for:			
Debt Service	42,369	-	42,369
Permanent Funds:			
Expendable	6,322,658	-	6,322,658
Nonexpendable	2,898,140	-	2,898,140
Other Specific Purposes	14,361,141	-	14,361,141
Unrestricted	<u>(116,421,270)</u>	<u>1,350,913</u>	<u>(115,070,357)</u>
Total Net Position	<u>\$ 90,196,152</u>	<u>\$ 18,849,465</u>	<u>\$ 109,045,617</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 9,994,003	\$ 1,281,174	\$ 1,590,451	\$ -	\$ (7,122,378)
Public Safety	16,970,933	5,028,498	1,168,669	-	(10,773,766)
Education	100,245,103	880,522	31,783,101	-	(67,581,480)
Public Works	10,257,495	2,227,390	1,485,034	178,026	(6,367,045)
Health and Human Services	2,442,872	167,715	87,138	-	(2,188,019)
Culture and Recreation	2,813,612	4,673	761,762	-	(2,047,177)
Debt Service - Interest	4,520,223	-	239,619	-	(4,280,604)
Total Governmental Activities	147,244,241	9,589,972	37,115,774	178,026	(100,360,469)
Business-Type Activities:					
Water & Sewer	10,516,475	8,624,025	10,857	652,500	(1,229,093)
Recreation	1,241,070	1,085,046	355	-	(155,669)
Total Business-Type Activities	11,757,545	9,709,071	11,212	652,500	(1,384,762)
Total Primary Government	\$ 159,001,786	\$ 19,299,043	\$ 37,126,986	\$ 830,526	\$ (101,745,231)

See accompanying Notes to Basic Financial Statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>CHANGES IN NET POSITION</b>			
Net (Expense) Revenue (From Previous Page)	\$ (100,360,469)	\$ (1,384,762)	\$ (101,745,231)
General Revenues:			
Real Estate and Personal Property Taxes	106,365,337	-	106,365,337
Motor Vehicle and Other Excise Taxes	3,881,867	-	3,881,867
Penalties and Interest on Taxes	293,015	-	293,015
Payments in Lieu of Taxes	89,256	-	89,256
Grants and Contributions not Restricted to Specific Programs	1,688,499	-	1,688,499
Unrestricted Investment Income	129,968	-	129,968
Transfers, Net	<u>(4,039,468)</u>	<u>4,039,468</u>	<u>-</u>
Total General Revenues and Transfers	<u>108,408,474</u>	<u>4,039,468</u>	<u>112,447,942</u>
<b>CHANGE IN NET POSITION</b>	8,048,005	2,654,706	10,702,711
Net Position - Beginning of Year (as Restated)	<u>82,148,147</u>	<u>16,194,759</u>	<u>98,342,906</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 90,196,152</u></u>	<u><u>\$ 18,849,465</u></u>	<u><u>\$ 109,045,617</u></u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF WINCHESTER, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2021**

<b>ASSETS</b>	<u>General</u>	<u>School Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 26,160,873	\$ -	\$ 970,548	\$ 27,131,421
Investments	6,335,716	-	-	6,335,716
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	993,312	-	-	993,312
Real Estate Tax Deferrals	873,487	-	-	873,487
Tax Liens	851,244	-	-	851,244
Motor Vehicle and Other Excise Taxes	649,883	-	-	649,883
Departmental and Other	377,233	-	282,341	659,574
Intergovernmental	-	-	789,974	789,974
Tax Foreclosures	13,603	-	-	13,603
Restricted Assets:				
Cash and Cash Equivalents	-	2,243,617	14,587,152	16,830,769
Investments	-	-	7,803,681	7,803,681
Total Assets	<u>\$ 36,255,351</u>	<u>\$ 2,243,617</u>	<u>\$ 24,433,696</u>	<u>\$ 62,932,664</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Warrants Payable	\$ 1,164,906	\$ 534	\$ 466,943	\$ 1,632,383
Accrued Payroll	471,472	-	1,318	472,790
Tax Refunds Payable	85,741	-	-	85,741
Other Liabilities	-	-	1,109,871	1,109,871
Workers' Compensation Claims	77,063	-	-	77,063
Short-Term Notes Payable	-	1,500,000	201,200	1,701,200
Total Liabilities	1,799,182	1,500,534	1,779,332	5,079,048
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	3,440,640	-	282,341	3,722,981
 <b>FUND BALANCES</b>				
Nonspendable	-	-	2,898,140	2,898,140
Restricted	42,369	743,083	21,471,163	22,256,615
Committed	8,581,197	-	-	8,581,197
Assigned	3,135,913	-	-	3,135,913
Unassigned	19,256,050	-	(1,997,280)	17,258,770
Total Fund Balances	<u>31,015,529</u>	<u>743,083</u>	<u>22,372,023</u>	<u>54,130,635</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,255,351</u>	<u>\$ 2,243,617</u>	<u>\$ 24,433,696</u>	<u>\$ 62,932,664</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL FUND  
BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

Total Governmental Fund Balances	\$ 54,130,635
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	310,389,270
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds	3,722,981
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due	(1,573,587)
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	(135,281,829)
Compensated Absences	(1,867,299)
Net Pension Liability	(14,971,761)
Net OPEB Liability	(115,729,976)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions and OPEB	14,694,868
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions and OPEB	<u>(23,317,150)</u>
Net Position of Governmental Activities	<u><u>\$ 90,196,152</u></u>

*See accompanying Notes to Basic Financial Statements.*

**TOWN OF WINCHESTER, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General	School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ 106,494,063	\$ -	\$ -	\$ 106,494,063
Motor Vehicle and Other Excise Taxes	3,672,842	-	-	3,672,842
Tax Liens	104,193	-	-	104,193
Payments in Lieu of Taxes	89,256	-	-	89,256
Charges for Services	16,078	-	2,507,821	2,523,899
Trash Disposal	1,712,901	-	-	1,712,901
Intergovernmental	30,747,336	-	6,608,576	37,355,912
Penalties and Interest on Taxes	293,015	-	-	293,015
Licenses and Permits	1,755,766	-	73,618	1,829,384
Fines and Forfeitures	4,775	-	-	4,775
Departmental and Other	1,752,314	-	1,495,033	3,247,347
Contributions	-	-	571,739	571,739
Investment Income	120,326	-	1,545,995	1,666,321
<b>Total Revenues</b>	<b>146,762,865</b>	<b>-</b>	<b>12,802,782</b>	<b>159,565,647</b>
<b>EXPENDITURES</b>				
Current:				
General Government	7,306,662	-	935,983	8,242,645
Public Safety	11,605,813	-	3,083,628	14,689,441
Education	57,117,226	3,183,363	5,807,700	66,108,289
Public Works	9,338,917	-	2,338,450	11,677,367
Health and Human Services	1,067,425	-	613,395	1,680,820
Culture and Recreation	1,937,915	-	114,787	2,052,702
Pension Benefits	23,887,805	-	-	23,887,805
Employee Benefits	12,802,019	-	-	12,802,019
Property and Liability Insurance	458,710	-	-	458,710
State and County Charges	605,962	-	-	605,962
Debt Service:				
Principal	7,805,100	-	-	7,805,100
Interest	4,861,000	-	-	4,861,000
<b>Total Expenditures</b>	<b>138,794,554</b>	<b>3,183,363</b>	<b>12,893,943</b>	<b>154,871,860</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>7,968,311</b>	<b>(3,183,363)</b>	<b>(91,161)</b>	<b>4,693,787</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Bonds and Notes	-	1,516,000	2,062,000	3,578,000
Premium from Issuance of Bonds and Notes	-	185,022	462,285	647,307
Transfers In	1,383,316	-	718,680	2,101,996
Transfer Out	(5,810,969)	-	(330,495)	(6,141,464)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,427,653)</b>	<b>1,701,022</b>	<b>2,912,470</b>	<b>185,839</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,540,658</b>	<b>(1,482,341)</b>	<b>2,821,309</b>	<b>4,879,626</b>
Fund Balances - Beginning of Year (as Restated)	27,474,871	2,225,424	19,550,714	49,251,009
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 31,015,529</b>	<b>\$ 743,083</b>	<b>\$ 22,372,023</b>	<b>\$ 54,130,635</b>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds	\$ 4,879,626
<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. These amounts represent the related activity of the current period.</p>	
Capital Outlays	8,003,032
Depreciation	(8,470,813)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. 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 inflows of resources.</p>	
	(233,930)
<p>The issuance of long-term debt (e.g., bonds and leases) 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 impact on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>	
Proceeds of Bonds	(3,578,000)
Bond Maturities	7,805,100
Net Amortization of Bond Premiums	(345,282)
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable</p>	
	38,752
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>	
Compensated Absences	(10,245)
Net Pension Liability	8,245,652
Net OPEB Liability	(9,342,852)
<p>In the statement of activities, deferred outflows related to pensions and OPEB are amortized and recognized as pension and OPEB expense. This amount represents the net change in deferred outflows related to pensions and OPEB.</p>	
	1,823,047
<p>In the statement of activities, deferred inflows related to pensions and OPEB are amortized and recognized as pension and OPEB expense. This amount represents the net change in deferred inflows related to pensions and OPEB.</p>	
	<u>(766,082)</u>
Changes in Net Position of Governmental Activities	<u><u>\$ 8,048,005</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2021**

