

TOWN OF BURLINGTON, MASSACHUSETTS

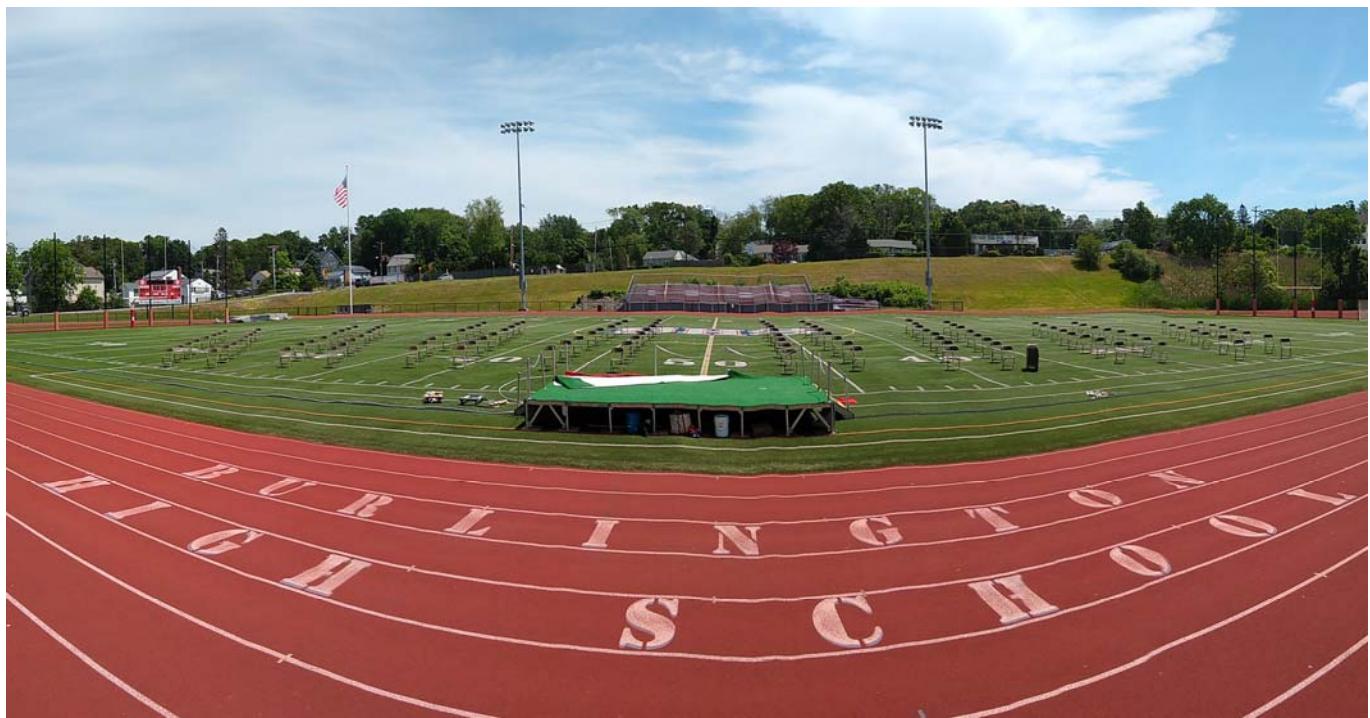
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended June 30, 2020

On the cover:

Aerial photo of Annual Meeting, held outdoors on Varsity Field at Burlington High School for the first time in history.



Panoramic image of the setup for Annual Town Meeting.

TOWN OF BURLINGTON, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020



Prepared by:

Accounting Department

TOWN OF BURLINGTON, MASSACHUSETTS

Comprehensive Annual Financial Report For the Year ended June 30, 2020

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Introductory Section



Burlington Sculpture Park at the intersection of Center and Bedford Street, featuring six pieces unveiled in Spring 2020.

Introductory Section



TOWN OF BURLINGTON

Board of Selectmen/Town Administrator's Office

Paul Sagarino, Jr., Town Administrator

Betty McDonough, Office Manager

Letter of Transmittal

November 30, 2020

To the Honorable Members of the Board of Selectmen and citizens of the Town of Burlington:

State law requires the Town of Burlington to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Burlington, Massachusetts, for the year ending June 30, 2020, for your review.

The CAFR is intended for use by elected and appointed Town officials, as well as any other party with an interest in the management, development, and progress of the Town, such as, financial institutions, credit rating agencies, bond analysts, and the residents and tax payers of the Town of Burlington. The report is designed to present complex financial data in a manner that is easy for the user to review and interpret.

This report consists of management's representations concerning the finances of the Town of Burlington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Because the cost of internal controls should not outweigh their benefits, the Town of Burlington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Town of Burlington's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Burlington for the year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Burlington's financial statements for the year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Burlington was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards

governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Burlington's separately issued Single Audit Report.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The Town's MD&A can be found immediately following the independent auditor's report from Powers & Sullivan, LLC.

Profile of the Town

The Town of Burlington is located in Middlesex County, approximately 14 miles from Boston. It is bordered on the west by the Town of Bedford, on the north and northeast by the Town of Billerica and the Town of Wilmington, and on the south and southeast by the City of Woburn and the Town of Lexington. Established as a Town in 1799, Burlington occupies a land area of 11.88 square miles. According to the 2018 census conducted by the Burlington Town Clerk, Burlington is home to a population of approximately 25,634.

The Town is governed by a 126-member representative Town Meeting, and a five member Board of Selectmen assisted by a Town Administrator. Local school affairs are administered by a School Committee of five persons, elected for three years on a staggered basis. Local taxes are assessed by a Board of Assessors elected for staggered three-year terms.

The Town of Burlington provides general government services for the territory within its boundaries, including police and fire protection, collection and disposal of solid waste and recycling, public education for grades K-12, sewer services, street maintenance, public libraries, parks, and recreational facilities. The Shawsheen Valley Regional Technical-Vocational School District provides vocational technical education for the Town. The principal services provided by the Commonwealth of Massachusetts are: jails and houses of correction, registries of deeds, and probate.

The Burlington Housing Authority provides housing for eligible low-income families and handicapped persons. The Massachusetts Bay Transportation Authority provides rail and bus service to the Town and the Minibus (Burlington B-Line) serves the Town locally. The Town has also piloted a ride-share program to offer more flexible services for users.

The Town of Burlington has its own wells and water treatment system and is currently a member of Massachusetts Water Resource Authority (MWRA) for sewer services only. To ensure a sustainable future, the Town has laid out a plan to join the MWRA for water services that will support additional growth and enhance the reliability of the water access for all our users. The connection to the MWRA is a significant investment of over \$235 million which will come to fruition in multi phases. Phase one is currently under construction which will provide redundancy in water services by the end of calendar year 2020.

Local Economy

Upon its completion in 1954, Route 128 acted as a catalyst for commercial expansion in Burlington. Economic Development continues to be a priority for the Board and the Administration as we understand the direct correlation between a healthy, diverse and growing commercial sector and its impact on the Town's ability to engage in infrastructure upgrades, moderate increases in real estate taxes for our residents, and provide consistent delivery of services. Our tax structure in Burlington is very unique as it has one of the highest ratios of

commercial to residential property value in the State. In many communities, it is not uncommon to have a property tax valuation comprised at a ratio of 95% residential and 5% commercial. In Burlington, that ratio is 38% commercial to 62% residential. Further, the commercial tax levy comprises 62% of the total tax levy, while the residential contributes only 38%. This results in a property tax levy consisting of \$73.1 million in property taxes from commercial property owners as compared to \$44.2 million from residential homeowners.

Prior to the Covid-19 global pandemic, the Town of Burlington continued a trend of commercial development. Burlington had a very high occupancy rate and a strong appeal to businesses, particularly in regard to rental space for offices. With the amenities the Town provides, it is considered the premier alternative to downtown Boston and Cambridge and a prime commercial location for the entire State.

Although the pandemic has created significant hardships for communities, there have been bright spots in Burlington. The Town has fostered the growth of two key industries that have proven resilient in the face of the pandemic: life-sciences and additive manufacturing. These industries have seen growth even during the pandemic. Millipore/Sigma, a premier life sciences company, which opened their new headquarters in 2017, has served as an anchor to a growing life/science cluster in Burlington, currently home to over 25 biotech companies. Recently amended land use policies have allowed for the expansion of life sciences throughout the Town. In fact, the Millipore-Sigma campus has initiated permitting for a new 200,000 square foot lab/office building and Azzur, a new company in Town, has taken over an existing office building and will be converting approximately 50,000 square feet into cleanroom facilities for on-demand for lab research.

Additive manufacturing is another industry cluster that has experienced growth over the past year as companies took to local manufacturing options for certain products. Vulcan Forms, a 3D metal manufacturing firm, was granted a special permit for use from the Planning Board in July 2020 and has increased its Burlington-based headquarter from 25 to 50 employees over the past six months. Combined, the other Burlington-based 3D companies including Desktop Metal, Digital Alloys, and Poly 6 have a total valuation of approximately \$2.0 billion in the private markets and are well positioned for additional growth.

On the academic research front, the Northeastern University Innovation Campus at Burlington has continued to invest in its world class facilities serving as a leader in venture creation. In 2019, the Massachusetts Life Sciences Center awarded the Innovation Campus at Burlington \$4.3 million to build out their Biopharmaceutical Analysis Training Laboratory (BATL) allowing for hands-on trainings in bio manufacturing to students, industry partners, and regulator. In addition, the Innovation Campus and the George J. Kostas Research Institute for Homeland Security has partnered with the U.S. Army Research Laboratory. This initiative allows for collaboration between Army staff, university researchers, and other partners to develop innovative technologies to keep our soldiers safe in battle.

The hospitality and retail sectors have been hit the hardest during the pandemic, yet the Town is working to support these companies by offering grant programs, expedited permitting for outdoor seating, and planning initiatives for the future. Retail and restaurant-dominant areas such as “The District” and “Third Ave” have managed to maintain some foot traffic given the mix of uses in these areas and creative marketing practices implemented by businesses. At the Burlington Mall, the Simon Company has slowed the planned improvements due to the pandemic, but they have continued to rent spaces in “The Village” – Phase 1 of their renovations at the old Sears Tire & Battery building. Several exciting new restaurants for the site, have begun permitting throughout 2020 with opening plans set for spring of 2021. The Simon Company continues to work on Phase 2 and 3 of the mall renovations which includes nearly \$100 million in interior renovations and a major overhaul of the mall’s exiting common areas. The Town is currently working with mall property owners – Simon and Macy’s – to explore a Town-led initiative that would allow for mixed uses and a village-oriented regulatory framework that will enable the Burlington Mall to be the most successful mall in New England for another 50 years.

Finally, the Town is also keeping an eye on the future, as members from the Board of Selectmen and Planning Board collaborate with the Economic Development Office to launch an upcoming Economic Development Strategy and Implementation Plan. This plan will help to focus efforts, optimize smart growth, and offer a holistic approach to economic development to benefit Burlington residents, the commercial environment, and the region as a whole.

Long Term Financial Health

Prior to March 2020, the Town of Burlington has performed admirably when it comes to financial stability. A major factor contributing to this performance has been the Town's consistent conservative methodology in managing its budgeting and tax levy. It was this conservative budgeting approach and careful financial planning that put us in the best possible position to weather this Covid-19 global pandemic and the financial crisis that comes along with it. As noted above, the commercial base that the Town enjoys has afforded it the opportunity to be fiscally conservative while maintaining a high level of service and without having to impose higher property taxes or onerous fees. Unlike many Massachusetts communities, layoffs or reductions in services have been avoided.