	<u>Business-Type Activities - Enterprise Funds</u>		
<b>ASSETS</b>	<u>Water &amp; Sewer</u>	<u>Recreation</u>	<u>Total</u>
Current Assets:			
Cash and Cash Equivalents	\$ 2,338,586	\$ 417,404	\$ 2,755,990
Restricted Cash and Cash Equivalents	9,297,237	-	9,297,237
Receivables, Net of Allowance for Uncollectible Amounts:			
User Charges	2,675,873	-	2,675,873
Utility Liens	28,241	-	28,241
Total Current Assets	<u>14,339,937</u>	<u>417,404</u>	<u>14,757,341</u>
Noncurrent Assets:			
Capital Assets not being Depreciated	6,757,711	-	6,757,711
Capital Assets, Net of Accumulated Depreciation	<u>18,325,757</u>	<u>38,632</u>	<u>18,364,389</u>
Total Noncurrent Assets	<u>25,083,468</u>	<u>38,632</u>	<u>25,122,100</u>
Total Assets	<u>39,423,405</u>	<u>456,036</u>	<u>39,879,441</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to Pensions	32,560	13,582	46,142
Related to OPEB	<u>234,554</u>	<u>140,132</u>	<u>374,686</u>
Total Deferred Outflows of Resources	<u>267,114</u>	<u>153,714</u>	<u>420,828</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable	164,377	37,847	202,224
Accrued Payroll	17,074	24,740	41,814
Accrued Interest	118,091	-	118,091
Compensated Absences	6,825	2,660	9,485
Short-Term Notes Payable	427,290	-	427,290
Long-Term Bonds and Notes Payable	<u>1,359,185</u>	<u>-</u>	<u>1,359,185</u>
Total Current Liabilities	<u>2,092,842</u>	<u>65,247</u>	<u>2,158,089</u>
Noncurrent Liabilities:			
Compensated Absences	61,422	23,943	85,365
Net Pension Liability	230,774	170,337	401,111
Net OPEB Liability	1,800,846	1,090,615	2,891,461
Long-Term Bonds and Notes Payable	<u>15,134,310</u>	<u>-</u>	<u>15,134,310</u>
Total Noncurrent Liabilities	<u>17,227,352</u>	<u>1,284,895</u>	<u>18,512,247</u>
Total Liabilities	<u>19,320,194</u>	<u>1,350,142</u>	<u>20,670,336</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Pensions	329,615	137,491	467,106
Related to OPEB	<u>192,959</u>	<u>120,403</u>	<u>313,362</u>
Total Deferred Inflows of Resources	<u>522,574</u>	<u>257,894</u>	<u>780,468</u>
<b>FUND NET POSITION</b>			
Net Investment in Capital Assets	17,459,920	38,632	17,498,552
Unrestricted	<u>2,387,831</u>	<u>(1,036,918)</u>	<u>1,350,913</u>
Total Net Position	<u>\$ 19,847,751</u>	<u>\$ (998,286)</u>	<u>\$ 18,849,465</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 YEAR ENDED JUNE 30, 2021**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water &amp; Sewer</u>	<u>Recreation</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 8,595,523	\$ 1,085,046	\$ 9,680,569
Penalties and Interest	28,502	-	28,502
Total Operating Revenues	8,624,025	1,085,046	9,709,071
<b>OPERATING EXPENSES</b>			
Cost of Service and Administration	3,276,054	1,238,416	4,514,470
MWRA Assessment	6,276,202	-	6,276,202
Depreciation	723,348	2,654	726,002
Total Operating Expenses	10,275,604	1,241,070	11,516,674
<b>OPERATING LOSS</b>	(1,651,579)	(156,024)	(1,807,603)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	10,857	355	11,212
Interest Expense	(240,871)	-	(240,871)
Total Nonoperating Revenues (Expenses), Net	(230,014)	355	(229,659)
<b>LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	(1,881,593)	(155,669)	(2,037,262)
Capital Contributions	652,500	-	652,500
Transfers In	4,690,484	401,805	5,092,289
Transfers Out	(947,220)	(105,601)	(1,052,821)
Total Capital Contributions and Transfers	4,395,764	296,204	4,691,968
<b>CHANGE IN FUND NET POSITION</b>	2,514,171	140,535	2,654,706
Fund Net Position - Beginning of Year	17,333,580	(1,138,821)	16,194,759
<b>FUND NET POSITION - END OF YEAR</b>	<u>\$ 19,847,751</u>	<u>\$ (998,286)</u>	<u>\$ 18,849,465</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds		
	Water & Sewer	Recreation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 8,307,658	\$ 1,085,046	\$ 9,392,704
Payments to Vendors	(8,122,877)	(797,288)	(8,920,165)
Payments to Employees	(1,355,311)	(394,223)	(1,749,534)
Net Cash Used by Operating Activities	(1,170,530)	(106,465)	(1,276,995)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	4,690,484	401,805	5,092,289
Transfers Out	(947,220)	(105,601)	(1,052,821)
Net Cash Provided by Noncapital Financing Activities	3,743,264	296,204	4,039,468
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from the Issuance of Bonds and Notes	6,631,790	-	6,631,790
Premium from the Issuance of Bonds and Notes	663,000	-	663,000
Capital Contributions (MWRA Grant)	652,500	-	652,500
Acquisition and Construction of Capital Assets	(2,046,896)	-	(2,046,896)
Principal Payments on Bonds and Notes	(1,499,301)	-	(1,499,301)
Interest Paid	(310,929)	-	(310,929)
Net Cash Provided by Capital and Related Financing Activities	4,090,164	-	4,090,164
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment Income	10,857	355	11,212
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	6,673,755	190,094	6,863,849
Cash and Cash Equivalents at Beginning of Year (includes \$4,148,287 reported as restricted in Water & Sewer)	4,962,068	227,310	5,189,378
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (includes \$9,297,237 reported as restricted in Water & Sewer)	<u>\$ 11,635,823</u>	<u>\$ 417,404</u>	<u>\$ 12,053,227</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating Loss	\$ (1,651,579)	\$ (156,024)	\$ (1,807,603)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities not Requiring Current Cash Flows:			
Depreciation	723,348	2,654	726,002
Net Pension Liability	(314,633)	(131,242)	(445,875)
Deferred Outflows Related to Pension	35,416	20,094	55,510
Deferred Inflows Related to Pension	134,555	40,856	175,411
Net OPEB Liability	235,374	133,549	368,923
Deferred Outflows Related to OPEB	(74,240)	(42,123)	(116,363)
Deferred Inflows Related to OPEB	(55,393)	(31,429)	(86,822)
Effect of Changes in Operating Assets and Liabilities:			
Utility Liens	(3,048)	-	(3,048)
User Charges	(313,319)	-	(313,319)
Warrants Payable	135,854	32,324	168,178
Accrued Payroll	(21,842)	(1,727)	(23,569)
Compensated Absences	(1,023)	26,603	25,580
Total Adjustments	481,049	49,559	530,608
Net Cash Used by Operating Activities	<u>\$ (1,170,530)</u>	<u>\$ (106,465)</u>	<u>\$ (1,276,995)</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2021**

	<u>Pension and Other Postemployment Benefit Trust Funds</u>	<u>Private Purpose Trust Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 637,374	\$ 27,070
Investments:		
Equities	3,634,415	-
Fixed Income	1,381,281	942,275
External Investment Pool	148,297,664	-
Receivables, Net of Allowance for Uncollectible Amounts:		
Departmental and Other	<u>153,169</u>	<u>-</u>
Total Assets	154,103,903	969,345
<b>LIABILITIES</b>		
Warrants Payable	9,835	330
Other Liabilities	-	-
Liabilities Due Depositors	<u>-</u>	<u>-</u>
Total Liabilities	<u>9,835</u>	<u>330</u>
<b>NET POSITION</b>		
Net Position Restricted for Pension, OPEB, and Other	<u><u>\$ 154,094,068</u></u>	<u><u>\$ 969,015</u></u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF WINCHESTER, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2021**

	Pension and Other Postemployment Benefit Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 10,277,882	\$ -
Plan Members	2,290,365	-
Total Contributions	12,568,247	-
Net Investment Income:		
Net Appreciation/(Depreciation) in Fair Value of Investments	14,508,243	186,353
Interest	3,115,866	10,595
Total Investment Income	17,624,109	196,948
Less: Investment Expense	(655,151)	-
Net Investment Income	16,968,958	196,948
Other	548,226	-
Total Additions	30,085,431	196,948
<b>DEDUCTIONS</b>		
Administration	149,555	-
Benefits and Refunds	13,765,030	-
Transfers to Other Systems	853,636	-
Scholarships Awarded	-	28,929
Total Deductions	14,768,221	28,929
<b>CHANGE IN NET POSITION</b>	15,317,210	168,019
Net Position - Beginning of Year	138,776,858	800,996
<b>NET POSITION - END OF YEAR</b>	\$ 154,094,068	\$ 969,015

See accompanying Notes to Basic Financial Statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**B. Reporting Entity**

The Town of Winchester, Massachusetts (Town) is a municipal corporation that is governed by an elected Select Board.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions, and institutions that are not legally separate from the Town.

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete.

The Town has included the Winchester Contributory Retirement System (System) and the Other Postemployment Benefits (OPEB) Trust Fund as component units (blended) in the reporting entity because of the significance of their operational and financial relationships with the Town.

Blended Component Units

The System was established to provide retirement benefits to Town employees, the Winchester Housing Authority's employees, and their respective beneficiaries. The System is governed by a five-member board comprised of the Town Comptroller (ex-officio), two members elected by the System's participants, a fourth member appointed by the Select Board and a fifth member appointed by the Retirement Board's members. The System is presented using the accrual basis of accounting and is reported in the Pension and Other Postemployment Benefits Trust Funds in the fiduciary fund financial statements.

The OPEB Trust Fund was established to accumulate resources to provide postemployment benefits other than pensions to retirees and their beneficiaries. Chapter 32B of the Massachusetts General Laws (MGL) assigns authority to establish and amend benefit provisions of the OPEB Trust Fund. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The OPEB Trust Fund is presented using the accrual basis of accounting and is reported in the Pension and Other Postemployment Benefits Trust Funds in the fiduciary fund financial statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Reporting Entity (Continued)**

Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in one joint venture with other municipalities to pool resources and share the costs, risks, and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

*Northeast Metropolitan Regional Vocational School District*

The Town is indirectly liable for the Northeast Metropolitan Regional Vocational School District's (District) debt and other expenditures and is assessed annually for its share of operating and capital costs. The Town's fiscal year 2021 assessment totaled approximately \$102,000. Separate financial statements may be obtained by writing to the Treasurer of the District at 100 Hemlock Road, Wakefield, Massachusetts 01880.

**C. Implementation of New Accounting Principles**

For the year ended June 30, 2021, the Town implemented GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The implementation of GASB Statement No. 84 resulted in certain activities formerly reported within the agency fund to be reported within the *custodial fund* of the fiduciary funds statement of net position and statement of changes in net position. In addition, certain activities formerly reported within the agency fund are reported as governmental activities in the governmentwide statement of net position and statement of activities. Such activities are also reported in *nonmajor governmental funds* in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balance. As a result, the Town has restated its 2020 beginning net position and fund balance to reflect the implementation of this statement. The effect of the change in accounting principle is as follows:

	<u>Governmental Activities</u>		<u>Non-major Funds</u>
Net Position as of June 30, 2020 as Previously Reported	\$ 81,862,882	Fund Balance as of June 30, 2020 as Previously Reported	\$ 19,265,449
Cumulative Effect of Application of GASB 84, <i>Fiduciary Activities</i>	<u>285,265</u>	Cumulative Effect of Application of GASB 84, <i>Fiduciary Activities</i>	<u>285,265</u>
Net Position as of June 30, 2020 as Restated	<u>\$ 82,148,147</u>	Fund Balance as of June 30, 2020 as Restated	<u>\$ 19,550,714</u>

The implementation of GASB Statement No. 90 had no reporting impact for the Town.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements

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

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 the major individual enterprise fund are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column. Fiduciary funds are reported by fund type.

**E. Measurement Focus, Basis of Accounting, and Basis of 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 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:

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

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

Except for charges between the General Fund and Enterprise Funds, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Fund Financial Statements

**Governmental funds** financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

The *General Fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *School Construction Fund* is a capital projects fund used to account for financial resources to expand and upgrade school facilities.

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

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

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

*Permanent Funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**TOWN OF WINCHESTER, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Fund Financial Statements (Continued)

**Proprietary funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby 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 funds are reported:

The *Water & Sewer Enterprise Fund* is used to account for water and sewer activities.

The *Recreation Enterprise Fund* is used to account for recreation activities.

**Fiduciary funds** 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 in a trustee capacity for others that cannot be used to support the government's programs.

The following fiduciary fund types are reported:

The *Pension and Other Postemployment Benefits Trust Funds* are used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries. The funds are also used to accumulate resources to provide funding for future OPEB liabilities.

The *Private-Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

**F. Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. Fair value is based on quotations from a national securities exchange except for pooled funds, for which fair value is based on unit value reported by the funds.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Accounts Receivable**

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**Real Estate Taxes, Personal Property Taxes, and Tax Liens**

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. The tax year is from July 1 to June 30. Tax bills are sent on July 1st, October 1st, January 1st and April 1st and due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date.

Real estate tax liens are processed in accordance with Massachusetts General Law (MGL) on delinquent properties and are recorded as receivables in the fiscal year they are processed.

**Motor Vehicle Excise Taxes**

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 to the Town. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

**User Charges (Water & Sewer Enterprise Fund)**

User charges are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in accordance with MGL and are included as a lien on the property owner's tax bill. Water and sewer charges are recorded as receivables when levied.

**Special Assessments**

Special assessments for sidewalks and streets betterments are levied annually based on various sidewalks and streets projects. Residents have the option of paying their respective share of the betterment up front or over a period of up to 20 years and are subject to penalties and interest if they are not paid by the respective due dates. Special assessments are recorded as receivables when the project is complete.

**Departmental and Other**

Departmental and other receivables consist primarily of ambulance services, police details and parking tickets and are recorded as receivables in the fiscal year accrued.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Accounts Receivable (Continued)**

**Intergovernmental**

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

**H. Allowance for Uncollectible Amounts**

Government-Wide and Fund Financial Statements

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens
- User charges (water and sewer, including liens)
- Special assessments

Intergovernmental receivables are considered 100% collectible.

**I. Inventories**

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and therefore are not reported.

**J. Restricted Assets**

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.



**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets**

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), 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 acquisition value at the date of donation.

All purchases and construction costs are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>	<u>Capitalization Threshold (\$)</u>
Land.....	N/A	25,000
Land Improvements.....	20-30	25,000
Buildings and Improvements.....	7-50	25,000
Machinery and Equipment.....	5-30	5,000
Vehicles.....	5-10	5,000
Infrastructure.....	20-60	50,000

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 acquiring fund in the fiscal year of the purchase.