The Town continues to maintain a healthy position with financial reserves. The Town ended the year with an unused taxing capacity of \$12.4 million, a Stabilization fund balance of \$9.8 million, and an additional Other Post-Employment Benefits fund balance of \$9.6 million. Free Cash was certified at over \$16.7 million for June 30, 2020 and the Town's bond rating remains at the highest possible level at AAA by Standard & Poor's which is reflective of the Town's continued adherence to conservative financial policies, such as aggressively paying down debt and the "pay-as-you-go" capital plan policies. We take a lot of pride in this financial success, but also understand that we need to continue to be cognizant of maintaining a sustainable outlook in our forecasts so as to not jeopardize it. Per the Town's financial policies and best practices, the finance team regularly meets with the Board of Selectmen, School Committee and Ways and Means Committee to develop financial guidelines to provide direction for all boards, committees, officials and departments. Given the economic uncertainty created by the Covid-19 global pandemic this process will become even more complex over the next few fiscal years.

Budgetary Controls

The Town Accountant is responsible for preparing the budget and reviewing it with the various departments, boards and committees. This budget is then presented to the Town Administrator who, in turn, after review, presents the budget to the Board of Selectmen. The Selectmen review all requests and Town-wide issues and present a budget to Town Meeting for approval. A fifteen-member Ways and Means Committee made up of citizen volunteers appointed by the Town Moderator reviews the budget and makes recommendations to Town Meeting. A separate Capital Committee made up of seven citizen volunteers appointed by the Town Moderator reviews capital expenditure plans.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. During the year, the Ways and Means Committee, upon request of the Town Administrator, may approve a transfer from a reserve fund previously established by Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Acknowledgements

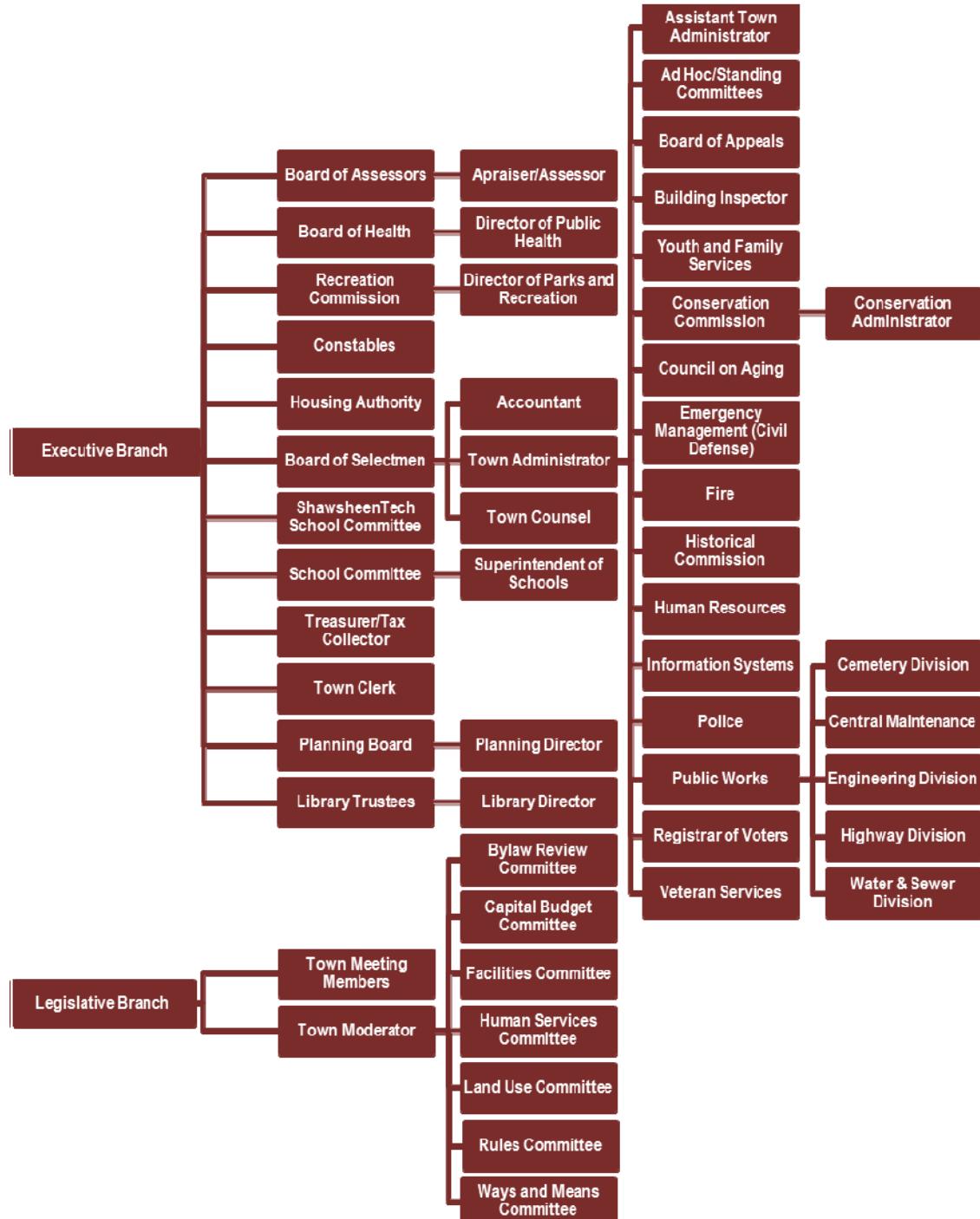
We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Selectmen and Audit Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the Town, including its finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul F. Sagarino, Jr." The signature is fluid and cursive, with "Paul" and "F." at the top, "Sagarino" in the middle, and "Jr." at the end.

Paul Sagarino, Jr.
Town Administrator

The Town of Burlington



Principal Town Officials

Elected Officials

Term Expires

Board of Selectmen	Joseph E. Morandi, Chair Jim Tigges, Vice Chair Robert C. Hogan Michael S. Runyan Nicholas Priest	2021 2023 2022 2021 2022
Moderator	William Beyer	2021
Town Clerk	Amy E. Warfield	2021
Assessors	Kevin Sheehan Catherine O'Neil Paul Sheehan	2023 2022 2021
School Committee	Christine Monaco, Chair Thomas Murphy, Jr, Vice Chair Katherine Bond Carl Foss Martha A. Simon	2022 2022 2023 2023 2021

Appointed Officials

Town Administrator	Paul Sagarino, Jr.
Assistant Town Administrator/ Town Accountant	John Danizio
Superintendent of Schools	Eric M. Conti
Assistant Superintendent of Schools	Patrick E. Larkin
Assessor	James Doherty
Treasurer/Collector	Brian Curtin



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Town of Burlington
Massachusetts

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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Financial Section



Construction progress on the new DPW – Recreation Facility at Great Meadow Road.

Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Burlington, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 Information

Our audit was conducted for the purpose of forming opinions on the financials statement that collectively comprise the Town of Burlington, Massachusetts' basic financial statements. The introductory section, combining and individual fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of the Town of Burlington, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Burlington, Massachusetts' internal control over financial reporting and compliance.



November 30, 2020

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Burlington, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town of Burlington's financial statements have significant departures from GAAP the independent auditors may issue a qualified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates. The Town of Burlington has enjoyed an unmodified opinion on its financial statements for many years.

Financial Highlights

- The liabilities and deferred inflows of resources of the Town of Burlington exceeded its assets and deferred outflows of resources at the close of the most recent year by \$26.2 million (net position).
- The Town recognized their total net pension liability of \$137.6 million along with a deferred outflow and (inflow) of resources related to pension of \$18.4 million and (\$6.1 million), respectively, on the statement of net position.
- The Town recognized their total net other postemployment liability of \$102.2 million along with a deferred outflow and (inflow) of resources related to pension of \$1.9 million and (\$1.8 million), respectively, on the statement of net position.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$47.5 million, an increase of \$1.9 million in comparison with the prior year. Total fund balance represents 29.5% of total general fund expenditures. Approximately \$35.6 million of this total amount is available for appropriation at the government's discretion, \$2.6 million is committed for capital articles approved by Town Meeting and \$9.3 million is assigned for encumbrances carried forward to the subsequent year.
- The Town's total debt (short-term and long-term combined) was \$72.4 million at year end, a net increase of \$11.8 million during the current year. During the current year the Town issued \$20.9 million of general obligation bonds, of which \$5.3 million were refunding bonds. The Town refunded \$5.9 million of general obligation bonds and paid down \$3.6 million in principal payments.
- In 2020, the Town incurred approximately \$218,000 of expenses related to the COVID-19 Pandemic (see Note 15).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Burlington's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more

detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (i.e. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements report functions that are primarily supported by taxes and intergovernmental revenues (governmental activities). The governmental activities include general government, public safety, education, public works, water and sewer, human services, culture and recreation, Covid-19, and interest.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information is useful in assessing the Town of Burlington's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

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 info presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town is reporting two major governmental funds that are presented separately in the governmental fund financial statements. The remaining non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

In accordance with accounting standards, the Town reports fund balance components as nonspendable, restricted, committed, assigned and unassigned. Additionally, the Town's stabilization fund is reported within the general fund as unassigned. The Town of Burlington adopts an annual appropriated budget for its general fund.

A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The budgetary comparison statement is presented as Required Supplementary Information after the notes to the financial statements.

Proprietary funds. The Town of Burlington maintains one proprietary fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities and worker's compensation benefits. These services have been included within governmental activities in the government-wide financial statements.

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

Notes to the 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.

Financial highlights. The following pages provide financial highlights of the government-wide financial statements for 2020 in comparison to 2019.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Burlington, government-wide liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$26.2 million at the close of 2020.

Net position of \$135.5 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, vehicles and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

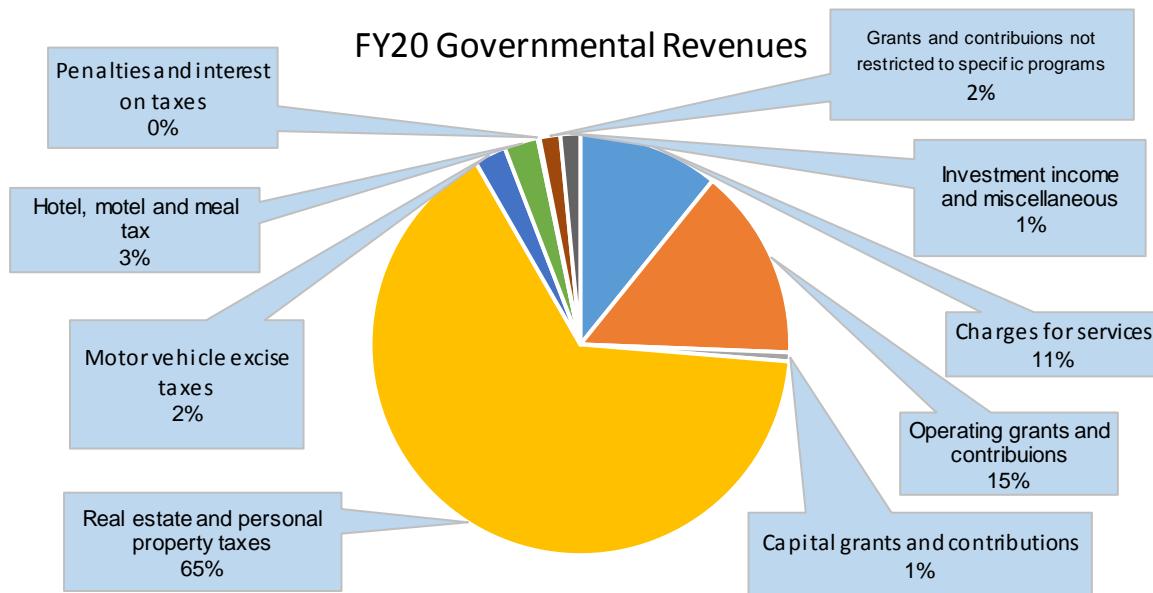
An additional portion of the Town of Burlington's net position totaling \$4.9 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a \$166.6 million deficit, due to the cumulative effect of recording \$137.6 million net pension liability and \$102.2 million of net OPEB liability through June 30, 2020.

The financial analysis of the Town's governmental activities is presented on the following pages.

Governmental Activities. The governmental activities net position decreased by approximately \$5.0 million during the current year. The underlying reason for the decrease was the increase in the OPEB and pension liabilities.

	June 30, 2020	June 30, 2019
Assets:		
Current assets.....	\$ 106,944,527	\$ 93,224,538
Capital assets, non depreciable.....	54,132,502	40,040,708
Capital assets, net of accumulated depreciation.....	134,801,858	138,453,490
Total assets.....	295,878,887	271,718,736
Deferred outflows of resources.....	20,364,558	17,115,137
Liabilities:		
Current liabilities (excluding debt).....	19,211,996	15,676,386
Noncurrent liabilities (excluding debt).....	242,823,077	231,144,433
Current debt.....	8,729,067	9,728,331
Noncurrent debt.....	63,698,908	50,919,369
Total liabilities.....	334,463,048	307,468,519
Deferred inflows of resources.....	7,993,890	2,540,006
Net position:		
Net investment in capital assets.....	135,472,043	132,131,027
Restricted.....	4,947,682	3,564,309
Unrestricted.....	(166,633,218)	(156,869,988)
Total net position.....	\$ (26,213,493)	\$ (21,174,652)
Program Revenues:		
Charges for services.....	\$ 19,401,992	\$ 21,963,098
Operating grants and contributions.....	26,382,869	23,832,469
Capital grants and contributions.....	1,236,984	2,274,702
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	116,718,062	112,160,859
Tax and other liens.....	144,224	171,838
Motor vehicle and other excise taxes.....	4,405,948	4,580,008
Hotel/motel tax.....	4,650,523	5,719,911
Penalties and interest on taxes.....	275,962	229,905
Payments in lieu of taxes.....	521,079	521,085
Grants and contributions not restricted to specific programs.....	2,838,807	2,849,798
Unrestricted investment income.....	1,983,128	2,121,185
Miscellaneous.....	240,832	291,774
Total revenues.....	178,800,410	176,716,632
Expenses:		
General government.....	10,536,495	10,757,015
Public safety.....	33,237,795	28,589,937
Education.....	100,927,823	96,324,627
Public works.....	15,776,273	15,451,109
Human services.....	3,347,591	2,960,887
Water and sewer.....	10,364,167	10,183,413
Culture and recreation.....	7,256,799	6,777,770
COVID-19.....	218,498	-
Interest.....	2,173,810	1,765,018
Total expenses.....	183,839,251	172,809,776
Change in net position.....	(5,038,841)	3,906,856
Net position, beginning of year.....	(21,174,652)	(25,081,508)
Net position, end of year.....	\$ (26,213,493)	\$ (21,174,652)

- Charges for services represent about 10.9% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Board of Selectmen are included in this category. Most of these resources apply to water and sewer operations.
- Operating grants and contributions account for 14.8% of the governmental activities resources. Most of these resources apply to education operations.
- Capital grants and contributions account for 0.7% of the governmental activities resources. Most of these resources apply to roadway improvements.



- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprise 65.3% of all resources. Real estate and personal property tax collections increased 4.1% from the prior year. In Massachusetts, proposition 2 ½ allows municipalities to increase tax levies up to 2 ½ percent of the prior levy limit adjusted for new construction and certain approved debt service. Other taxes and other revenues comprised a total of 8.4% of the governmental activities resources. These primarily include excise taxes, hotel motel and meals tax, penalties and interest on taxes, and investment earnings.
- Education is by far the largest governmental activity of the Town with 55% of total governmental expenses. Program revenues of \$28.9 million provided direct support to education and \$72.0 million in taxes and other general revenue were needed to cover the remaining 2020 operating expenses.
- Public safety and public works are the second and third largest activities of the Town. Approximately \$29.6 million and \$14.1 million, respectively, of taxes and other revenue were needed to cover their 2020 operating expenses.

Financial Analysis of the Government's Funds

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

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

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$70.9 million, an increase of \$9.2 million from the prior year. This increase is due to a \$1.9 million increase in the general fund, \$6.6 million increase in the public works capital project fund due to the timing of construction projects and bond issuances, and an increase in the nonmajor funds of \$700,000 from timing differences between the receipt and expenditures of grant funds.

The general fund is the chief operating fund of the Town of Burlington. The general fund balance increased by \$1.9 million during the current year. This increase is due to stronger than expected collections in practically all revenue categories. Another contributing factor was, with the exception of snow and ice, budgetary turn backs of appropriations by departments.

The Town also maintains a stabilization fund, which has been classified within the unassigned general fund balance in the governmental funds financial statements to remain compliant with GASB 54. The stabilization fund has a year-end balance of \$10.2 million which represents 6.4% of general fund expenditures. The funds can be used for general or capital purposes upon Town Meeting approval.

The public works capital projects fund is used to account for financial resources for the construction, reconstruction, and improvements to roadways, streets, sidewalks, drainage, and other infrastructure. The fund spent \$13.3 million on construction projects, mainly for the new DPW facility. The fund also reported a transfer in of \$3.4 million from the general fund, and recorded bond proceeds of \$15.6 million. At the end of the current year, the fund had a fund balance surplus of \$14.2 million. These projects are being funded by a combination of bonds, local revenues and grants.

At the end of the current year, unassigned fund balance of the general fund totaled \$35.6 million, while total fund balance totaled \$47.5 million. The \$2.6 million of committed fund balance represents amounts that have been appropriated for specific purposes. The \$9.3 million of assigned fund balance represents amounts that have been encumbered at year-end to meet contractual obligations at year end. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.1% of total general fund expenditures, while total fund balance represents 29.5% of that same amount.

General Fund Budgetary Highlights

The final general fund budget appropriations, including transfers, were approximately \$575,000 higher than the original budget primarily due to slight increases in most functions as well as a special Town meeting vote to transfer \$356,000 out to the stabilization fund.

General fund revenues came in over budget by \$2.2 million. The majority of this surplus, \$862,000 (40%), was generated from licenses and permits, \$294,000 (14%) was generated from investment income, and \$276,000 (13%) was generated from departmental and other revenue.

Actual general fund expenditures, including carryovers, were lower than budgeted amounts by \$7.0 million, or less than 5%

Capital Asset and Debt Administration

Major capital additions during the period included building improvements, purchase of vehicles and equipment, water and sewer projects, and various infrastructure improvements.

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

The Town has an "AAA" bond rating from Standard and Poor's Ratings Services. The Town continues to maintain strong market access for both note and bond sales. During the current year the Town issued \$20.9 million in bonds, of which \$5.3 million were general obligation refunding bonds. The Town refunded \$5.9 million of general obligation bonds and paid down \$3.6 million in principal payments. At the end of the year the Town had total bonded debt outstanding of \$64.7 million of which \$15.6 million is related to the new DPW facility, \$15.3 million is related to school projects, \$3.2 million is related to the water treatment facility, \$2.4 million is related to road construction, \$6.8 million is related to water and sewer construction, \$8.3 million is related to the fire station remodeling, and the balance of \$13.1 million is related to other capital projects. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town.

Please refer to notes 4, 7, and 8 to the financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Burlington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 29 Center Street, Burlington, MA 01803.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 83,719,147
Investments.....	15,601,680
Receivables, net of allowance for uncollectibles:	
Real estate and personal property taxes.....	1,295,790
Tax liens.....	1,501,119
Motor vehicle and other excise taxes.....	413,024
Water and Sewer fees.....	2,663,833
Departmental and other.....	1,331,410
Intergovernmental.....	108,184
Intergovernmental - COVID-19.....	218,498
Tax foreclosures.....	91,842
Total current assets.....	<u>106,944,527</u>
NONCURRENT:	
Capital assets, nondepreciable.....	54,132,502
Capital assets, net of accumulated depreciation.....	<u>134,801,858</u>
Total noncurrent assets.....	<u>188,934,360</u>
TOTAL ASSETS	<u>295,878,887</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions.....	18,425,083
Deferred outflows related to other postemployment benefits.....	<u>1,939,475</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>20,364,558</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	6,507,990
Accrued payroll.....	4,343,501
Health claims payable.....	1,440,843
Tax refunds payable.....	1,570,000
Accrued interest.....	1,171,431
Other liabilities.....	831,231
Compensated absences.....	2,624,000
Workers' compensation.....	723,000
Notes payable.....	4,700,000
Bonds payable.....	<u>4,029,067</u>
Total current liabilities.....	<u>27,941,063</u>
NONCURRENT:	
Compensated absences.....	3,015,000
Net pension liability.....	137,604,549
Net OPEB liability.....	102,203,528
Bonds payable.....	<u>63,698,908</u>
Total noncurrent liabilities.....	<u>306,521,985</u>
TOTAL LIABILITIES	<u>334,463,048</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes paid in advance.....	113,197
Deferred inflows related to pensions.....	6,070,573
Deferred inflows related to other postemployment benefits.....	<u>1,810,120</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,993,890</u>
NET POSITION	
Net investment in capital assets.....	135,472,043
Restricted for:	
Permanent funds:	
Expendable.....	302,663
Nonexpendable.....	720,469
Gifts and grants.....	3,924,550
Unrestricted.....	<u>(166,633,218)</u>
TOTAL NET POSITION	<u>\$ (26,213,493)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 10,536,495	\$ 1,811,156	\$ 14,903	\$ -	\$ (8,710,436)
Public safety.....	33,237,795	3,465,062	210,604	-	(29,562,129)
Education.....	100,927,823	3,301,252	25,606,072	-	(72,020,499)
Public works.....	15,776,273	463,249	64,605	1,236,984	(14,011,435)
Human services.....	3,347,591	366,099	228,147	-	(2,753,345)
Water and sewer.....	10,364,167	9,327,673	-	-	(1,036,494)
Culture and recreation.....	7,256,799	667,501	40,040	-	(6,549,258)
COVID-19.....	218,498	-	218,498	-	-
Interest.....	2,173,810	-	-	-	(2,173,810)
Total Primary Government.....	\$ 183,839,251	\$ 19,401,992	\$ 26,382,869	\$ 1,236,984	\$ (136,817,406)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue from previous page.....	\$ (136,817,406)
<i>General revenues:</i>	
Real estate and personal property taxes, net of tax refunds payable.....	116,718,062
Tax and other liens.....	144,224
Motor vehicle and other excise taxes.....	4,405,948
Hotel/motel tax.....	4,650,523
Penalties and interest on taxes.....	275,962
Payments in lieu of taxes.....	521,079
Grants and contributions not restricted to specific programs.....	2,838,807
Unrestricted investment income.....	1,983,128
Miscellaneous.....	<u>240,832</u>
 Total general revenues.....	 <u>131,778,565</u>
 Change in net position.....	 (5,038,841)
<i>Net position:</i>	
Beginning of year.....	<u>(21,174,652)</u>
 End of year.....	 <u>\$ (26,213,493)</u>
 See notes to basic financial statements.	 (Concluded)