**L. Interfund Receivables and Payables**

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

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Interfund Receivables and Payables (Continued)**

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”.

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.

**M. Interfund Transfers**

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

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

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

**N. Deferred Outflows of Resources**

Government-Wide and Fund Financial Statements

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 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 that time.

Deferred outflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statements of net position. They represent deferred outflows of resources as defined and identified in GASB Statements No. 68 and 75, respectively.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Deferred Inflows of Resources**

Government-Wide and Fund Financial Statements

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 has three items that qualify for reporting in this category. They are as follows:

- *Unavailable revenue* is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.
- *Related to pensions and OPEB* are reported in the government-wide statement of net position. They represent deferred inflows of resources as defined and identified in GASB Statements No. 68 and 75, respectively.
- *Taxes received in advance* are reported in the government-wide statement of net position. They represent tax collections for the subsequent fiscal year levy.

**P. Net Position and Fund Balances**

Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Position)

Net position are reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been “restricted” for the following:

*Debt service* represents amounts accumulated from premiums on exempt debt for the future payment of long-term debt service costs.

*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* represent restrictions placed on assets from outside parties.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Net Position and Fund Balances (Continued)**

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

*Nonspendable* — represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

*Restricted* — represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* — represents amounts that can be used only for specific purposes imposed by a formal action of Town Meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through actions approved by Town Meeting.

*Assigned* — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town's structure, only authorized assignments for noncontractual encumbrances can be made by individual department heads.

*Unassigned* — represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

The Town adopted an Operating Reserve policy as of December 31, 2008. It is the Town's policy to maintain a sum in operating reserves that is no less than 6% of its total General Fund revenues. The Town considers its operating reserves to consist of undesignated fund balance of the General Fund (as defined by the Uniform Massachusetts Accounting System basis of accounting established by the Commonwealth) and the General Stabilization fund balance.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Long-Term Debt**

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums, discounts, and losses on refundings are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium/discount.

Governmental Funds Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. 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.

**R. Investment Income**

Government-Wide and Fund Financial Statements

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the General Fund unless otherwise directed by MGL.

Investment income from the proprietary funds is retained in the proprietary funds.

**S. Compensated Absences**

Government-Wide and Proprietary Fund Financial Statements

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws, and executive policies.

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Funds Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. Pensions**

Government-Wide and Proprietary Fund Financial Statements

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

**U. Other Postemployment Benefits**

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 10, the Town provides health and life insurance coverage for retirees, spouses and beneficiaries.

**V. Use of Estimates**

Government-Wide and Fund Financial Statements

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

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

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote and in some instances 2/3rds vote. Increases to the original budget subsequent to the approval of the annual budget require Special Town Meeting approval.

The majority of appropriations are noncontinuing 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.

Generally, expenditures may not exceed the level of spending (salaries, expenses, and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the General Fund in conformity with the guidelines described above. The original fiscal year 2021 approved budget for the General Fund authorized \$137,108,254 in appropriations. During fiscal year 2021, supplemental decreases in appropriations totaling \$806,623 were authorized.

The Comptroller's Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system and other monthly review and reporting procedures.

The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-GAAP Budgetary Basis – Budget and Actual, presented in the accompanying Required Supplementary Information, presents comparison of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

**Fund Deficits**

At June 30, 2021, the following temporary fund deficits exist:

Fund	Amount	Funding Source
COVID-19 CARES CvRF Grant.....	\$ 1,000,603	Federal Grant
COVID-19 CARES CvRF Grant (School Reopening)....	532,433	Federal Grant
Special Duty Details.....	251,767	User Charges and Available Funds
COVID-19 FEMA Public Assistance.....	212,477	Federal Grant
Total.....	\$ 1,997,280	

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS**

**Town (Excluding the Pension Trust Fund)**

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. Treasury or Agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT). The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the Permanent Funds, Private Purpose Trust Funds, Pension Trust Fund and OPEB Trust Fund are held separately from other Town funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. As of June 30, 2021, \$37,717,556 of the Town's bank balance of \$42,914,958 was uninsured and uncollateralized.

Investments Summary

The Town's investments at June 30, 2021 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type*	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries.....	\$ 4,154,858	\$ 3,457,628	\$ 633,025	\$ 64,205	\$ -
U.S. Agencies.....	605,372	263,378	341,994	-	-
Corporate Bonds.....	911,587	276,623	560,458	74,506	-
Municipal Bonds.....	414,992	-	-	-	414,992
Money Market Mutual Funds.....	841,012	841,012	-	-	-
Fixed Income Securities.....	4,246,932	4,246,932	-	-	-
External Investment Pools.....	15,556,472	15,556,472	-	-	-
Total Debt Securities.....	<u>26,731,225</u>	<u>24,642,045</u>	<u>1,535,477</u>	<u>138,711</u>	<u>414,992</u>
<u>Other Investments:</u>					
Equity Mutual Funds.....	<u>9,763,624</u>				
Total Investments.....	<u>\$ 36,494,849</u>				

\* Some amounts in this table are reported as Cash and Cash Equivalents in the financial statements in accordance with policies disclosed in Note 1.



**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Town (Excluding the Pension Trust Fund) (Continued)**

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town has a policy that the fixed income portion of the portfolio shall have an average maturity of not more than 10 years.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2021, the Town was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town's policy for trust fund investments is that municipal and corporate debt securities shall be rated no less than "A" by at least one nationally recognized bond rating service at the time of purchase. The Town's policy for all other investments in debt securities is to comply with the provisions of MGL Chapter 44. As of June 30, 2021, the credit quality ratings of the Town's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings (1)				
		AAA	AA+	AA	A+	Unrated
U.S. Treasuries.....	\$ 4,154,858	\$ 4,154,858	\$ -	\$ -	\$ -	\$ -
U.S. Agencies.....	605,372	605,372	-	-	-	-
Corporate Bonds.....	911,587	-	-	-	911,587	-
Municipal Bonds.....	414,992	74,733	117,638	137,830	84,791	-
Money Market Mutual Funds...	841,012	-	-	-	-	841,012
Fixed Income Securities.....	4,246,932	-	-	-	-	4,246,932
External Investment Pools.....	15,556,472	-	-	-	-	15,556,472
Total.....	<u>\$26,731,225</u>	<u>\$ 4,834,963</u>	<u>\$ 117,638</u>	<u>\$ 137,830</u>	<u>\$ 996,378</u>	<u>\$ 20,644,416</u>

(1) Per the rating scale of Standard and Poor's (a national credit rating organization)

Investments - Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Town (Excluding the Pension Trust Fund) (Continued)**

Investments - Fair Value Measurements (Continued)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Debt Securities:</u>				
U.S. Treasuries.....	\$ 4,154,858	\$ 4,154,858	\$ -	\$ -
U.S. Agencies.....	605,372	605,372	-	-
Corporate Bonds.....	911,587	911,587	-	-
Municipal Bonds.....	414,992	414,992	-	-
Fixed Income Securities.....	4,246,932	4,246,932	-	-
Total Debt Securities.....	10,333,741	10,333,741	-	-
<u>Equity Securities:</u>				
Equity Mutual Funds.....	9,763,624	9,763,624	-	-
Total Investments by Fair Value Level .....	<u>\$ 20,097,365</u>	<u>\$ 20,097,365</u>	<u>\$ -</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**Pension Trust Fund (The System)**

The System has expanded investment powers, including the ability to invest in equity securities, corporate bonds and other specified investments.

All of the System's investments are in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. A nine-member Board acts as Trustee and is responsible for the control and management of the fund. The Treasurer and Receiver-General of the Commonwealth is a member ex-officio and serves as the Chair. The reported value of the pool is the same as the fair value of the System's position in pool shares.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2020, the System was not exposed to custodial credit risk.

Investment Summary

The System's investments at December 31, 2020 in the amount of \$148,297,664 consisted entirely of PRIT with investment maturities of less than one year.

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System does not have a policy for interest rate risk of debt securities.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Pension Trust Fund (The System) (Continued)**

Investments - Custodial Credit Risk

At December 31, 2020, the System's investment in PRIT is not subject to custodial credit risk because it is not evidenced by securities that exist in physical or book-entry form.

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System does not have a policy for credit risk of debt securities. As of December 31, 2020, the System's investment in PRIT was unrated by a credit quality rating system.

Investments - Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

As of December 31, 2020, the fair value of the System's investment in PRIT is measured at the net asset value (NAV) of \$148,297,664. There are no unfunded commitments, redemption frequency is monthly and the redemption notice period is 24 hours. The PRIT fund is an external investment pool that is not registered with the Securities and Exchange Commission, but is subject to oversight provided by the Pension Reserves Investment Management (PRIM) Board. The PRIM Board was created by legislation to provide supervision of the investments and management of PRIT. The fair value of the PRIT fund is based on unit value (NAV) as reported by management of the PRIT fund.

**NOTE 4 ACCOUNTS RECEIVABLE**

At June 30, 2021, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real Estate and Personal Property Taxes.....	\$ 993,312	\$ -	\$ 993,312
Real Estate Tax Deferrals.....	873,487	-	873,487
Tax Liens.....	851,244	-	851,244
Motor Vehicle and Other Excise Taxes.....	883,133	(233,250)	649,883
Departmental and Other.....	1,003,311	(190,568)	812,743
Intergovernmental.....	789,974	-	789,974
Total.....	<u>\$ 5,394,461</u>	<u>\$ (423,818)</u>	<u>\$ 4,970,643</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 ACCOUNTS RECEIVABLE (CONTINUED)**

At June 30, 2021, receivables for the Water & Sewer Enterprise Fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User Charges.....	\$ 2,675,873	\$ -	\$ 2,675,873
Utility Liens.....	28,241	-	28,241
Total.....	<u>\$ 2,704,114</u>	<u>\$ -</u>	<u>\$ 2,704,114</u>