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2020

	General	Public Works Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 45,936,910	\$ 23,792,294	\$ 8,394,478	\$ 78,123,682
Investments.....	8,677,180	-	793,412	9,470,592
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	1,295,790	-	-	1,295,790
Tax liens.....	1,501,119	-	-	1,501,119
Motor vehicle and other excise taxes.....	413,024	-	-	413,024
Water and sewer fees.....	2,663,833	-	-	2,663,833
Departmental and other.....	359,705	-	3,110	362,815
Intergovernmental.....	-	-	108,184	108,184
Intergovernmental - COVID-19.....	-	-	218,498	218,498
Tax foreclosures.....	<u>91,842</u>	<u>-</u>	<u>-</u>	<u>91,842</u>
TOTAL ASSETS	<u>60,939,403</u>	<u>23,792,294</u>	<u>9,517,682</u>	<u>94,249,379</u>
LIABILITIES				
Warrants payable.....	\$ 1,458,240	\$ 4,934,280	\$ 115,056	\$ 6,507,576
Accrued payroll.....	4,341,605	-	1,896	4,343,501
Tax refunds payable.....	1,570,000	-	-	1,570,000
Other liabilities.....	488,587	-	-	488,587
Notes payable.....	<u>-</u>	<u>4,700,000</u>	<u>-</u>	<u>4,700,000</u>
TOTAL LIABILITIES	<u>7,858,432</u>	<u>9,634,280</u>	<u>116,952</u>	<u>17,609,664</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance.....	113,197	-	-	113,197
Unavailable revenue.....	<u>5,477,330</u>	<u>-</u>	<u>111,294</u>	<u>5,588,624</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,590,527</u>	<u>-</u>	<u>111,294</u>	<u>5,701,821</u>
FUND BALANCES				
Nonspendable.....	<u>-</u>	<u>-</u>	<u>720,469</u>	<u>720,469</u>
Restricted.....	<u>-</u>	<u>14,158,014</u>	<u>8,568,967</u>	<u>22,726,981</u>
Committed.....	<u>2,581,608</u>	<u>-</u>	<u>-</u>	<u>2,581,608</u>
Assigned.....	<u>9,265,422</u>	<u>-</u>	<u>-</u>	<u>9,265,422</u>
Unassigned.....	<u>35,643,414</u>	<u>-</u>	<u>-</u>	<u>35,643,414</u>
TOTAL FUND BALANCES	<u>47,490,444</u>	<u>14,158,014</u>	<u>9,289,436</u>	<u>70,937,894</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 60,939,403</u>	<u>\$ 23,792,294</u>	<u>\$ 9,517,682</u>	<u>\$ 94,249,379</u>

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2020

Total governmental fund balances.....	\$ 70,937,894
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	188,934,360
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	5,588,624
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	12,483,865
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	10,911,247
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(1,171,431)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: Bonds payable.....	(67,727,975)
Net pension liability.....	(137,604,549)
Net OPEB liability.....	(102,203,528)
Workers' compensation.....	(723,000)
Compensated absences.....	<u>(5,639,000)</u>
Net effect of reporting long-term liabilities.....	<u>(313,898,052)</u>
Net position of governmental activities.....	<u>\$ (26,213,493)</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2020

	General	Public Works Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 116,374,473	\$ -	\$ -	\$ 116,374,473
Tax liens.....	157,619	- -	- -	157,619
Motor vehicle and other excise taxes.....	4,235,974	- -	- -	4,235,974
Hotel/motel tax.....	4,650,523	- -	- -	4,650,523
Water and sewer charges.....	9,496,118	- -	- -	9,496,118
Ambulance.....	723,975	- -	- -	723,975
Penalties and interest on taxes.....	275,962	- -	- -	275,962
Fees and rentals.....	432,300	- -	- -	432,300
Payments in lieu of taxes.....	521,079	- -	- -	521,079
Licenses and permits.....	1,862,128	- -	- -	1,862,128
Intergovernmental - Teachers Retirement.....	15,093,000	- -	- -	15,093,000
Intergovernmental.....	9,783,810	- 5,433,356	- 5,433,356	15,217,166
Intergovernmental - COVID-19.....	- -	- 218,498	- 218,498	218,498
Departmental and other.....	1,191,046	- 5,443,760	- 5,443,760	6,634,806
Contributions and donations.....	- -	- 61,681	- 61,681	61,681
Investment income.....	1,245,659	- 37,259	- 37,259	1,282,918
Miscellaneous.....	240,832	- 161,945	- 161,945	402,777
TOTAL REVENUES	166,284,498	-	11,356,499	177,640,997
EXPENDITURES:				
Current:				
General government.....	5,600,011	- 793,727	- 793,727	6,393,738
Public safety.....	18,252,911	- 1,216,868	- 1,216,868	19,469,779
Education.....	66,277,935	- 5,863,803	- 5,863,803	72,141,738
Public works.....	8,668,103	12,962,740	1,312,050	22,942,893
Water and sewer.....	9,875,615	303,961	12,680	10,192,256
Human services.....	1,680,769	- 231,459	- 231,459	1,912,228
Culture and recreation.....	3,546,244	- 954,682	- 954,682	4,500,926
COVID-19.....	- -	- 218,498	- 218,498	218,498
Pension benefits.....	9,987,321	- -	- -	9,987,321
Pension benefits - Teachers Retirement.....	15,093,000	- -	- -	15,093,000
Employee benefits.....	15,545,830	- -	- -	15,545,830
State and county charges.....	947,862	- -	- -	947,862
Debt service:				
Principal.....	3,494,487	- 66,000	- 66,000	3,560,487
Interest.....	2,194,994	- 30,900	- 30,900	2,225,894
TOTAL EXPENDITURES	161,165,082	13,266,701	10,700,667	185,132,450
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES.....	5,119,416	(13,266,701)	655,832	(7,491,453)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	- -	15,644,975	- -	15,644,975
Issuance of refunding bonds.....	5,265,025	- -	- -	5,265,025
Premium from issuance of bonds.....	150,442	855,025	- -	1,005,467
Premium from issuance of refunding bonds.....	848,140	- -	- -	848,140
Payments to refunded bond escrow agent.....	(6,113,165)	- -	- -	(6,113,165)
Transfers in.....	75,350	3,370,000	155,948	3,601,298
Transfers out.....	(3,490,000)	- -	(111,298)	(3,601,298)
TOTAL OTHER FINANCING SOURCES (USES)...	(3,264,208)	19,870,000	44,650	16,650,442
NET CHANGE IN FUND BALANCES	1,855,208	6,603,299	700,482	9,158,989
FUND BALANCES AT BEGINNING OF YEAR	45,635,236	7,554,715	8,588,954	61,778,905
FUND BALANCES AT END OF YEAR	\$ 47,490,444	\$ 14,158,014	\$ 9,289,436	\$ 70,937,894

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds.....	\$ 9,158,989
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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.

Capital outlay.....	18,707,985
Depreciation expense.....	<u>(8,267,823)</u>

Net effect of reporting capital assets.....	10,440,162
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Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....

459,203

The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.

Principal payments on capital leases.....	291,533
Issuance of bonds.....	(15,644,975)
Issuance of refunding bonds.....	(5,265,025)
Premium from issuance of bonds.....	(1,005,467)
Premium from issuance of refunding bonds.....	(848,140)
Payments to refunded bond escrow agent.....	6,113,165
Net amortization of premium from issuance of bonds.....	197,845
Debt service principal payments.....	<u>3,560,487</u>

Net effect of reporting long-term debt.....	(12,600,577)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences accrual.....	155,000
Net change in accrued interest on long-term debt.....	(145,761)
Net change in deferred outflow/(inflow) of resources related to pensions.....	(315,392)
Net change in net pension liability.....	(10,163,382)
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(1,817,389)
Net change in net OPEB liability.....	(1,769,262)
Net change in workers' compensation liability.....	<u>3,000</u>

Net effect of recording long-term liabilities.....	(14,053,186)
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The net activity of internal service funds is reported with Governmental Activities.....

1,556,568

Change in net position of governmental activities.....	\$ <u>(5,038,841)</u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities - Internal Service Fund
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 5,595,465
Investments.....	6,131,088
Receivables, net of allowance for uncollectibles:	
Departmental and other.....	<u>968,595</u>
TOTAL ASSETS.....	<u>12,695,148</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	343,058
Health claims payable.....	<u>1,440,843</u>
TOTAL LIABILITIES.....	<u>1,783,901</u>
NET POSITION	
Unrestricted.....	<u>\$ 10,911,247</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Fund
<u>OPERATING REVENUES:</u>	
Employee contributions.....	\$ 4,934,552
Employer contributions.....	<u>9,567,738</u>
 TOTAL OPERATING REVENUES	 <u>14,502,290</u>
<u>OPERATING EXPENSES:</u>	
Employee benefits.....	<u>13,645,932</u>
 OPERATING INCOME (LOSS).....	 856,358
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Investment income.....	<u>700,210</u>
 CHANGE IN NET POSITION.....	 1,556,568
 NET POSITION AT BEGINNING OF YEAR.....	 <u>9,354,679</u>
 NET POSITION AT END OF YEAR.....	 \$ <u>10,911,247</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from interfund services provided.....	\$ 14,502,290
Payments for interfund services used.....	<u>(14,548,380)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>(46,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net proceeds from sales and purchases of investments.....	(309,923)
Investment income.....	<u>700,210</u>
NET CASH FROM INVESTING ACTIVITIES.....	<u>390,287</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	344,197
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>5,251,268</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 5,595,465</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income (loss).....	\$ 856,358
Adjustments to reconcile operating income to net cash from operating activities:	
Changes in assets and liabilities:	
Departmental and other.....	(717,087)
Warrants payable.....	(302,060)
Health claims payable.....	<u>116,699</u>
Total adjustments.....	<u>(902,448)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (46,090)</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ -	\$ 28,136	\$ 742,438
Investments:			
Investments in Pension Reserve Investment Trust.....	9,625,944	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	- -	- -	389,753
TOTAL ASSETS	9,625,944	28,136	1,132,191
LIABILITIES			
Warrants payable.....	- -	1,540	- -
Accrued payroll.....	- -	- -	34,297
Liabilities due depositors.....	- -	- -	1,097,894
TOTAL LIABILITIES	- -	1,540	1,132,191
NET POSITION			
Restricted for other postemployment benefits.....	9,625,944	- -	- -
Held in trust for other purposes.....	- -	26,596	- -
TOTAL NET POSITION	\$ 9,625,944	\$ 26,596	\$ - -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 1,213,593	\$ -
Employer contributions for other postemployment benefit payments.....	5,042,629	-
Retirement benefits - workers compensation settlements.....	-	75
Private donations.....	-	7,097
 Total contributions.....	<u>6,256,222</u>	<u>7,172</u>
Net investment income:		
Investment income.....	<u>183,391</u>	<u>184</u>
 TOTAL ADDITIONS	<u>6,439,613</u>	<u>7,356</u>
DEDUCTIONS:		
Other postemployment benefit payments.....	5,042,629	-
Educational scholarships.....	-	16,139
 TOTAL DEDUCTIONS	<u>5,042,629</u>	<u>16,139</u>
 NET INCREASE (DECREASE) IN NET POSITION	<u>1,396,984</u>	<u>(8,783)</u>
NET POSITION AT BEGINNING OF YEAR.....	<u>8,228,960</u>	<u>35,379</u>
NET POSITION AT END OF YEAR.....	<u>\$ 9,625,944</u>	<u>\$ 26,596</u>

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Burlington, Massachusetts is a municipal corporation that is governed by an elected Board of Selectmen. As required by GAAP, these basic financial statements present the government and its component units, entities for which the Town is considered to be financially accountable.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. 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 significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has no component units that require inclusion in these basic financial statements.

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 is a member of the Shawsheen Valley Technical High School that serves the members' students seeking an education in academic, technical and agriculture studies. Shawsheen Valley Technical High School is governed by a nine-member school committee consisting of two voting appointed representatives from the Town of Burlington. The members' share in the operations of the Shawsheen Valley Technical High School and each member is responsible for its proportionate share of the operational and capital cost of the Shawsheen Technical High School, which are paid in the form of assessments. The Town does not have an equity interest in the Shawsheen Technical High School and the 2020 assessment was \$2,190,807. The School issues a publicly available audited financial report that may be obtained by contacting the School located at 100 Cook Street, Billerica, MA 01821.

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

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. *Governmental activities* are primarily supported by taxes, charges for services and intergovernmental revenues. The Town does not report any *business-type activities* since the user fees charged are not designed to recover all the costs of providing these services.

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 are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

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

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

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

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

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

- 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 are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues. The effect of interfund activity has been removed from the government-wide financial statements. However, the effect of

interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *public works capital project fund* is used to account for financial resources for the construction, reconstruction, and improvements to roadways, streets, sidewalks, and other infrastructure.

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:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is 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 of the governmental funds.

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. The Town accounts for its risk financing activities related to health insurance in the internal service fund.

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

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund consists primarily of student activity funds, planning deposits, and police and fire details.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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.

E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are 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. Taxes are 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 by the last day in September following the last billing cycle on delinquent properties. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed. Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

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

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 year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

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

Water and Sewer Fees

User fees are levied monthly 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 December of every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the year of the levy.

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

The revenue generated by the water rates is designed to cover all operation and maintenance costs associated with the production of water, maintenance of water facilities and operation and maintenance of the water main infrastructure. The revenue generated by the sewer rates is designed to cover the costs of the Massachusetts Water Resources Authority (MWRA) assessment.

Both water and sewer capital costs are funded through other General fund revenues.

Departmental and Other

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

Inventories 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.

H. Capital Assets

Government-Wide Financial Statements

Capital assets, which include land, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures, and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value.

All purchases and construction costs in excess of \$25,000 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 of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Land improvements.....	20
Buildings.....	40
Buildings and improvements.....	20-40
Machinery and equipment.....	5-10
Vehicles.....	5-20
Infrastructure.....	20-50

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

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service 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.

K. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service 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.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Permanent funds – nonexpendable” represents the endowment portion of donor-restricted trusts that support governmental programs.

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor-restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Gifts and grants” represents restrictions placed on assets from outside parties such as gifts, and state and federal grants.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the high level of decision-making authority that can, by adoption of a Town Meeting warrant article, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by management and exist until the purpose of the assignment has either been satisfied or management removes the assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the

order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Pensions

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 Middlesex County Retirement System (MCRS) and the Massachusetts Teachers Retirement System (MTRS). Additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the Systems. 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.

O. Investment Income

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

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund 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 maturity of the liability.

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

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

R. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 - CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under Massachusetts General Laws.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the assets in the Pool is the same as the value of the Pool shares.

The effective weighted duration rate for PRIT investments ranged from 0.14 to 16.03 years.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that, in the event of a bank failure, the Town's deposits may not be returned. At year-end, the carrying amount of deposits totaled \$76,601,100 and the bank balance totaled \$78,748,336. Of the bank balance, \$2,750,000 was covered by Federal Depository Insurance, \$5,039,567 was covered by DIF insurance and \$70,958,769 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town has not adopted a formal investment policy related to custodial credit risk of deposits.

Investments

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

Investment Type	Fair value	Maturities			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
Debt securities:					
U.S. treasury bonds.....	\$ 2,353,615	\$ 150,458	\$ 1,981,721	\$ 221,436	\$ - AAA
Government sponsored enterprises.....	3,109,357	252,125	1,844,637	367,115	645,480 AA+
Corporate bonds.....	1,916,592	172,485	1,577,512	166,595	- AA- to BBB+
Municipal bonds.....	79,562	-	-	-	79,562 AA+
Total debt securities.....	7,459,126	\$ 575,068	\$ 5,403,870	\$ 755,146	\$ 725,042
Other investments:					
Equity securities.....	6,171,291				
Fixed income.....	1,971,263				
Pension Reserve Investment Trust (PRIT).....	9,625,944				
MMDT - Cash portfolio.....	7,888,621				
Total investments.....	\$ 33,116,245				

Investments in MMDT and PRIT are unrated.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town's investments of \$3,109,357 in government sponsored enterprises, \$2,353,615 in U.S. treasury notes, \$1,916,592 in corporate bonds, \$79,562 in municipal bonds, \$1,971,263 in fixed income, and \$6,171,291 in equity securities all have custodial credit risk exposure because the related securities are uninsured, unregistered and are not held in the Town's name.

The Town has not adopted a formal investment policy related to custodial credit risk for investments.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates for most investment types.

The Town's investment policy regarding repurchase agreements is as follows; utilize repurchase agreements only on a limited basis and then only with major Massachusetts financial institutions when no other more favorable action is possible and then only of a duration of no more than three days.

Credit Risk

The Town's formal investment policy regarding credit risk states the Treasurer shall subscribe to information reports from a recognized bank rating company. Direct investment in an institution shall be restricted to those ranked in the upper half of rating categories utilized by said company unless the Treasurer obtains additional adequate security for the investment or otherwise determines and documents in writing that the rating provided does not properly reflect the strength of the institution. Maintenance of disbursement or other types of accounts at institutions below a mid-range rating shall be limited, to the maximum extent possible, to a balance below \$100,000. When the rating falls to a "warning stage" or when more than one-half of an institution's capital and surplus has been lost in a 12-month period, any accounts shall be closed forthwith.

Concentration of Credit Risk

The Town has adopted a policy on the amount that may be invested in any one issuer. The policy is as follows; investment in a single institution may not exceed 10% of the institution's capital and surplus position as of the most recent quarterly data available to the Treasurer, nor may any investment in a single institution (other than MMDT) exceed 35% of the Treasurer's cash balance at any time. Up to 100% of available cash may be invested in the State's Treasurer's pooled fund.

The Town places no limit on the amount the Town may invest in any on issuer. As of June 30, 2020, the Town had more than 5% of its investments in the following securities:

Issuer	Percentage of Total Investments
United States treasury notes.....	9%
Federal national mortgage.....	8%

Fair Value of Investments

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the 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.

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

Investment Type	June 30, 2020	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)		
Investments measured at fair value:						
Debt securities:						
U.S. treasury bonds.....	\$ 2,353,615	\$ 2,353,615	\$ -	\$ -		
Government sponsored enterprises.....	3,109,357	3,109,357	-	-		
Corporate bonds.....	1,916,592	-	1,916,592	-		
Municipal bonds.....	79,562	-	79,562	-		
Total debt securities.....	7,459,126	5,462,972	1,996,154	-		
Other investments:						
Equity securities.....	6,171,291	6,171,291	-	-		
Fixed income.....	1,971,263	1,971,263	-	-		
Total other investments.....	8,142,554	8,142,554	-	-		
Total investments measured at fair value.....	15,601,680	\$ 13,605,526	\$ 1,996,154	\$ -		
Investments measured at amortized cost:						
MMDT - Cash portfolio.....	7,888,621					
Investments measured at net asset value:						
Pension Reserve Investment Trust (PRIT).....	9,625,944					
Total investments.....	\$ 33,116,245					

Government sponsored enterprises, U.S. treasury notes, and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds and municipal bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town does not have investments classified in Level 3.

PRIT investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

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

NOTE 3 - RECEIVABLES

At June 30, 2020, receivables for the individual major governmental funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes.....	\$ 1,536,780	\$ (240,990)	\$ 1,295,790
Tax liens.....	1,501,119	-	1,501,119
Motor vehicle and other excise taxes.....	743,698	(330,674)	413,024
Water and sewer fees.....	2,663,833	-	2,663,833
Departmental and other.....	1,284,967	(205,065)	1,079,902
Intergovernmental.....	108,184	-	108,184
Intergovernmental - COVID-19.....	218,498	-	218,498
 Total.....	 \$ 8,057,079	 \$ (776,729)	 \$ 7,280,350

Governmental funds report *unavailable revenues* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenues* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
Receivables and other asset type:			
Real estate and personal property taxes.....	\$ 561,004	\$ -	\$ 561,004
Tax liens.....	1,501,119	-	1,501,119
Motor vehicle and other excise taxes.....	413,024	-	413,024
Water and sewer fees.....	2,663,833	-	2,663,833
Departmental and other.....	359,705	3,110	362,815
Intergovernmental.....	-	108,184	108,184
Tax foreclosures.....	91,842	-	91,842
 Total.....	 \$ 5,590,527	 \$ 111,294	 \$ 5,701,821

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 18,595,910	\$ -	\$ -	\$ 18,595,910
Construction in progress.....	21,444,798	16,888,857	(2,797,063)	35,536,592
Total capital assets not being depreciated....	40,040,708	16,888,857	(2,797,063)	54,132,502
<u>Capital assets being depreciated:</u>				
Land improvements.....	8,456,461	-	-	8,456,461
Buildings.....	93,766,400	-	-	93,766,400
Buildings and improvements.....	38,881,440	217,900	-	39,099,340
Machinery and equipment.....	11,497,167	796,684	(190,471)	12,103,380
Vehicles.....	12,123,123	1,461,827	(460,101)	13,124,849
Infrastructure.....	136,647,221	2,139,780	-	138,787,001
Total capital assets being depreciated.....	301,371,812	4,616,191	(650,572)	305,337,431
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,914,297)	(296,136)	-	(4,210,433)
Buildings.....	(39,962,279)	(1,693,519)	-	(41,655,798)
Buildings and improvements.....	(21,472,003)	(1,418,841)	-	(22,890,844)
Machinery and equipment.....	(10,283,336)	(836,015)	190,471	(10,928,880)
Vehicles.....	(7,016,542)	(885,998)	460,101	(7,442,439)
Infrastructure.....	(80,269,865)	(3,137,314)	-	(83,407,179)
Total accumulated depreciation.....	(162,918,322)	(8,267,823)	650,572	(170,535,573)
Total capital assets being depreciated, net.....	138,453,490	(3,651,632)	-	134,801,858
Total governmental activities capital assets, net.....	\$ 178,494,198	\$ 13,237,225	\$ (2,797,063)	\$ 188,934,360

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

Governmental Activities:				
General government.....	\$ 654,020			
Public safety.....	653,231			
Education.....	2,624,125			
Public works.....	3,871,173			
Health and human services.....	10,386			
Culture and recreation.....	454,888			
Total depreciation expense - governmental activities.....	\$ 8,267,823			

NOTE 5 – INTERFUND TRANSFERS

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

Transfers Out:	Transfers In:					
	General fund	Public Works	Nonmajor	Total		
		Capital Projects	governmental funds			
General fund.....	\$ -	\$ 3,370,000	\$ 120,000	\$ 3,490,000	(1)	
Nonmajor governmental funds.....	75,350	-	35,948	111,298	(2)	
Total.....	\$ 75,350	\$ 3,370,000	\$ 155,948	\$ 3,601,298		

- (1) Represents transfers of \$3,370,000 from the general fund to the public works capital project fund and a transfer of \$120,000 to the revolving fund for the B-Line.
- (2) Represents transfers of \$75,350 from the cross connection special revenue fund to the general fund, and a transfer of \$35,948 from the school choice special revenue fund to the school lunch special revenue fund.