**NOTE 5 CAPITAL ASSETS**

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

	Balance at 6/30/20	Increases	Decreases	Balance at 6/30/21
<b>Governmental Activities:</b>				
<u>Capital Assets not Being Depreciated:</u>				
Land.....	\$ 64,731,516	\$ -	\$ -	\$ 64,731,516
Construction in Progress.....	9,170,565	1,327,228	(8,557,417)	1,940,376
Total Capital Assets not Being Depreciated.....	73,902,081	1,327,228	(8,557,417)	66,671,892
<u>Capital Assets Being Depreciated:</u>				
Land Improvements.....	21,321,876	408,486	-	21,730,362
Buildings and Improvements.....	259,109,528	10,868,759	-	269,978,287
Machinery and Equipment.....	12,348,743	306,726	(454,268)	12,201,201
Vehicles.....	5,828,531	760,193	-	6,588,724
Infrastructure.....	39,717,927	2,889,057	(517,918)	42,089,066
Total Capital Assets Being Depreciated.....	338,326,605	15,233,221	(972,186)	352,587,640
<u>Less Accumulated Depreciation for:</u>				
Land Improvements.....	(6,419,610)	(766,590)	-	(7,186,200)
Buildings and Improvements.....	(53,997,772)	(6,271,862)	-	(60,269,634)
Machinery and Equipment.....	(9,719,667)	(445,451)	454,268	(9,710,850)
Vehicles.....	(4,678,813)	(294,471)	-	(4,973,284)
Infrastructure.....	(26,555,773)	(692,439)	517,918	(26,730,294)
Total Accumulated Depreciation.....	(101,371,635)	(8,470,813)	972,186	(108,870,262)
Total Capital Assets Being Depreciated, Net.....	236,954,970	6,762,408	-	243,717,378
Total Governmental Activities Capital Assets, Net.....	<u>\$ 310,857,051</u>	<u>\$ 8,089,636</u>	<u>\$ (8,557,417)</u>	<u>\$ 310,389,270</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Balance at 6/30/20	Increases	Decreases	Balance at 6/30/21
<b>Business-Type Activities:</b>				
<b><i>Water &amp; Sewer:</i></b>				
<u>Capital Assets not Being Depreciated:</u>				
Construction in Progress.....	\$ 5,140,322	\$ 2,046,896	\$ (429,507)	\$ 6,757,711
<u>Capital Assets Being Depreciated:</u>				
Land Improvements.....	1,679,786	-	-	1,679,786
Buildings and Improvements.....	7,324,527	-	-	7,324,527
Machinery and Equipment.....	1,820,500	-	-	1,820,500
Vehicles.....	840,068	-	(37,905)	802,163
Infrastructure.....	19,978,797	429,507	-	20,408,304
Total Capital Assets Being Depreciated.....	31,643,678	429,507	(37,905)	32,035,280
<u>Less Accumulated Depreciation for:</u>				
Land Improvements.....	(731,439)	(81,792)	-	(813,231)
Buildings and Improvements.....	(3,413,558)	(150,317)	-	(3,563,875)
Machinery and Equipment.....	(1,399,897)	(67,667)	-	(1,467,564)
Vehicles.....	(750,621)	(18,841)	37,905	(731,557)
Infrastructure.....	(6,728,565)	(404,731)	-	(7,133,296)
Total Accumulated Depreciation.....	(13,024,080)	(723,348)	37,905	(13,709,523)
Total Capital Assets Being Depreciated, Net.....	18,619,598	(293,841)	-	18,325,757
Total Water & Sewer Capital Assets, Net.....	23,759,920	1,753,055	(429,507)	25,083,468
	Balance at 6/30/20	Increases	Decreases	Balance at 6/30/21
<b><i>Recreation:</i></b>				
<u>Capital Assets Being Depreciated:</u>				
Land Improvements.....	364,965	-	-	364,965
Buildings and Improvements.....	37,102	-	-	37,102
Machinery and Equipment.....	16,840	-	-	16,840
Total Capital Assets Being Depreciated.....	418,907	-	-	418,907
<u>Less Accumulated Depreciation for:</u>				
Land Improvements.....	(362,034)	(211)	-	(362,245)
Buildings and Improvements.....	(12,033)	(1,319)	-	(13,352)
Machinery and Equipment.....	(3,554)	(1,124)	-	(4,678)
Total Accumulated Depreciation.....	(377,621)	(2,654)	-	(380,275)
Total Capital Assets Being Depreciated, Net.....	41,286	(2,654)	-	38,632
Total Recreation Capital Assets, Net.....	41,286	(2,654)	-	38,632
Total Business-Type Activities Capital Assets, Net.....	\$ 23,801,206	\$ 1,750,401	\$ (429,507)	\$ 25,122,100

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities:**

General Government.....	\$	655,164
Public Safety.....		357,961
Education.....		5,770,470
Public Works.....		1,207,182
Health and Human Services.....		4,647
Culture and Recreation.....		<u>475,389</u>
Total Depreciation Expense - Governmental Activities.....	\$	<u><u>8,470,813</u></u>

**Business-Type Activities:**

Water & Sewer.....	\$	723,348
Recreation.....		<u>2,654</u>
Total Depreciation Expense - Business-Type Activities.....	\$	<u><u>726,002</u></u>

**NOTE 6 INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2021, are summarized below:

Transfers Out:	Transfers In:				Total
	General Fund	Nonmajor Governmental Funds	Water & Sewer Enterprise Fund	Recreation Enterprise Fund	
General Fund.....	\$ -	\$ 718,680	\$ 4,690,484	\$ 401,805	\$ 5,810,969 (1)
Nonmajor Governmental Funds...	330,495	-	-	-	330,495 (2)
Water & Sewer Enterprise Fund..	947,220	-	-	-	947,220 (3)
Recreation Enterprise Fund.....	<u>105,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,601 (3)</u>
Total	<u><u>\$ 1,383,316</u></u>	<u><u>\$ 718,680</u></u>	<u><u>\$ 4,690,484</u></u>	<u><u>\$ 401,805</u></u>	<u><u>\$ 7,194,285</u></u>

(1) Represents transfers to the Water & Sewer Enterprise Fund for budgeted subsidy (\$4,690,484), the Recreation Enterprise Fund for budgeted subsidy (\$401,805), the Main St. Bridge Capital Project Fund (\$177,571), the Athletic Revolving Fund (\$531,109) and the Local Cultural Council Fund (\$10,000).

(2) Represents budgeted transfers to the General Fund from the Parking Meter Special Revenue Fund (\$187,000) and the Cemetery Perpetual Care Fund (\$120,000). Also represents a transfer from the SAFER Grant Fund to the General Fund for benefit costs (\$23,495).

(3) Represents transfers for indirect costs allocated to the Water & Sewer (\$947,220) and Recreation (\$105,601) Enterprise Funds related to shared employees.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund and Enterprise Funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2021, is as follows:

**Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2020	Increases	Decreases	Balance at 6/30/2021
BAN	High School Remodel.....	6/26/20	6/25/21	0.90%	\$ 4,140,000	\$ -	\$ (4,140,000)	\$ -
BAN	Transfer Station Engineering.....	6/25/21	6/24/22	1.25%	-	201,200	-	201,200
BAN	Lynch School Feasibility Study.....	6/25/21	6/24/22	1.25%	-	1,500,000	-	1,500,000
Total.....					<u>\$ 4,140,000</u>	<u>\$ 1,701,200</u>	<u>\$ (4,140,000)</u>	<u>\$ 1,701,200</u>

**Water & Sewer Enterprise Fund**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2020	Increases	Decreases	Balance at 6/30/2021
BAN	Saw Mill Brook Drainage.....	6/26/20	6/25/21	0.90%	\$ 500,000	\$ -	\$ (500,000)	\$ -
BAN	Drainage and Reservoir Spillway....	6/25/21	6/24/22	1.25%	-	427,290	-	427,290
Total.....					<u>\$ 500,000</u>	<u>\$ 427,290</u>	<u>\$ (500,000)</u>	<u>\$ 427,290</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2021:

	Balance at 6/30/20	Increases	Decreases	Balance at 6/30/21	Current Portion
<b>Governmental Activities:</b>					
Bonds and Notes Payable.....	\$ 132,047,270	\$ 3,578,000	\$ (7,805,100)	\$ 127,820,170	\$ 7,048,170
Unamortized Bond Premiums.....	7,116,377	647,307	(302,025)	7,461,659	318,208
Total Bonds and Notes Payable...	139,163,647	4,225,307	(8,107,125)	135,281,829	7,366,378
Workers' Compensation Claims.....	107,395	-	(30,332)	77,063	57,797
Compensated Absences.....	1,857,054	10,245	-	1,867,299	186,730
Total.....	<u>\$ 141,128,096</u>	<u>\$ 4,235,552</u>	<u>\$ (8,137,457)</u>	<u>\$ 137,226,191</u>	<u>\$ 7,610,905</u>

The governmental activities long-term liabilities are generally liquidated by the General Fund.

	Balance at 6/30/20	Increases	Decreases	Balance at 6/30/21	Current Portion
<b>Business-Type Activities:</b>					
Bonds and Notes Payable.....	\$ 10,104,096	\$ 6,204,500	\$ (999,301)	\$ 15,309,295	\$ 1,303,151
Unamortized Bond Premiums.....	560,658	663,000	(39,458)	1,184,200	56,034
Total Bonds and Notes Payable...	10,664,754	6,867,500	(1,038,759)	16,493,495	1,359,185
Compensated Absences.....	69,270	26,603	(1,023)	94,850	9,485
Total.....	<u>\$ 10,734,024</u>	<u>\$ 6,894,103</u>	<u>\$ (1,039,782)</u>	<u>\$ 16,588,345</u>	<u>\$ 1,368,670</u>



**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

**Bonds and Notes Payable - Governmental Funds**

Date of Issue	Maturity Date	Original Issue	Project	Interest Rate	Outstanding at 6/30/20	Issued	Redeemed	Outstanding at 6/30/21
07/01/05	07/01/24	3,143,000	School Remodeling.....	3.92%	\$ 170,000	\$ -	\$ (170,000)	\$ -
07/01/05	07/01/24	375,000	Town Building Remodeling.....	3.91%	20,000	-	(20,000)	-
07/01/05	07/01/24	375,000	Drainage - Cross Street.....	3.90%	20,000	-	(20,000)	-
07/01/06	07/01/25	440,000	Building Remodeling.....	4.25%	20,000	-	(20,000)	-
07/01/06	07/01/25	900,150	School Remodeling.....	4.24%	60,000	-	(60,000)	-
07/01/06	07/01/24	490,200	Lincoln School.....	4.26%	25,000	-	(25,000)	-
07/01/06	07/01/25	1,660,000	Ambrose School.....	4.24%	85,000	-	(85,000)	-
07/01/06	07/01/25	412,850	Building Remodeling & Plans.....	4.25%	15,000	-	(15,000)	-
07/01/08	07/01/25	2,968,000	School Remodeling.....	4.13%	175,000	-	(175,000)	-
07/01/08	07/01/22	1,100,000	School Classrooms.....	4.08%	80,000	-	(80,000)	-
07/01/08	07/01/27	562,000	McCall Middle School Design.....	4.18%	30,000	-	(30,000)	-
07/01/08	07/01/27	128,000	Building Remodeling and Plans.....	4.15%	8,000	-	(8,000)	-
07/01/08	07/01/28	6,188,000	McCall Middle School Addition.....	4.21%	310,000	-	(310,000)	-
07/01/08	07/01/28	1,556,000	Public Safety Building.....	4.21%	81,000	-	(81,000)	-
07/01/08	07/01/28	2,100,000	Town Hall.....	4.20%	106,000	-	(106,000)	-
07/01/08	07/01/28	390,000	Transfer Station/Landfill Use Restoration.....	4.25%	20,000	-	(20,000)	-
08/15/09	08/15/20	8,667,000	School Construction Refunding.....	3.23%	885,000	-	(885,000)	-
04/28/11	04/15/36	16,000,000	Vinson-Owen School.....	4.05%	10,240,000	-	(640,000)	9,600,000
04/28/11	04/15/31	970,000	Lynch School Roof Repairs.....	3.65%	520,000	-	(50,000)	470,000
04/28/11	04/15/26	100,000	Muraco School HVAC.....	3.28%	30,000	-	(5,000)	25,000
04/28/11	04/15/31	3,962,000	Flood Mitigation.....	3.68%	2,160,000	-	(200,000)	1,960,000
05/16/12	07/01/24	3,832,150	Ambrose School.....	2.00%	1,696,000	-	(365,500)	1,330,500
05/16/12	07/01/24	2,389,000	Lincoln School I.....	2.00%	1,069,000	-	(222,000)	847,000
05/16/12	07/01/24	102,500	Lincoln School II.....	2.00%	45,500	-	(9,500)	36,000
05/16/12	07/01/24	490,500	Capital Improvements.....	2.00%	113,000	-	(39,000)	74,000
05/16/12	07/01/24	40,350	Sewer & Dam.....	2.00%	10,000	-	(5,500)	4,500
05/16/12	07/01/24	108,500	Sewer.....	2.00%	48,500	-	(10,500)	38,000
05/16/12	07/01/24	148,500	Roads.....	2.00%	23,000	-	(23,000)	-
05/16/12	07/01/24	630,000	Flood Mitigation - Center Falls Dam.....	2.00%	230,000	-	(50,000)	180,000
07/01/14	07/01/34	1,770,000	Vinson-Owen School.....	3.20%	1,320,000	-	(88,000)	1,232,000
07/01/14	07/01/34	850,000	High School Feasibility Study.....	3.20%	630,000	-	(42,000)	588,000
07/01/15	07/01/21	30,715	High School Feasibility Study.....	5.00%	10,170	-	(5,000)	5,170
07/01/15	07/01/44	30,000,000	High School Construction.....	5.00%	26,725,000	-	(1,080,000)	25,645,000
07/01/15	07/01/35	230,000	Vinson-Owen School.....	5.00%	170,000	-	(15,000)	155,000
10/15/15	10/15/35	3,420,000	Land Acquisition.....	3.44%	2,720,000	-	(170,000)	2,550,000
07/01/15	07/01/45	29,969,285	High School Construction.....	5.00%	26,305,000	-	(1,015,000)	25,290,000
10/27/16	10/15/45	20,000,000	High School Construction.....	3.22%	19,040,000	-	(450,000)	18,590,000
06/27/18	06/30/43	3,862,500	Skills Field Construction & Remediation... ..	2.00%	3,680,000	-	(95,000)	3,585,000
06/27/18	06/30/32	2,110,800	Skills Field Design & Construction.....	2.00%	1,885,800	-	(120,000)	1,765,800
06/27/18	06/30/33	300,000	Skills Field Athletic Lighting.....	2.00%	270,000	-	(15,000)	255,000
06/27/18	06/30/43	317,500	Vinson-Owen School.....	2.00%	305,000	-	(10,000)	295,000
06/27/18	06/30/43	6,024,200	McCall Middle School Phase II.....	2.00%	5,734,200	-	(150,000)	5,584,200
06/27/18	06/15/43	6,470,000	Aberjona River Culvert.....	2.00%	6,160,000	-	(160,000)	6,000,000
08/22/19	08/15/44	5,439,000	McCall Middle School Phase II.....	2.00-5.00%	5,439,000	-	(54,000)	5,385,000
06/25/20	01/01/25	608,500	REFUNDING - School Remodeling.....	5.00%	608,500	-	-	608,500
06/25/20	01/01/25	68,450	REFUNDING - Town Building Remodeling.....	5.00%	68,450	-	(700)	67,750
06/25/20	01/01/25	68,500	REFUNDING - Drainage - Cross Street.....	5.00%	68,500	-	-	68,500
06/25/20	01/01/26	89,200	REFUNDING - Building Remodeling.....	5.00%	89,200	-	-	89,200
06/25/20	01/01/26	267,200	REFUNDING - School Remodeling.....	5.00%	267,200	-	-	267,200
06/25/20	01/01/25	91,000	REFUNDING - Lincoln School.....	5.00%	91,000	-	-	91,000
06/25/20	01/01/26	379,350	REFUNDING - Ambrose School.....	5.00%	379,350	-	(4,350)	375,000
06/25/20	01/01/26	64,000	REFUNDING - Building Remodeling & Plans.....	5.00%	64,000	-	-	64,000
06/25/20	01/01/26	771,400	REFUNDING - School Remodeling.....	5.00%	771,400	-	(5,300)	766,100
06/25/20	01/01/23	141,650	REFUNDING - School Classrooms.....	5.00%	141,650	-	(200)	141,450
06/25/20	01/01/28	173,550	REFUNDING - McCall Middle School Design.....	5.00%	173,550	-	(800)	172,750
06/25/20	01/01/28	28,000	REFUNDING - Building Remodeling & Plans.....	5.00%	28,000	-	(50)	27,950
06/25/20	01/01/29	2,096,650	REFUNDING - McCall Middle School Addition.....	5.00%	2,096,650	-	(18,800)	2,077,850
06/25/20	01/01/29	497,850	REFUNDING - Public Safety Building.....	5.00%	497,850	-	(100)	497,750
06/25/20	01/01/29	695,000	REFUNDING - Town Hall.....	5.00%	695,000	-	-	695,000
06/25/20	01/01/29	128,300	REFUNDING - Transfer Station Restoration.....	5.00%	128,300	-	(550)	127,750
06/25/20	01/01/29	614,625	REFUNDING - Public Safety Building.....	5.00%	614,625	-	(79,625)	535,000
06/25/20	01/01/29	383,625	REFUNDING - DPW Complex.....	5.00%	383,625	-	(49,625)	334,000
06/25/20	01/01/24	335,475	REFUNDING - Manchester Field.....	5.00%	335,475	-	(89,725)	245,750
06/25/20	01/01/29	350,150	REFUNDING - Fire Alarms/Corridor/ADA.....	5.00%	350,150	-	(49,650)	300,500
06/25/20	01/01/25	388,675	REFUNDING - Muraco School HVAC.....	5.00%	388,675	-	(84,675)	304,000
06/25/20	01/01/29	73,700	REFUNDING - DPW Repairs.....	5.00%	73,700	-	(8,700)	65,000