NOTE 6 – CAPITAL LEASES

The Town has entered into lease agreements as lessees for a Town wide computer network and School equipment. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment.....	\$ 2,646,868
Less: accumulated depreciation.....	(2,430,628)
Total.....	<u>\$ 216,240</u>

During 2020, the Town made their final capital lease payment.

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 or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

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 respectively.

Details related to the short-term debt activity for the year ended June 30, 2020, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
BAN	Municipal Purpose.....	2.75%	07/19/19	\$ 5,970,000	\$ -	\$ (5,970,000)	\$ -
BAN	Municipal Purpose.....	2.25%	07/17/20	\$ -	\$ 4,700,000	\$ -	\$ 4,700,000
	Total Governmental Funds.....			\$ 5,970,000	\$ 4,700,000	\$ (5,970,000)	\$ 4,700,000

On the scheduled due date of July 17, 2020, \$4,700,000 was paid down with \$700,000 of available funds and \$4,000,000 with bond proceeds from the May 27, 2020 bond issuance.

NOTE 8 - LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

Details related to the outstanding general obligation indebtedness at June 30, 2020, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original	Interest	Outstanding		Outstanding at June 30, 2020
		Loan Amount	Rate (%)	at June 30, 2019	Issued	
Municipal Purpose Bonds of 2008.....	2027	\$ 3,321,000	4.00 - 5.00	\$ 935,000	\$ -	\$ 935,000
Municipal Purpose Bonds of 2010.....	2030	6,100,000	1.50 - 4.00	1,655,000	-	1,525,000
Municipal Purpose Bonds of 2011.....	2036	8,800,000	3.00 - 5.00	4,870,000	-	4,490,000
Municipal Purpose Bonds of 2012.....	2042	12,200,000	2.00 - 5.00	8,070,000	-	585,000
Municipal Purpose Bonds of 2013.....	2042	13,976,000	2.00 - 4.00	11,995,000	-	360,000
Municipal Purpose Bonds of 2016.....	2036	11,270,000	2.00 - 5.00	8,925,000	-	780,000
Municipal Purpose Bonds of 2018.....	2047	12,860,000	3.00 - 5.00	12,635,000	-	320,000
Municipal Purpose Bonds of 2020.....	2050	15,644,975	2.00 - 5.00	-	15,644,975	-
Municipal Purpose Refunding of 2020.....	2027	713,500	5.00	-	713,500	-
Municipal Purpose Refunding of 2020.....	2030	990,050	4.00 - 5.00	-	990,050	-
Municipal Purpose Refunding of 2020.....	2036	3,561,475	4.00 - 5.00	-	3,561,475	-
Subtotal Governmental General Obligation Bonds Payable.....				49,085,000	20,910,000	8,995,000
Massachusetts Clean Water Trust - MCWT 2007.....	2027	7,797,482	2.00	3,503,022	-	407,845
Massachusetts Clean Water Trust - MCWT 2008.....	2028	300,000	2.00	150,123	-	15,377
Massachusetts Water Resource Authority - MWRA 2016.....	2021	235,200	0.00	94,080	-	47,040
Massachusetts Water Resource Authority - MWRA 2017.....	2027	224,750	0.00	179,800	-	22,475
Massachusetts Water Resource Authority - MWRA 2019.....	2029	277,500	0.00	277,500	-	27,750
Subtotal Governmental Direct Borrowings Payable.....				4,204,525	-	520,487
Bonds payable.....				53,289,525	20,910,000	9,515,487
Add: Unamortized premium on bonds.....				1,388,175	1,853,607	197,845
Total Bonds Payable, net.....				\$ 54,677,700	\$ 22,763,607	\$ 9,713,332
						\$ 67,727,975

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	General Obligation Bonds:			Direct Borrowings:		Grand Total
	Principal	Interest	Total	Principal		
2021.....	\$ 3,185,000	\$ 2,022,147	\$ 5,207,147	\$ 529,037	\$ 5,736,184	
2022.....	2,880,000	2,151,902	5,031,902	490,720	5,522,622	
2023.....	2,810,000	2,006,128	4,816,128	499,619	5,315,747	
2024.....	2,845,000	1,868,363	4,713,363	508,698	5,222,061	
2025.....	2,885,000	1,732,549	4,617,549	517,960	5,135,509	
2026.....	2,610,000	1,599,663	4,209,663	527,409	4,737,072	
2027.....	2,610,000	1,474,488	4,084,488	537,049	4,621,537	
2028.....	2,530,000	1,353,902	3,883,902	45,796	3,929,698	
2029.....	2,580,000	1,245,597	3,825,597	27,750	3,853,347	
2030.....	2,560,000	1,142,272	3,702,272	-	3,702,272	
2031.....	2,340,000	1,046,697	3,386,697	-	3,386,697	
2032.....	2,280,000	960,307	3,240,307	-	3,240,307	
2033.....	2,285,000	880,639	3,165,639	-	3,165,639	
2034.....	2,300,000	806,592	3,106,592	-	3,106,592	
2035.....	2,345,000	732,970	3,077,970	-	3,077,970	
2036.....	2,160,000	662,556	2,822,556	-	2,822,556	
2037.....	1,775,000	600,705	2,375,705	-	2,375,705	
2038.....	1,830,000	545,133	2,375,133	-	2,375,133	
2039.....	1,880,000	486,776	2,366,776	-	2,366,776	
2040.....	1,935,000	426,072	2,361,072	-	2,361,072	
2041.....	1,990,000	362,510	2,352,510	-	2,352,510	
2042.....	1,720,000	316,441	2,036,441	-	2,036,441	
2043.....	1,180,000	254,626	1,434,626	-	1,434,626	
2044.....	1,215,000	217,825	1,432,825	-	1,432,825	
2045.....	1,245,000	179,951	1,424,951	-	1,424,951	
2046.....	1,290,000	140,963	1,430,963	-	1,430,963	
2047.....	1,335,000	110,089	1,445,089	-	1,445,089	
2048.....	1,275,000	51,012	1,326,012	-	1,326,012	
2049.....	555,000	30,938	585,938	-	585,938	
2050.....	570,000	15,676	585,676	-	585,676	
Total.....	\$ 61,000,000	\$ 25,425,489	\$ 86,425,489	\$ 3,684,038	\$ 90,109,527	

In order to take advantage of favorable interest rates, the Town issued \$5,265,025 of General Obligation Refunding Bonds and received \$848,140 in premiums on May 27, 2020. \$5,955,000 of General obligation bonds were refunded by placing the proceeds of the refunding bonds and premiums in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This refunding was undertaken to reduce total debt service payments over the next 15 years by \$826,399 and resulted in an economic gain of \$774,115. At June 30, 2020, approximately \$5,955,000 of bonds outstanding from the refunding is considered defeased.

The Massachusetts Water Resource Authority (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 non-interest bearing loan. The loan portion is payable in five equal annual installments. At June 30, 2020, the outstanding principal amount of these loans totaled \$454,115.

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, 2020, the Town had the following authorized and unissued debt:

Purpose	Amount
Fire Station Construction.....	\$ 225,000
MWRA.....	5,300,000
Sewer Infiltration and Inflow Removal.....	<u>1,110,000</u>
 Total.....	 <u>\$ 6,635,000</u>

Changes in Long-term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 49,085,000	\$ 20,910,000	\$ (8,995,000)	\$ -	\$ -	\$ 61,000,000	\$ 3,185,000
Long-term direct borrowing payable.....	4,204,525	-	(520,487)	-	-	3,684,038	529,037
Add: Unamortized premium on bonds.	1,388,175	1,853,607	(197,845)	-	-	3,043,937	315,030
Total bonds payable.....	54,677,700	22,763,607	(9,713,332)	-	-	67,727,975	4,029,067
Capital lease obligations.....	291,533	-	-	-	(291,533)	-	-
Compensated absences.....	5,794,000	-	-	2,370,000	(2,525,000)	5,639,000	2,624,000
Workers' compensation.....	726,000	-	-	723,000	(726,000)	723,000	723,000
Net pension liability.....	127,441,167	-	-	20,186,703	(10,023,321)	137,604,549	-
Net other postemployment benefits.....	100,434,266	-	-	8,208,875	(6,439,613)	102,203,528	-
 Total governmental activity long-term liabilities.....	 \$ 289,364,666	 \$ 22,763,607	 \$ (9,713,332)	 \$ 31,488,578	 \$ (20,005,467)	 \$ 313,898,052	 \$ 7,376,067

Compensated absence liabilities, net pension liabilities, and other postemployment benefit liabilities related to governmental activities are normally paid from the general fund.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Types Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classification and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balance, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balances, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any changes to the purpose of the fund along with any additions to or appropriations from the fund required a two-thirds vote of the legislative body. At year-end, the balance of the General Stabilization fund is \$10.2 million and is reported as unassigned fund balance within the General Fund.

As of June 30, 2020, the governmental fund balances are presented on the following page:

	General	Public Works Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 720,469	\$ 720,469
Restricted for:				
Public works capital projects.....	-	14,158,014	-	14,158,014
Town revolving funds.....	-	-	2,111,513	2,111,513
School revolving funds.....	-	-	954,017	954,017
Town gifts.....	-	-	473,780	473,780
School gifts.....	-	-	32,168	32,168
School activity programs.....	-	-	614,804	614,804
Federal grants.....	-	-	321,012	321,012
Special purposes funds.....	-	-	661,960	661,960
State & local grants.....	-	-	2,989,406	2,989,406
Town capital projects.....	-	-	66,588	66,588
School capital projects.....	-	-	41,056	41,056
Town libraries.....	-	-	933	933
Cemetery perpetual care.....	-	-	301,728	301,728
Conservation.....	-	-	2	2
Committed to:				
Articles and continuing appropriations:				
Ways and means.....	21,213	-	-	21,213
Town administration/selectmen.....	34,642	-	-	34,642
Management information systems.....	68,000	-	-	68,000
Town clerk.....	6,420	-	-	6,420
Conservation.....	5,326	-	-	5,326
Planning board.....	6,231	-	-	6,231
Police department.....	125,859	-	-	125,859
Fire department.....	328,689	-	-	328,689
Education.....	846,036	-	-	846,036
Public works.....	1,116,664	-	-	1,116,664
Health and human services.....	9,963	-	-	9,963
Culture and recreation.....	12,565	-	-	12,565
Assigned to:				
Encumbrances:				
Town meeting & reports.....	62	-	-	62
Town administration/selectmen.....	12,687	-	-	12,687
Accounting.....	4,150	-	-	4,150
Assessors.....	33,054	-	-	33,054
Treasurer/Collector.....	26,219	-	-	26,219
Central administration.....	11,203	-	-	11,203
Human resources.....	188	-	-	188
Management information systems.....	433	-	-	433
Town clerk.....	78	-	-	78
Registrar of voters.....	54	-	-	54
Conservation.....	139	-	-	139
Planning board.....	12,322	-	-	12,322
Negotiated settlements.....	523,800	-	-	523,800
Police department.....	98,625	-	-	98,625
Fire department.....	81,847	-	-	81,847
Building department.....	304	-	-	304
Education.....	1,971,654	-	-	1,971,654
Public works.....	309,099	-	-	309,099
Rubbish and garbage.....	43,110	-	-	43,110
Street light.....	130,890	-	-	130,890
Health and human services.....	8,300	-	-	8,300
Culture and recreation.....	39,473	-	-	39,473
Employee benefits.....	238,155	-	-	238,155
FY21 capital budget.....	5,719,576	-	-	5,719,576
Unassigned.....	35,643,414	-	-	35,643,414
Total Fund Balances.....	\$ 47,490,444	\$ 14,158,014	\$ 9,289,436	\$ 70,937,894

NOTE 10 - PENSION PLAN*Plan Descriptions*

The Town is a member of the Middlesex County Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the member units. The system is administered by the Middlesex Retirement Board (the "Board") on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://middlesexretirement.org>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirement of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, education collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. 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 contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$15,093,069 is reported in the general fund as intergovernmental revenue and pension expense in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$124,461,103 as of the measurement date.