(continued)

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Bonds and Notes Payable - Governmental Funds (Continued)**

Date of Issue	Maturity Date	Original Issue	Project	Interest Rate	Outstanding at 6/30/20	Issued	Redeemed	Outstanding at 6/30/21
06/25/20	01/01/45	2,551,050	Swanton Street Bridge Improvements I.....	2-5%	2,551,050	-	(108,250)	2,442,800
06/25/20	01/01/45	215,500	Swanton Street Bridge Improvements II.....	2-5%	215,500	-	(10,000)	205,500
06/25/20	01/01/45	1,366,700	Lake Street Bridge Replacement.....	2-5%	1,366,700	-	(55,000)	1,311,700
06/25/20	01/01/45	910,000	Waterfield Road Bridge Rehabilitation.....	2-5%	910,000	-	(40,000)	870,000
06/24/21	06/15/41	1,516,000	High School Construction V.....	2-5%	-	1,516,000	-	1,516,000
06/24/21	06/15/41	2,062,000	Muraco School Repairs.....	5.00%	-	2,062,000	-	2,062,000
Total Governmental Funds.....					<u>\$ 132,047,270</u>	<u>\$ 3,578,000</u>	<u>\$ (7,805,100)</u>	<u>\$ 127,820,170</u>
Unamortized Premiums.....					7,116,377	647,307	(302,025)	7,461,659
Total Governmental Funds, Net.....					<u>\$ 139,163,647</u>	<u>\$ 4,225,307</u>	<u>\$ (8,107,125)</u>	<u>\$ 135,281,829</u>

(concluded)

Debt service requirements (gross) for principal and interest for governmental bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2022.....	\$ 7,048,170	\$ 4,900,469	\$ 11,948,639
2023.....	7,062,000	4,599,173	11,661,173
2024.....	7,000,000	4,291,278	11,291,278
2025.....	6,920,000	3,984,120	10,904,120
2026.....	6,140,000	3,682,547	9,822,547
2027.....	5,885,000	3,395,767	9,280,767
2028.....	5,935,000	3,121,604	9,056,604
2029.....	5,945,000	2,865,785	8,810,785
2030.....	5,480,000	2,632,553	8,112,553
2031.....	5,470,000	2,420,524	7,890,524
2032.....	5,145,000	2,214,859	7,359,859
2033.....	4,980,000	2,026,940	7,006,940
2034.....	5,015,000	1,844,224	6,859,224
2035.....	5,060,000	1,661,118	6,721,118
2036.....	4,975,000	1,480,597	6,455,597
2037.....	4,225,000	1,310,283	5,535,283
2038.....	4,280,000	1,173,151	5,453,151
2039.....	4,335,000	1,032,883	5,367,883
2040.....	4,390,000	888,662	5,278,662
2041.....	4,455,000	737,825	5,192,825
2042.....	4,460,000	580,361	5,040,361
2043.....	4,525,000	421,702	4,946,702
2044.....	3,570,000	260,868	3,830,868
2045.....	3,445,000	136,735	3,581,735
2046.....	2,075,000	36,940	2,111,940
Total.....	<u>\$ 127,820,170</u>	<u>\$ 51,700,968</u>	<u>\$ 179,521,138</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Bonds and Notes Payable – Water & Sewer Enterprise Fund**

Date of Issue	Maturity Date	Original Issue	Project	Interest Rate	Outstanding at 6/30/20	Issued	Redeemed	Outstanding at 6/30/21
07/01/06	07/01/26	2,149,000	Drainage.....	4.46%	\$ 105,000	\$ -	\$ (105,000)	\$ -
05/16/12	07/01/24	210,000	Sewer Pump Stations.....	2.00%	75,000	-	(15,000)	60,000
05/16/12	07/01/24	1,625,000	Drainage Refunding.....	2.00%	725,000	-	(155,000)	570,000
07/01/14	07/01/34	308,000	Drainage.....	3.20%	225,000	-	(15,000)	210,000
07/01/14	07/01/34	296,000	Sewer System Repairs.....	3.19%	220,000	-	(15,000)	205,000
03/15/15	02/15/25	167,750	Sewer (MWRA)*.....	0.00%	83,875	-	(16,775)	67,100
05/05/15	02/15/25	500,000	Water (MWRA)*.....	0.00%	250,000	-	(50,000)	200,000
07/01/15	07/01/35	1,300,000	South Reservoir Dam Improvements I.....	5.00%	1,040,000	-	(65,000)	975,000
07/01/15	07/01/35	310,000	South Reservoir Dam Improvements II.....	5.00%	240,000	-	(15,000)	225,000
08/22/16	08/15/26	21,775	Sewer (MWRA)*.....	0.00%	15,242	-	(2,178)	13,064
02/27/17	02/15/27	600,000	Sewer (MWRA)*.....	0.00%	420,000	-	(60,000)	360,000
08/14/17	08/14/27	161,975	Water (MWRA)*.....	0.00%	129,579	-	(16,198)	113,381
06/11/18	06/15/28	675,000	Water (MWRA)*.....	0.00%	540,000	-	(67,500)	472,500
08/22/19	08/15/39	3,406,000	Drainage/Storm Water Improvements.....	2-5%	3,406,000	-	(176,000)	3,230,000
08/31/19	08/31/29	217,500	Sewer (MWRA)*.....	0.00%	217,500	-	(21,750)	195,750
06/25/20	01/01/27	548,200	REFUNDING - Drainage.....	5.00%	548,200	-	(4,700)	543,500
06/25/20	01/01/29	268,700	REFUNDING - Phase III Drainage.....	5.00%	268,700	-	(34,200)	234,500
06/25/20	01/01/29	689,800	REFUNDING - Drainage.....	5.00%	689,800	-	(89,800)	600,000
06/25/20	01/01/45	305,200	N. Res. Dam, Gate House, LLO Improvements.....	2-5%	305,200	-	(15,200)	290,000
06/30/20	06/30/30	600,000	Water (MWRA)*.....	0.00%	600,000	-	(60,000)	540,000
6/24/2021	06/15/22	5,387,000	Inflow & Infiltration Study Engineering.....	2-5%	-	5,387,000	-	5,387,000
8/10/2020	08/15/30	217,500	Phase II Sanitary Sewer (Part B)(MWRA)*.....	0.00%	-	217,500	-	217,500
8/10/2020	08/15/21	600,000	Lead Service Line Replacement Loan (MWRA)*.....	0.00%	-	600,000	-	600,000
Total Water & Sewer Enterprise Fund.....					<u>\$ 10,104,096</u>	<u>\$ 6,204,500</u>	<u>\$ (999,301)</u>	<u>\$ 15,309,295</u>
Unamortized Premiums.....					<u>560,658</u>	<u>663,000</u>	<u>(39,458)</u>	<u>1,184,200</u>
Total Governmental Funds, Net.....					<u>\$ 10,664,754</u>	<u>\$ 6,867,500</u>	<u>\$ (1,038,759)</u>	<u>\$ 16,493,495</u>

**\*Notes from direct borrowings**

The MWRA operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and noninterest-bearing loan (payable in five or ten equal annual installments). At June 30, 2021, the outstanding principal amount of these loans totaled \$2,779,295.

For direct borrowings, there are no terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Bonds and Notes Payable – Water & Sewer Enterprise Fund (Continued)**

Debt service requirements (gross) for principal and interest for Water & Sewer Enterprise Fund bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Bonded Debt		Notes from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022.....	\$ 927,000	\$ 641,374	\$ 376,151	\$ -	\$ 1,303,151	\$ 641,374
2023.....	918,000	596,709	376,151	-	1,294,151	596,709
2024.....	915,000	542,759	376,151	-	1,291,151	542,759
2025.....	910,000	488,659	376,151	-	1,286,151	488,659
2026.....	765,000	436,185	309,376	-	1,074,376	436,185
2027.....	760,000	385,167	309,372	-	1,069,372	385,167
2028.....	670,000	334,323	247,193	-	917,193	334,323
2029.....	670,000	288,723	163,500	-	833,500	288,723
2030.....	565,000	245,623	163,500	-	728,500	245,623
2031.....	565,000	209,073	81,750	-	646,750	209,073
2032.....	560,000	172,404	-	-	560,000	172,404
2033.....	560,000	146,648	-	-	560,000	146,648
2034.....	560,000	121,724	-	-	560,000	121,724
2035.....	555,000	103,113	-	-	555,000	103,113
2036.....	530,000	85,084	-	-	530,000	85,084
2037.....	450,000	68,966	-	-	450,000	68,966
2038.....	450,000	54,136	-	-	450,000	54,136
2039.....	445,000	39,301	-	-	445,000	39,301
2040.....	440,000	24,609	-	-	440,000	24,609
2041.....	275,000	11,825	-	-	275,000	11,825
2042.....	10,000	980	-	-	10,000	980
2043.....	10,000	735	-	-	10,000	735
2044.....	10,000	490	-	-	10,000	490
2045.....	10,000	245	-	-	10,000	245
Total.....	<u>\$ 12,530,000</u>	<u>\$4,998,855</u>	<u>\$ 2,779,295</u>	<u>\$ -</u>	<u>\$15,309,295</u>	<u>\$4,998,855</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Authorized and Unissued Debt**

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2021, the Town had the following authorized and unissued debt:

Purpose	Amount
Culvert.....	\$ 9,110,000
Lynch Elementary School Feasibility Study.....	1,500,000
Muraco School Repair.....	1,150,000
Aberjona River Flood Mitigation.....	750,000
Saw Mill Brook Drainage & North Reservoir Spillway.....	427,290
Transfer Station Planning.....	201,200
Sewer System Repairs Design & Engineering.....	12,900
Total.....	<u>\$ 13,151,390</u>

**NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

General Information

**Plan Description** - The Town provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process and/or Select Board vote. The Plan does not issue a stand-alone financial report.

The number of participants as of July 1, 2020, the latest actuarial valuation, is as follows:

Active Employees.....	866
Inactive Employees or Beneficiaries Receiving Benefits.....	<u>632</u>
Total.....	<u>1,498</u>

**Benefits Provided** - The contribution requirements of Plan members and the Town are established and may be amended by the Select Board. As of July 1, 2020, the required health insurance contribution rates (including Medicare Part B) of Plan members and the Town vary by health plan and range from 25 - 50% and 50 - 75%, respectively. The Plan members and Town each contribute 50% towards a \$4,000 term life insurance policy.

**Contributions** - The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis and may contribute additional amounts to pre-fund benefits. The costs of administering the Plan are paid by the Town.

**Rate of Return** - The annual money-weighted rate of return on OPEB plan investments was 24.86%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amount actually invested.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

General Information (Continued)

**Significant Actuarial Methods and Assumptions** - The Plan's total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement date in accordance with GASB Statement No. 75:

Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	6.28%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	4.50%
Preretirement 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. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Postretirement 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. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and 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. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

**Discount Rate** - The discount rate used to measure the Total OPEB liability was 5.26% as of June 30, 2021 and 5.25% 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 Town's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and a Bond Rate is applied thereafter. The Bond Rate is based on the S&P Municipal Bond 20 - Year High Grade Index ("SAPIHG"), which was 2.18% as of June 30, 2021. The S&P Municipal Bond 20 - Year High Grade Index is the index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

General Information (Continued)

**Investment Policy** - The OPEB plan's assets are managed on a total return basis with a long-term objective. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class include in the target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities - Large Cap.....	42.50%	4.90%
International Equities - Developed Market.....	17.25%	5.32%
International Equities - Emerging Market.....	7.75%	6.26%
Domestic Fixed Income.....	24.50%	1.40%
International Fixed Income.....	2.25%	1.30%
Alternatives.....	2.75%	6.32%
Cash and Cash Equivalents.....	3.00%	0.00%
Total.....	<u>100.00%</u>	

Plan Reporting

**Components of the Net OPEB Liability** - The following table represents the components of the Plan's Net OPEB liability as of the measurement date of June 30, 2021:

Total OPEB Liability.....	\$ 123,791,298
Plan Fiduciary Net Position.....	<u>(5,169,861)</u>
Net OPEB Liability.....	<u>\$ 118,621,437</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability.....	4.18%

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Net OPEB Liability.....	\$ 143,364,491	\$ 118,621,437	\$ 108,557,695

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

Plan Reporting (Continued)

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates -**

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability.....	\$ 101,324,538	\$ 118,621,437	\$ 140,537,275

Employer Reporting

**Net OPEB Liabilities** - At June 30, 2021, the Town reported a net OPEB liability of \$118,621,437. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The following table represents the components of the Town's net OPEB liability as of the measurement date of June 30, 2021:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020.....	\$ 112,706,449	\$ 3,796,787	\$ 108,909,662
Changes for the Year:			
Service Cost.....	3,293,019	-	3,293,019
Interest.....	5,974,169	-	5,974,169
Differences Between Expected and Actual Experience....	1,326,228	-	1,326,228
Changes of Assumptions.....	4,960,122	-	4,960,122
Contributions - Employer.....	-	4,818,689	(4,818,689)
Net Investment Income.....	-	1,023,074	(1,023,074)
Benefit Payments.....	(4,468,689)	(4,468,689)	-
Net Changes.....	11,084,849	1,373,074	9,711,775
Balance at June 30, 2021	\$ 123,791,298	\$ 5,169,861	\$ 118,621,437

The change of assumptions that affected measurement of the total OPEB liability since the prior measurement date was an update to the methodology for calculating expected claims.

The sensitivity of the Town's net OPEB liabilities to changes in the discount rate and healthcare trend rates is the same as the Plan's since the Town is the only employer included in the Plan.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2021, the Town recognized OPEB expense of \$9,181,659. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences Between Expected and Actual Experience...	\$ 3,080,224	\$ -	\$ 3,080,224
Changes of Assumptions.....	11,069,300	(14,356,306)	(3,287,006)
Differences Between Projected and Actual Earnings.....	66,716	(635,933)	(569,217)
Total	\$ 14,216,240	\$ (14,992,239)	\$ (775,999)



**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

Employer Reporting

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

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

Year Ended June 30:	Amount
2022.....	\$ 174,889
2023.....	174,889
2024.....	187,792
2025.....	121,124
2026.....	(1,845,957)
Thereafter.....	411,264
Total	\$ (775,999)

**NOTE 11 RISK FINANCING**

Property and Liability Insurance and Health Insurance

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years. The Town participates in a premium-based health-care plan for its active and retired employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

Workers' Compensation and Unemployment Insurance

The Town is self-insured for its workers' compensation and unemployment activities. These activities are accounted for in the General Fund where expenses are recorded when incurred. Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future liability is based on history and injury type.

The liability at June 30, 2021, totaled \$77,063. Changes in the reported liability since July 1, 2019, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2020.....	\$ 123,291	\$ 378,447	\$ (394,343)	\$ 107,395
Fiscal Year 2021.....	\$ 107,395	\$ 193,121	\$ (223,453)	\$ 77,063

The Town's liability for unemployment claims is immaterial at June 30, 2021, and therefore is not reported.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 FUND BALANCE**

The constraints on fund balances in the Governmental Funds Balance Sheet are detailed as follows:

	<u>General</u>	<u>School Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>				
Permanent Fund Principal.....	\$ -	\$ -	\$ 2,898,140	\$ 2,898,140
<b>Restricted for:</b>				
Debt Service.....	42,369	-	-	42,369
School Construction.....	-	743,083	-	743,083
Library Endowment.....	-	-	2,703,010	2,703,010
Select Board Housing Funds.....	-	-	227,946	227,946
Municipal Affordable Housing Trust....	-	-	1,003,984	1,003,984
Conservation Fund.....	-	-	92,081	92,081
Sale of Land Receipts Reserved.....	-	-	247,561	247,561
SPED Circuit Breaker.....	-	-	1,020,305	1,020,305
School Lunch.....	-	-	643,029	643,029
General Government.....	-	-	1,899,639	1,899,639
Public Safety.....	-	-	2,832,578	2,832,578
Education.....	-	-	3,394,917	3,394,917
Public Works.....	-	-	6,368,959	6,368,959
Health and Human Services.....	-	-	120,120	120,120
Culture and Recreation.....	-	-	917,034	917,034
Sub-total - Restricted.....	<u>42,369</u>	<u>743,083</u>	<u>21,471,163</u>	<u>22,256,615</u>
<b>Committed to:</b>				
Subsequent Year's Expenditures.....	401,863	-	-	401,863
Building Stabilization.....	3,054,126	-	-	3,054,126
Capital Stabilization.....	2,169,992	-	-	2,169,992
Continuing Appropriations.....	<u>2,955,216</u>	<u>-</u>	<u>-</u>	<u>2,955,216</u>
Sub-total - Committed.....	<u>8,581,197</u>	<u>-</u>	<u>-</u>	<u>8,581,197</u>
<b>Assigned to:</b>				
Encumbrances.....	3,135,913	-	-	3,135,913
<b>Unassigned.....</b>	<u>19,256,050</u>	<u>-</u>	<u>(1,997,280)</u>	<u>17,258,770</u>
<b>Total.....</b>	<u>\$ 31,015,529</u>	<u>\$ 743,083</u>	<u>\$ 22,372,023</u>	<u>\$ 54,130,635</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 13 STABILIZATION FUNDS**

The Town maintains the following stabilization funds that were established under MGL Chapter 40, Section 5B and Chapter 69 of the Acts of 2002:

- General Stabilization Fund (general and/or capital purposes)
- Building Stabilization Fund (approved by Proposition 2<sup>1/2</sup> override)
- Capital Stabilization Fund (approved by Proposition 2<sup>1/2</sup> override)

Appropriations in and out of the stabilization funds require two-thirds vote of Town Meeting. Investment income is retained by the funds.

The balance of the General, Building, and Capital Stabilization Funds at June 30, 2021 total \$4,545,140, \$3,054,126, and \$2,169,992, respectively, and are reported in the general fund as unassigned (\$4,545,140) and committed (\$5,224,118) fund balance.

**NOTE 14 PENSION PLAN**

**Plan Description** - The Town contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Winchester Retirement Board. Substantially all employees of the Town are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System. The System also covers eligible employees of the Winchester Housing Authority. The System does not issue a stand-alone financial report.

As of the most recent actuarial valuation, the System's membership consisted of the following:

Active Members.....	364
Inactive - Entitled to or Receiving Benefits.....	19
Inactive - Not Entitled to or Not Receiving Benefits.....	155
Retirees and Beneficiaries Currently Receiving Benefits.....	274
Total Members.....	<u>812</u>
Number of Participating Employers.....	<u>2</u>

The System is governed by a five-member board comprised of the Town Comptroller (ex-officio), two members elected by the System's participants, a fourth member appointed by the Select Board and a fifth member appointed by the Winchester Retirement Board's members.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 14 PENSION PLAN (CONTINUED)**

**Benefits Provided** - The System provides retirement, disability and death benefits to plan members and beneficiaries, pursuant to MGL Chapter 32, up to a maximum of 80% of the average of a member's three (if hired before April 1, 2012) or five (if hired on or after April 1, 2012) highest consecutive years' regular compensation. In addition to regular compensation, benefits are based upon a member's age, length of creditable service and group classification. Members become vested after 10 years of creditable service. A normal retirement allowance may be received after the completion of 20 years of service or upon reaching age 55 (if hired before April 1, 2012) or 60 (if hired on or after April 1, 2012), with 10 years of service. Normal retirement for most employees occurs at age 65 (if hired before April 1, 2012) or 67 (if hired on or after April 1, 2012), except for certain hazardous duty and public safety employees who attain normal retirement at age 55 (if hired before April 1, 2012) or 57 (if hired on or after April 1, 2012).

**Contributions** - Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. Members hired on or after January 1, 1979 will contribute an additional 2% of regular compensation in excess of \$30,000. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll.