Benefits Provided

Both Systems provides retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. There were no changes in pension benefits since the last measurement date.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution, which equaled its actual contribution for the year ended June 30, 2020, was \$10,023,321 and 28.31% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2020, the Town reported a liability of \$137,604,549 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Town's proportion was 8.60%, which was an increase of 0.43% from the last measurement date.

Pension Expense

For the year ended June 30, 2020, the Town recognized a pension expense of \$20,502,095. At June 30, 2020, the Town reported deferred outflows and (inflows) of resources related to pensions of \$18,425,083 and (\$6,070,573), as follows:

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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 3,348,213	\$ (311,644)	\$ 3,036,569
Difference between projected and actual earnings, net.....	-	(3,570,828)	(3,570,828)
Changes in assumptions.....	9,476,287	-	9,476,287
Changes in proportion and proportionate share of contributions...	5,600,583	(2,188,101)	3,412,482
 Total deferred outflows/(inflows) of resources.....	 \$ 18,425,083	 \$ (6,070,573)	 \$ 12,354,510

The Town's net deferred inflows (outflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021.....	\$ 5,117,452
2022.....	3,145,891
2023.....	3,035,635
2024.....	<u>1,055,532</u>
 Total.....	 <u>12,354,510</u>

Actuarial Assumptions

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

Valuation date.....	January 1, 2020
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Prior year's total contribution increased by 6.50% for fiscal 2020 through fiscal 2027, and thereafter the remaining unfunded liability will be amortized on a 4.00% annual increasing basis; ERI liability amortized in level payments.
Remaining amortization period.....	17 years from July 1, 2018 for non-ERI liability, 1 year from July 1, 2018 for 2002 ERI, 2 years from July 1, 2018 for 2033 ERI, and 4 years from July 1, 2018 for 2010 ERI.
Asset valuation method.....	The difference between the expected return and the actual investment return on a market value basis is recognized over a five year period. Asset value is adjusted as necessary to be within 20% of the market value.
Investment rate of return/Discount rate.....	7.30%, net of pension plan investment expense, including inflation previously 7.50%.
Inflation rate.....	3.25%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4.
Cost of living adjustments.....	3.00% of the first \$16,000 of retirement income, as of July 1, 2019.
Mortality rates:	
Pre-Retirement.....	The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.
Healthy Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.
Disabled Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.

Investment policy

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

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

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.15%
International developed markets equity..	13.00%	6.78%
International emerging markets equity...	5.00%	8.65%
Core fixed income.....	15.00%	1.11%
High-yield fixed income.....	8.00%	3.51%
Real estate.....	10.00%	4.33%
Commodities.....	4.00%	4.13%
Hedge funds, GTAA, Risk parity.....	11.00%	3.19%
Private equity.....	13.00%	9.99%
Total.....	100.00%	

Rate of return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 16.21%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amount actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rated. 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 position liability to changes in the discount rate

The following presents the net position liability, calculated using the discount rate of 7.30% as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	1% Decrease (6.30%)	Current Discount (7.30%)	1% Increase (8.30%)
The Town's proportionate share of the net pension liability.....	\$ 169,105,092	\$ 137,604,549	\$ 111,097,650

Pension plan fiduciary net position

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

Changes in Assumptions

- The net investment return assumption was lowered from 7.50% to 7.30%

Changes in Plan Provisions

- As permitted by Section 19 of Chapter 188 of the Acts of 2010, the Cost of Living Adjustment base was increased from \$14,000 to \$16,000 as of July 1, 2019.

NOTE 11 - RISK FINANCING

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 years.

The Town is self-insured for approximately 90% of its health insurance and 100% of its workers' compensation activities. The self-insured health insurance activities are accounted for in the Internal Service Fund. Workers' compensation activities are accounted for in the General Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR) that includes non-incremental claims adjustments. The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors.

(a) *Health Insurance*

Approximately 10% of the Town's health insurance activities are premium based plans. The remaining 90% of employee health insurance claims are administered by a third party administrator and were funded from the Town's Internal Service Fund. The Town purchases individual stop loss insurance for claims in excess of the \$100,000 coverage. The estimate of IBNR claims is based on a historical trend analysis and recent trends and represents approximately 1.3 months of average claims experience.

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End Currently Due
2019.....	\$ 1,269,182	\$ 12,893,402	\$ (12,838,440)	\$ 1,324,144
2020.....	1,324,144	13,762,631	(13,645,932)	1,440,843

(b) *Workers' Compensation*

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The Town estimates its IBNR claims based on history and injury type. At June 30, 2020, the amount of the liability for workers' compensation claims totaled \$723,000. Changes in the reported liability are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2019.....	\$ 510,000	\$ 499,000	\$ (283,000)	\$ 726,000	\$ 726,000
2020.....	726,000	509,000	(512,000)	723,000	723,000

Except for the internal service fund, all other claims and judgement and other similar liabilities are liquidated by the general fund.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Burlington administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 80% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute 20% of their premium costs. For the year ended June 30, 2020, the Town contributed \$6,256,222 million to the plan.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. The Town has named the Health Care Security Board of Trustees (HCSBT) as Trustees of the OPEB Fund and as such has authorized the OPEB Trust Funds to be invested entirely in the State Retirement Benefits Trust Fund (SRBT Fund). Massachusetts General Law directs the HCSBT to invest the SRBT Fund in the Pension Reserves Investment Trust (PRIT) Fund. The Trustees have adopted a trust agreement detailing their duties and responsibilities as Trustees. The PRIT Fund is subject to oversight by the Pension Reserves Investment Management Board (PRIM) Board. A nine member Board of Trustees governs the PRIM Board. The Board of Trustees has the authority to employ an Executive Director, outside investment managers, custodians, consultants, and others as it deems necessary to formulate policies and procedures and to take such other actions as necessary and appropriate to manage the assets of the PRIT Fund.

During 2020, the Town pre-funded future OPEB liabilities totaling \$1,213,593 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2020, the net position of the OPEB trust fund totaled \$9,625,944.

Investment policy – The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

Employees Covered by Benefit Terms – The following table represents the Plan's membership at June 30, 2020:

Active members.....	623
Inactive members currently receiving benefits.....	<u>821</u>
Total.....	<u>1,444</u>

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

Total OPEB liability.....	\$ 111,829,472
Less: OPEB plan's fiduciary net position.....	<u>(9,625,944)</u>
Net OPEB liability.....	\$ <u>102,203,528</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	8.61%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020.

Valuation date.....	Actuarially determined contribution for fiscal year ending June 30, 2020 was determined with the December 31, 2018 actuarial valuation.
Actuarial cost method.....	Individual Entry Age Normal - Level percentage of payroll
Amortization method.....	Level percentage of payroll
Remaining amortization period.....	26 years from December 31, 2019
Asset valuation method.....	Market Value
Investment rate of return.....	7.25%
Discount rate.....	7.25%
Inflation rate.....	3.25%
Salary increases.....	6.00% decreasing to 4.00% based on service for Group 1 and Group 2 7.50% decreasing to 4.00% based on service for Teachers 7.00% decreasing to 4.50% based on service for Group 4
Health care trend rates.....	Non-Medicare: 7.00% decreasing by 0.25% for 10 years to an ultimate level of 4.50% per year. Medicare: 8.00% decreasing by 0.25% for 14 years to an ultimate level of 4.50% per year. Administrative expense: 3.00%. Medicare Part B: 4.50%. Contributions: Retiree contributions are expected to increase with medical trend.
Mortality rates.....	Pre-Retirement (non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2017. Healthy Retiree (non-Teachers): - RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2017. Disabled Retiree (non-Teachers):-RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP-2017. Pre-Retirement (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.

Rate of return – For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 1.96%. 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 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 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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return is

added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.00%	6.15%
International developed markets equity.....	13.00%	6.78%
International emerging markets equity.....	5.00%	8.65%
Core fixed income.....	15.00%	1.11%
High-yield fixed income.....	8.00%	3.51%
Real estate.....	10.00%	4.33%
Commodities.....	4.00%	4.13%
Hedge fund, GTAA, Risk parity.....	11.00%	3.19%
Private equity.....	13.00%	9.99%
 Total.....	 100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 7.25% as of June 30, 2020 and as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members. Therefore the long-term expected rate of return on the OPEB plan assets was applied to projected future benefits payments.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 7.25%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB liability.....	\$ 116,332,752	\$ 102,203,528	\$ 90,464,513

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 7.25%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 88,297,739	\$ 102,203,528	\$ 119,292,906

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Changes in the Net OPEB Liability

		Increase (Decrease)		
		Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)	
Measurement date at June 30, 2019.....	\$ 108,663,226	\$ 8,228,960	\$ 100,434,266	
Changes for the year:				
Service cost.....	2,504,177	-	2,504,177	
Interest.....	7,876,841	-	7,876,841	
Changes of assumptions.....	(2,172,143)	-	(2,172,143)	
Contributions - employer.....	-	6,256,222	(6,256,222)	
Net investment income.....	-	183,391	(183,391)	
Benefit payments.....	(5,042,629)	(5,042,629)	-	
Net change.....	3,166,246	1,396,984	1,769,262	
Measurement date at June 30, 2020.....	<u>\$ 111,829,472</u>	<u>\$ 9,625,944</u>	<u>\$ 102,203,528</u>	

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$9,842,873 million. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,150,028	\$ -	\$ 1,150,028
Difference between projected and actual earnings, net.....	332,199	-	332,199
Changes in assumptions.....	<u>457,248</u>	<u>(1,810,120)</u>	<u>(1,352,872)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 1,939,475</u>	<u>\$ (1,810,120)</u>	<u>\$ 129,355</u>

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

<u>Measurement date year ended June 30:</u>		
2021.....	\$	102,445
2022.....		102,444
2023.....		155,255
2024.....		131,235
2025.....		<u>(362,024)</u>
 Total.....	\$	<u>129,355</u>

Changes of Assumptions – The excise tax on high cost health plans was repealed effective December 20, 2019 and removed with this valuation.

Changes in Plan Provisions – None.

NOTE 13 - COMMITMENTS

The Town is committed to expend \$6,635,000 for the various projects listed below:

<u>Purpose</u>	<u>Amount</u>
Fire Station Construction.....	\$ 225,000
MWRA.....	5,300,000
Sewer Infiltration and Inflow Removal.....	<u>1,110,000</u>
 Total.....	\$ <u>6,635,000</u>

NOTE 14 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 it is expected such amounts, if any, to be immaterial.