For the year ended December 31, 2020, active member contributions totaled \$2,290,365 and employer contributions totaled \$5,459,193. Of that total, \$5,401,871 was contributed by the Town.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - The components of the net pension liability of the System at December 31, 2020, were as follows:

Total Pension Liability.....	\$ 164,460,207
Plan Fiduciary Net Position.....	<u>(148,924,207)</u>
Net Pension Liability.....	<u><u>\$ 15,536,000</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	90.55%
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At June 30, 2021, the Town reported a liability of \$15,372,872 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 that was rolled forward to December 31, 2020. The Town's share of the net pension liability is the proportionate share of employer contributions to the System as of December 31, 2020, actuarially determined. At December 31, 2020, the Town's share was 98.95%.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 14 PENSION PLAN (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

For the year ended June 30, 2021, the Town recognized pension expense of approximately \$1,041,000 related to the System and approximately \$18,763,000 related to the Massachusetts Teachers' Retirement System (see Note 15) for a total aggregate pension expense of approximately \$19,804,000. At June 30, 2021, the Town reported deferred outflows of resources related to pensions of \$899,456 related to changes in assumptions. At June 30, 2021, the Town reported deferred inflows of resources of \$9,105,379 consisting of differences between expected and actual experience (\$690,671) and net differences between projected and actual investment earnings (\$8,414,708).

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

Year Ending June 30:	Amount
2022.....	\$ (2,526,194)
2023.....	(971,689)
2024.....	(3,409,817)
2025.....	(1,298,223)
Total	\$ (8,205,923)

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled forward to December 31, 2020:

Actuarial cost method:	Entry age normal
Amortization method:	Increasing payments 7.75% per year
Remaining amortization period:	9 years
Asset valuation method:	Market value
Investment rate of return:	7.0%, net of pension plan investment expense, including inflation
Inflation rate:	Not explicitly assumed
Salary increases:	4.25% per year for Group 1 and 4.75% per year for Group 4
Cost of living adjustment:	Effective July 1, 2020, 3.0% on the first \$14,000 in benefits (was previously \$12,000)

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 14 PENSION PLAN (CONTINUED)**

Actuarial Assumptions (Continued)

Mortality rates: Pre-Retirement - RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2018 (gender distinct).

Healthy Retiree - RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2018 (gender distinct).

Disabled Retiree - RP-2014 Blue Collar Healthy Annuitant Table set forward one year projected generationally with Scale MP-2018 (gender distinct).

Investment Policies and Rates of Return

Deposits and investments made by the System are governed by Chapter 32 of the MGL.

For the year ended December 31, 2020, the annual money-weighted rate of return on System investments, net of investment expense, was 11.92%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity.....	39.00%	3.30%
Fixed Income.....	23.00%	3.80%
Private Equity.....	13.00%	7.80%
Real Estate.....	10.00%	3.60%
Timber/Natural Resources.....	4.00%	4.20%
Portfolio Completion Strategies.....	11.00%	2.80%
Total.....	<u>100.00%</u>	

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 14 PENSION PLAN (CONTINUED)**

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the System calculated using the discount rate of 7.0%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
System's Net Pension Liability.....	\$ 34,205,000	\$ 15,536,000	\$ (242,000)

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town's Proportionate Share of the Net Pension Liability.....	\$ 33,845,848	\$ 15,372,872	\$ (239,459)

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

**Plan Description** - Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be found at: <https://www.macomptroller.org/cafr>.

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

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

**Contributions** - The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-9% of regular compensation. Members hired on or after January 1, 1979 will contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2021. The Commonwealth's net pension liability associated with the Town was \$151,908,507.



**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

The MTRS' net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$18,762,877 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

***Actuarial Assumptions*** - The MTRS' total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

Investment rate of return - 7.15%

Salary increases - Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.

Mortality Rates - Pre-retirement reflects Pub-2012 Teachers Employees mortality table (headcount weighted) projected generally with scale MP-2018 (gender distinct). Post-retirement – reflects PUB-2010 Teachers Retirees mortality table (headcount weighted) projected generally with Scale MP-2018 (gender distinct). Disability – assumed to be in accordance with the Pub-2012 Teachers Retirees mortality table (headcount weighted) projected generally with Scale MP-2018 (gender distinct).

Other - 3.5% interest rate credited to the annuity savings fund: 3.0% cost of living increase on the first \$13,000 per year.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

**TOWN OF WINCHESTER, MASSACHUSETTS  
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**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

***Actuarial Assumptions (Continued)***

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity.....	39%	4.8%
Portfolio Completion Strategies.....	11%	3.2%
Core Fixed Income.....	15%	0.7%
Private Equity.....	13%	8.2%
Value Added Fixed Income.....	8%	4.2%
Real Estate.....	10%	3.5%
Timber/Natural Resources.....	4%	4.1%
Totals	<u>100%</u>	

***Discount Rate*** - The discount rate used to measure the MTRS' total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Pension Plan Fiduciary Net Position*** - Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 16 COMBINING FIDUCIARY FUND FINANCIAL STATEMENTS**

The Town's Pension Trust Fund and OPEB Trust Fund Statements of Fiduciary Net Position are as follows:

	Pension Trust Fund (as of 12/31/20)	OPEB Trust Fund (as of 06/30/21)	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 483,209	\$ 154,165	\$ 637,374
Investments:			
Equities	-	3,634,415	3,634,415
Fixed Income Mutual Funds	-	1,381,281	1,381,281
External Investment Pool	148,297,664	-	148,297,664
Receivables, Net of Allowance for Uncollectible Amounts:			
Departmental and Other	153,169	-	153,169
Total Assets	<u>148,934,042</u>	<u>5,169,861</u>	<u>154,103,903</u>
<b>LIABILITIES</b>			
Warrants Payable	<u>9,835</u>	<u>-</u>	<u>9,835</u>
<b>NET POSITION</b>			
Net Position Restricted for Pension and OPEB	<u>\$ 148,924,207</u>	<u>\$ 5,169,861</u>	<u>\$ 154,094,068</u>

The Town's Pension Trust Fund and OPEB Trust Fund Statements of Changes in Fiduciary Net Position are as follows:

	Pension Trust Fund (as of 12/31/20)	OPEB Trust Fund (as of 06/30/21)	Total
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 5,459,193	\$ 4,818,689	\$ 10,277,882
Plan Members	<u>2,290,365</u>	<u>-</u>	<u>2,290,365</u>
Total Contributions	7,749,558	4,818,689	12,568,247
Net Investment Income:			
Net Appreciation/(Depreciation) in Fair Value of Investments	13,558,295	949,948	14,508,243
Interest	<u>3,042,740</u>	<u>73,126</u>	<u>3,115,866</u>
Total Investment Income	16,601,035	1,023,074	17,624,109
Less: Investment Expense	<u>(655,151)</u>	<u>-</u>	<u>(655,151)</u>
Net Investment Income	15,945,884	1,023,074	16,968,958
Other	<u>548,226</u>	<u>-</u>	<u>548,226</u>
Total Additions	24,243,668	5,841,763	30,085,431
<b>DEDUCTIONS</b>			
Administration	149,555	-	149,555
Benefits and Refunds	9,296,341	4,468,689	13,765,030
Transfers to Other Systems	<u>853,636</u>	<u>-</u>	<u>853,636</u>
Total Deductions	<u>10,299,532</u>	<u>4,468,689</u>	<u>14,768,221</u>
<b>CHANGE IN NET POSITION</b>	13,944,136	1,373,074	15,317,210
Net Position - Beginning of Year	<u>134,980,071</u>	<u>3,796,787</u>	<u>138,776,858</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 148,924,207</u>	<u>\$ 5,169,861</u>	<u>\$ 154,094,068</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 17 COMMITMENTS**

Significant commitments include the encumbrances and continuing appropriations outstanding for the General Fund, which totaled \$6,091,129 at June 30, 2021.

**NOTE 18 CONTINGENCIES**

Various legal actions and claims are pending against the Town. 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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2021.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2021, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**TOWN OF WINCHESTER, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-GAAP BUDGETARY BASIS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2021**

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ -	\$ 106,796,058	\$ (764,376)	\$ 106,031,682
Motor Vehicle and Other Excise Taxes	-	3,686,855	(186,855)	3,500,000
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	50,000	-	50,000
Trash Disposal	-	1,350,000	-	1,350,000
Intergovernmental	-	11,016,367	997,536	12,013,903
Penalties and Interest on Taxes	-	178,397	(78,397)	100,000
Licenses and Permits	-	1,500,000	(55,000)	1,445,000
Fines and Forfeitures	-	100,000	(50,000)	50,000
Departmental and Other	-	1,450,192	(195,192)	1,255,000
Investment Income	-	100,000	-	100,000
Total Revenues	-	126,227,869	(332,284)	125,895,585
<b>EXPENDITURES</b>				
Current:				
General Government	1,448,830	8,756,400	78,200	10,283,430
Public Safety	176,340	11,403,551	885,424	12,465,315
Education	3,339,549	58,500,799	(2,186,314)	59,654,034
Public Works	1,496,628	9,902,764	74,653	11,474,045
Health and Human Services	4,967	1,268,136	427,360	1,700,463
Culture and Recreation	97,502	2,093,440	27,048	2,217,990
Pension Benefits	-	5,401,871	-	5,401,871
Employee Benefits	-	13,281,957	297,080	13,579,037
Property and Liability Insurance	-	461,670	1,631	463,301
State and County Charges	-	592,941	8,839	601,780
Debt Service:				
Principal	-	7,949,000	(63,900)	7,885,100
Interest	-	5,185,800	(324,769)	4,861,031
Total Expenditures	6,563,816	124,798,329	(774,748)	130,587,397
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(6,563,816)	1,429,540	442,464	(4,691,812)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	5,038,611	3,216,293	8,254,904
Transfers Out	-	(12,309,925)	31,875	(12,278,050)
Total Other Financing Sources (Uses)	-	(7,271,314)	3,248,168	(4,023,146)
<b>NET CHANGE IN FUND BALANCE</b>	(6,563,816)	(5,841,774)	3,690,632	(8,714,958)
Fund Balance - Beginning of Year	17,694,335	17,694,335	17,694,335	17,694,335
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 11,130,519</b>	<b>\$ 11,852,561</b>	<b>\$ 21,384,967</b>	<b>\$ 8,979,377</b>

See accompanying notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 106,497,698	\$ -	\$ 106,497,698	\$ 466,016
3,672,842	-	3,672,842	172,842
104,193	-	104,193	104,193
89,256	-	89,256	39,256
1,712,901	-	1,712,901	362,901
11,984,459	-	11,984,459	(29,444)
293,015	-	293,015	193,015
1,755,766	-	1,755,766	310,766
4,775	-	4,775	(45,225)
1,752,314	-	1,752,314	497,314
<u>102,663</u>	<u>-</u>	<u>102,663</u>	<u>2,663</u>
127,969,882	-	127,969,882	2,074,297
7,306,662	1,927,048	9,233,710	1,049,720
11,605,813	473,781	12,079,594	385,721
57,117,224	2,477,850	59,595,074	58,960
9,338,917	1,136,011	10,474,928	999,117
1,067,425	8,206	1,075,631	624,832
1,937,915	68,233	2,006,148	211,842
5,401,871	-	5,401,871	-
13,034,652	-	13,034,652	544,385
461,542	-	461,542	1,759
605,962	-	605,962	(4,182)
7,805,100	-	7,805,100	80,000
<u>4,861,000</u>	<u>-</u>	<u>4,861,000</u>	<u>31</u>
<u>120,544,083</u>	<u>6,091,129</u>	<u>126,635,212</u>	<u>3,952,185</u>
7,425,799	(6,091,129)	1,334,670	6,026,482
8,254,904	-	8,254,904	-
<u>(12,278,050)</u>	<u>-</u>	<u>(12,278,050)</u>	<u>-</u>
<u>(4,023,146)</u>	<u>-</u>	<u>(4,023,146)</u>	<u>-</u>
3,402,653	(6,091,129)	(2,688,476)	6,026,482
<u>17,694,335</u>	<u>-</u>	<u>17,694,335</u>	<u>-</u>
<u>\$ 21,096,988</u>	<u>\$ (6,091,129)</u>	<u>\$ 15,005,859</u>	<u>\$ 6,026,482</u>

**TOWN OF WINCHESTER, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES**

**SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND  
RELATED RATIOS\***

	2021	2020	2019	2018
<u>Total OPEB liability</u>				
Service Cost	\$ 3,293,019	\$ 3,172,839	\$ 4,225,561	\$ 3,384,223
Interest	5,974,169	5,190,937	3,340,032	3,184,347
Changes in Benefit Terms	-	-	22,779,680	-
Differences Between Expected and Actual Experience	1,326,228	-	3,438,391	-
Changes of Assumptions	4,960,122	(20,121,890)	12,069,052	-
Benefit Payments	(4,468,689)	(4,230,571)	(3,962,591)	(2,566,904)
Net Change in Total OPEB Liability	11,084,849	(15,988,685)	41,890,125	4,001,666
Total OPEB Liability - Beginning	112,706,449	128,695,134	86,805,009	82,803,343
Total OPEB Liability - Ending (a)	<u>\$ 123,791,298</u>	<u>\$ 112,706,449</u>	<u>\$ 128,695,134</u>	<u>\$ 86,805,009</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	\$ 4,818,689	\$ 4,580,571	\$ 7,140,108	\$ -
Net Investment Income	1,023,074	109,887	159,383	-
Benefit Payments	(4,468,689)	(4,230,571)	(3,962,591)	-
Net Change in Plan Fiduciary Net Position	1,373,074	459,887	3,336,900	-
Plan Fiduciary Net Position - Beginning	3,796,787	3,336,900	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,169,861</u>	<u>\$ 3,796,787</u>	<u>\$ 3,336,900</u>	<u>\$ -</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 118,621,437</u>	<u>\$ 108,909,662</u>	<u>\$ 125,358,234</u>	<u>\$ 86,805,009</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.18%	3.37%	2.59%	0.00%
Covered-Employee Payroll	72,223,166	66,420,367	64,485,794	61,331,430
Net OPEB Liability as a Percentage of Covered- Employee Payroll	164.24%	163.97%	194.40%	141.53%

\* Data is being accumulated annually to present 10 years of the reported information.

**TOWN OF WINCHESTER, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (OPEB PLAN)\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 8,617,644	\$ 10,097,210	\$ 11,196,214
Contributions in Relation to the Actuarially Determined Contribution	<u>(4,818,689)</u>	<u>(4,580,571)</u>	<u>(7,140,108)</u>
Contribution Deficiency (Excess)	<u>\$ 3,798,955</u>	<u>\$ 5,516,639</u>	<u>\$ 4,056,106</u>
Covered-Employee Payroll	\$ 72,223,166	\$ 66,420,367	\$ 64,485,794
Contributions as a Percentage of Covered-Employee Payroll	6.67%	6.90%	11.07%

**SCHEDULE OF INVESTMENT RETURNS (OPEB PLAN)\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	24.86%	3.00%	5.48%

\* Data is being accumulated annually to present 10 years of the reported information.



**TOWN OF WINCHESTER, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND  
RELATED RATIOS (SYSTEM)\***

	December 31						
	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service Cost	\$ 3,627,000	\$ 3,471,000	\$ 3,370,000	\$ 3,225,000	\$ 2,999,000	\$ 2,870,000	\$ 2,625,000
Interest	10,839,548	10,708,000	10,235,000	9,706,000	9,664,000	8,883,000	9,100,000
Changes in Benefit Terms	-	-	1,500,000	-	-	-	-
Differences Between Expected and Actual Experience	-	-	(1,868,000)	(1,166,000)	-	(3,441,000)	-
Changes of Assumptions	-	-	1,800,000	3,460,000	-	9,600,000	-
Benefit Payments, Including Refunds of Member Contributions	(9,296,341)	(8,770,000)	(8,002,000)	(7,632,000)	(7,419,000)	(7,101,000)	(6,639,000)
Net Change in Total Pension Liability	5,170,207	5,409,000	7,035,000	7,593,000	5,244,000	10,811,000	5,086,000
Total Pension Liability - Beginning	159,290,000	153,881,000	146,846,000	139,253,000	134,009,000	123,198,000	118,112,000
Total Pension Liability - Ending (a)	<u>\$ 164,460,207</u>	<u>\$ 159,290,000</u>	<u>\$ 153,881,000</u>	<u>\$ 146,846,000</u>	<u>\$ 139,253,000</u>	<u>\$ 134,009,000</u>	<u>\$ 123,198,000</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 5,459,193	\$ 5,184,756	\$ 4,838,784	\$ 4,515,896	\$ 4,299,134	\$ 4,055,526	\$ 3,906,569
Contributions - Member	2,290,365	1,541,000	2,034,000	2,082,000	2,177,000	2,084,000	1,822,431
Net Investment Income	15,945,884	18,871,000	(3,757,000)	16,484,000	6,989,000	(548,000)	7,702,031
Benefit Payments, Including Refunds of Member Contributions	(9,296,341)	(8,770,000)	(8,002,000)	(7,632,000)	(7,419,000)	(7,101,000)	(6,639,000)
Administrative Expense	(149,555)	(173,000)	(136,000)	(128,000)	(122,000)	(148,000)	(67,923)
Other	(305,410)	7,230	18,403	1,356	38,247	371	(248,544)
Net Change in Plan Fiduciary Net Position	13,944,136	16,660,986	(5,003,813)	15,323,252	5,962,381	(1,657,103)	6,475,564
Plan Fiduciary Net Position - Beginning	134,980,071	118,319,085	123,322,898	107,999,646	102,037,265	103,694,368	97,218,804
Plan Fiduciary Net Position - Ending (b)	<u>\$ 148,924,207</u>	<u>\$ 134,980,071</u>	<u>\$ 118,319,085</u>	<u>\$ 123,322,898</u>	<u>\$ 107,999,646</u>	<u>\$ 102,037,265</u>	<u>\$ 103,694,368</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 15,536,000</u>	<u>\$ 24,309,929</u>	<u>\$ 35,561,915</u>	<u>\$ 23,523,102</u>	<u>\$ 31,253,354</u>	<u>\$ 31,971,735</u>	<u>\$ 19,503,632</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.55%	84.74%	76.89%	83.98%	77.56%	76.14%	84.17%
Covered Payroll	20,897,000	20,897,000	20,897,000	19,744,000	18,547,000	18,547,000	17,971,254
Net Pension Liability as a Percentage of Covered Payroll	74.35%	116.33%	170.18%	119.14%	168.51%	172.38%	108.53%

\* Data is being accumulated annually to present 10 years of the reported information.

**TOWN OF WINCHESTER, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**PENSION PLAN SCHEDULES (CONTINUED)**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)**

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 5,459,193	\$ 5,184,756	\$ 4,838,784	\$ 4,515,896	\$ 4,299,134
Contributions in Relation to the Actuarially Determined Contribution	<u>5,459,193</u>	<u>5,184,756</u>	<u>4,838,784</u>	<u>4,515,896</u>	<u>4,299,134</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 20,897,000	\$ 20,897,000	\$ 20,897,000	\$ 19,744,000	\$ 18,547,000
Contributions as a Percentage of Covered-Employee Payroll	26.12%	24.81%	23.16%	22.87%	23.18%

(continued)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Actuarially Determined Contribution	\$ 4,055,526	\$ 3,923,441	\$ 3,845,592	\$ 3,777,163	\$ 3,623,792
Contributions in Relation to the Actuarially Determined Contribution	<u>4,055,526</u>	<u>3,923,441</u>	<u>3,845,592</u>	<u>3,777,163</u>	<u>3,623,792</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 18,547,000	\$ 17,971,254	\$ 17,971,254	\$ 17,195,132	\$ 17,195,132
Contributions as a Percentage of Covered-Employee Payroll	21.87%	21.83%	21.40%	21.97%	21.07%

(concluded)

**SCHEDULE OF INVESTMENT RETURNS (SYSTEM)\***

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.92%	16.12%	-3.07%	15.36%	6.89%	-0.53%	7.98%

\* Data is being accumulated annually to present 10 years of the reported information.

**TOWN OF WINCHESTER, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**PENSION PLAN SCHEDULES (CONTINUED)**

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (SYSTEM)\***

	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Town's Proportion of the Net Pension Liability	98.95%	98.99%	99.20%	99.04%	99.11%	99.12%	99.14%
Town's Proportionate Share of the Net Pension Liability	\$ 15,372,872	\$ 24,064,399	\$ 35,277,420	\$ 23,297,279	\$ 30,975,199	\$ 31,690,384	\$ 19,335,901
Town's Covered Payroll	\$ 20,729,824	\$ 20,729,824	\$ 20,729,824	\$ 19,554,331	\$ 18,383,786	\$ 18,383,786	\$ 17,816,701
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	74.16%	116.09%	170.18%	119.14%	168.49%	172.38%	108.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension	90.55%	84.74%	76.89%	83.98%	77.56%	76.14%	84.17%

**SCHEDULE OF TOWN'S CONTRIBUTIONS (SYSTEM)\***

	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Actuarially Required Contribution	\$ 5,401,871	\$ 5,132,390	\$ 4,800,074	\$ 4,472,543	\$ 4,261,038	\$ 4,019,991	\$ 3,889,699
Contributions in Relation to the Actuarially Required Contribution	<u>5,401,871</u>	<u>5,132,390</u>	<u>4,800,074</u>	<u>4,472,543</u>	<u>4,261,038</u>	<u>4,019,991</u>	<u>3,889,699</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 20,729,824	\$ 20,729,824	\$ 20,729,824	\$ 19,554,331	\$ 18,383,786	\$ 18,383,786	\$ 17,816,701
Contributions as a Percentage of Covered Payroll	26.06%	24.76%	23.16%	22.87%	23.18%	21.87%	21.83%

\* Data is being accumulated annually to present 10 years of the reported information.

(1) The amounts presented were determined as of December 31 within the applicable fiscal year.

**TOWN OF WINCHESTER, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**PENSION PLAN SCHEDULES (CONTINUED)**

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (MTRS)\***

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Proportionate Share of the net Pension Liability Associated with the Town	151,908,507	131,536,755	122,941,324	116,744,096	113,116,935	101,190,658	78,050,395
<b>Total</b>	<b>\$ 151,908,507</b>	<b>\$ 131,536,755</b>	<b>\$ 122,941,324</b>	<b>\$ 116,744,096</b>	<b>\$ 113,116,935</b>	<b>\$ 101,190,658</b>	<b>\$ 78,050,395</b>
Town's Covered Payroll	\$ 40,321,660	\$ 38,727,162	\$ 37,373,937	\$ 36,137,173	\$ 35,004,635	\$ 31,305,359	\$ 30,105,390
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.67%	53.95%	54.84%	54.25%	52.73%	55.38%	61.64%

**SCHEDULE OF TOWN'S CONTRIBUTIONS (MTRS)\***

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Town's Covered Payroll	\$ 40,321,660	\$ 38,727,162	\$ 37,373,937	\$ 36,137,173	\$ 35,004,635	\$ 31,305,359	\$ 30,105,390
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Data is being accumulated annually to present 10 years of the reported information.

(1) The amounts presented were determined as of June 30 of the previous year.

**TOWN OF WINCHESTER, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**NOTE A BUDGETARY – U.S. GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the U.S. GAAP basis of accounting. A reconciliation of budgetary-basis to U.S. GAAP-basis results for the General Fund for the fiscal year ended June 30, 2021, is presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	\$ 127,969,882	\$ 126,635,212	\$ (4,023,146)	\$ 15,005,859
<u>Reclassifications</u>				
Activity of Stabilization Funds Recorded in the				
General Fund for U.S. GAAP Purposes.....	17,663	-	77,568	9,769,258
Contributions to OPEB Trust Fund.....	-	350,000	350,000	-
Employee Benefits to Enterprise Funds.....	-	(832,075)	(832,075)	-
<u>Adjustments</u>				
60-day Receipts/Other Revenue Adjustments.....	69,809	-	-	312,085
Tax Refunds Payable.....	(57,366)	-	-	(85,741)
Workers' Compensation Payable.....	-	(30,331)	-	(77,063)
MTRS On-Behalf.....	18,762,877	18,762,877	-	-
Encumbrances and Continuing Appropriations.....	-	(6,091,129)	-	6,091,129
U.S. GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances.	<u>\$ 146,762,865</u>	<u>\$ 138,794,554</u>	<u>\$ (4,427,653)</u>	<u>\$ 31,015,527</u>