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

NOTE 15 – COVID-19

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

A number of businesses have been forced to stop or significantly reduce operations decreasing, the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2020, which is the date the financial statements were available to be issued.

NOTE 17 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

- GASB Statement #95, Postponement of the Effective Dates of Certain Authoritative Guidance. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, Fiduciary Activities, which is required to be implemented in 2021.
- The GASB issued Statement #87, Leases, which is required to be implemented in 2022.
- The GASB issued Statement #89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is required to be implemented in 2022.

- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

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General Fund

Budgetary Comparison Schedule

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

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 116,292,076	\$ 116,292,076	\$ 116,474,819	-	\$ 182,743
Tax liens.....	-	-	157,619	-	157,619
Motor vehicle and other excise taxes.....	4,097,757	4,097,757	4,235,974	-	138,217
Hotel, motel, and meals tax.....	4,460,000	4,460,000	4,650,523	-	190,523
Ambulance.....	775,000	775,000	723,975	-	(51,025)
Water charges.....	3,505,000	3,505,000	3,646,493	-	141,493
Penalties and interest on taxes.....	225,000	225,000	275,962	-	50,962
Fees and rentals.....	450,000	450,000	432,300	-	(17,700)
Payments in lieu of taxes.....	520,000	520,000	521,079	-	1,079
Licenses and permits.....	1,000,000	1,000,000	1,862,128	-	862,128
Intergovernmental.....	9,835,131	9,835,131	9,783,810	-	(51,321)
Departmental and other.....	915,000	915,000	1,191,046	-	276,046
Investment income.....	485,000	485,000	779,187	-	294,187
Miscellaneous.....	260,000	260,000	240,832	-	(19,168)
TOTAL REVENUES.....	142,819,964	142,819,964	144,975,747	-	2,155,783
EXPENDITURES:					
GENERAL GOVERNMENT					
TOWN MEETING & REPORTS					
Salaries.....	3,333	3,333	1,098	62	2,173
Expenses.....	12,575	12,575	11,754	-	821
TOTAL.....	15,908	15,908	12,852	62	2,994
WAYS AND MEANS					
Salaries.....	6,822	6,822	3,956	-	2,866
Expenses.....	273	273	-	-	273
Capital Articles.....	98,339	98,339	77,126	21,213	-
TOTAL.....	105,434	105,434	81,082	21,213	3,139
TOWN ADMINISTRATION/ SELECTMEN					
Salaries.....	619,503	627,046	550,768	-	76,278
Expenses.....	23,428	23,428	13,478	9,950	-
Special accounts.....	19,779	19,779	12,593	2,737	4,449
Capital Articles.....	85,000	35,775	1,133	34,642	-
TOTAL.....	747,710	706,028	577,972	47,329	80,727
ACCOUNTING					
Salaries.....	362,066	370,683	370,683	-	-
Expenses.....	5,295	5,295	753	4,150	392
TOTAL.....	367,361	375,978	371,436	4,150	392
ASSESSORS					
Salaries.....	329,438	336,631	331,304	-	5,327
Expenses.....	115,962	115,962	51,357	33,054	31,551
TOTAL.....	445,400	452,593	382,661	33,054	36,878
TREASURER/ COLLECTOR					
Salaries.....	674,116	689,831	663,612	26,219	-
Expenses.....	27,700	27,700	22,301	-	5,399
TOTAL.....	701,816	717,531	685,913	26,219	5,399
CENTRAL ADMINISTRATION					
Central supply.....	111,444	111,444	101,785	3,203	6,456
Central machines.....	27,939	27,939	17,671	-	10,268
Town insurance.....	1,111,001	1,111,001	1,025,590	-	85,411
Financial audit.....	80,000	80,000	51,030	8,000	20,970
TOTAL.....	1,330,384	1,330,384	1,196,076	11,203	123,105
LEGAL					
Legal expenses.....	231,924	231,924	128,061	-	103,863

(Continued)

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
HUMAN RESOURCES					
Salaries.....	129,439	133,776	132,740	-	1,036
Expenses.....	4,390	4,390	1,770	-	2,620
Special accounts.....	14,998	14,500	11,403	188	2,909
TOTAL	148,827	152,666	145,913	188	6,565
MANAGEMENT INFORMATION SYSTEMS					
Salaries.....	348,189	356,009	353,339	-	2,670
Expenses.....	280,341	287,085	275,192	433	11,460
Capital Articles.....	74,744	68,000	-	68,000	-
TOTAL	703,274	711,094	628,531	68,433	14,130
TOWN CLERK					
Salaries.....	304,867	311,688	311,688	-	-
Expenses.....	20,100	20,100	13,962	8	6,130
Special accounts.....	53,823	53,823	49,207	70	4,546
Capital Articles.....	59,860	59,860	29,245	6,420	24,195
TOTAL	438,650	445,471	404,102	6,498	34,871
REGISTRAR OF VOTERS					
Salaries.....	1,200	1,200	1,200	-	-
Expenses.....	10,800	10,800	7,179	54	3,567
TOTAL	12,000	12,000	8,379	54	3,567
CONSERVATION					
Salaries.....	223,463	228,566	220,566	-	8,000
Expenses.....	10,050	10,050	2,323	139	7,588
Special accounts.....	18,800	18,800	7,984	-	10,816
Capital Articles.....	6,440	6,440	1,114	5,326	-
TOTAL	258,753	263,856	231,987	5,465	26,404
PLANNING BOARD					
Salaries.....	311,593	319,109	293,736	420	24,953
Expenses.....	47,354	47,354	28,112	11,902	7,340
Capital Articles.....	6,231	6,231	-	6,231	-
TOTAL	365,178	372,694	321,848	18,553	32,293
BOARD OF APPEALS					
Salaries.....	13,481	13,481	13,481	-	-
Expenses.....	250	250	68	-	182
TOTAL	13,731	13,731	13,549	-	182
NEGOTIATED SETTLEMENTS	1,711,208	590,860	67,060	523,800	-
Total General Government	7,597,558	6,498,152	5,257,422	766,221	474,509
PUBLIC SAFETY					
POLICE DEPARTMENT					
Salaries.....	7,990,683	8,179,234	7,800,129	23,175	355,930
Expenses.....	637,294	637,295	549,166	61,808	26,321
Special accounts.....	350,785	352,058	297,160	13,642	41,256
Capital Articles.....	158,138	205,487	79,628	125,859	-
TOTAL	9,136,900	9,374,074	8,726,083	224,484	423,507
FIRE DEPARTMENT					
Salaries.....	7,472,298	8,116,586	8,086,261	-	30,325
Expenses.....	569,898	569,898	408,543	60,788	100,567
Special accounts.....	242,850	242,850	205,371	21,059	16,420
Capital Articles.....	763,618	762,618	157,588	328,689	276,341
TOTAL	9,048,664	9,691,952	8,857,763	410,536	423,653
BUILDING DEPARTMENT					
Salaries.....	633,089	649,241	591,842	-	57,399
Expenses.....	37,727	37,727	29,811	304	7,612
Capital Articles.....	22,020	22,020	22,020	-	-
TOTAL	692,836	708,988	643,673	304	65,011
SEALER OF WEIGHTS					
Expenses.....	7,800	7,800	7,500	-	300

(Continued)

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
EMERGENCY MANAGEMENT SERVICE					
Salaries.....	10,000	10,000	9,077	-	923
Expenses.....	8,658	8,100	5,774	-	2,326
Special accounts.....	10,620	11,178	3,041	-	8,137
TOTAL.....	29,278	29,278	17,892	-	11,386
Total Public Safety.....	18,915,478	19,812,092	18,252,911	635,324	923,857
EDUCATION					
PUBLIC SCHOOLS					
Salaries and expenditures.....	70,686,210	70,469,827	62,304,127	5,938,719	2,226,981
Capital articles.....	2,293,339	2,526,052	1,497,323	846,036	182,693
TOTAL.....	72,979,549	72,995,879	63,801,450	6,784,755	2,409,674
REGIONAL SCHOOL ASSESSMENTS.....	2,447,971	2,447,971	2,226,402	-	221,569
Total Education.....	75,427,520	75,443,850	66,027,852	6,784,755	2,631,243
PUBLIC WORKS					
Salaries.....	5,227,372	5,341,601	5,277,546	17,397	46,658
Expenses.....	3,632,089	3,618,089	3,151,593	280,261	186,235
Special accounts.....	468,383	468,383	441,073	11,441	15,869
Capital Articles.....	4,218,937	4,218,937	1,003,807	1,116,664	2,098,466
TOTAL.....	13,546,781	13,647,010	9,874,019	1,425,763	2,347,228
SNOW AND ICE					
Expenses.....	350,000	350,000	417,428	-	(67,428)
RUBBISH AND GARBAGE					
Expenses.....	2,188,530	2,188,530	2,140,567	43,110	4,853
STREET LIGHT					
Expenses.....	547,095	503,095	339,005	130,890	33,200
DEP DRINKING WATER					
Expenses.....	15,960	15,960	9,808	-	6,152
Total Public Works.....	16,648,366	16,704,595	12,780,827	1,599,764	2,324,004
HUMAN SERVICES					
BOARD OF HEALTH					
Salaries.....	518,304	530,563	522,607	7,795	161
Expenses.....	31,952	31,952	18,931	146	12,875
Special accounts.....	75,953	75,953	55,715	-	20,238
Capital Articles.....	34,208	34,208	24,245	9,963	-
TOTAL.....	660,417	672,676	621,498	17,904	33,274
COUNCIL ON AGING					
Salaries.....	361,735	368,996	363,335	-	5,661
Expenses.....	22,514	22,514	3,345	-	19,169
Special accounts.....	7,442	7,442	6,942	-	500
TOTAL.....	391,691	398,952	373,622	-	25,330
VETERANS' SERVICES					
Salaries.....	125,468	128,587	128,383	-	204
Expenses.....	4,929	4,929	1,626	-	3,303
Special accounts.....	113,700	113,700	102,648	-	11,052
TOTAL.....	244,097	247,216	232,657	-	14,559
YOUTH AND FAMILY SERVICES					
Salaries.....	439,358	449,850	440,360	160	9,330
Expenses.....	24,256	24,256	12,313	199	11,744
TOTAL.....	463,614	474,106	452,673	359	21,074
DISABILITY ACCESS					
Salaries.....	532	532	167	-	365
Expenses.....	400	400	152	-	248
TOTAL.....	932	932	319	-	613
Total Human Services.....	1,760,751	1,793,882	1,680,769	18,263	94,850

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
CULTURE AND RECREATION					
PUBLIC LIBRARY					
Salaries.....	1,316,485	1,341,901	1,290,158	-	51,743
Expenses.....	78,172	78,172	74,219	875	3,078
Special accounts.....	189,975	189,975	173,792	208	15,975
TOTAL	1,584,632	1,610,048	1,538,169	1,083	70,796
RECREATION DEPARTMENT					
Salaries.....	1,503,094	1,529,737	1,515,220	12,133	2,384
Expenses.....	313,471	313,470	258,106	19,320	36,044
Special accounts.....	20,765	20,765	11,550	3,738	5,477
Capital Articles.....	227,402	347,402	214,837	12,565	120,000
TOTAL	2,064,732	2,211,374	1,999,713	47,756	163,905
HISTORICAL COMMISSION					
Expenses.....	13,315	13,315	8,362	3,199	1,754
Total Culture and Recreation	3,662,679	3,834,737	3,546,244	52,038	236,455
PENSION BENEFITS					
County retirement.....	9,987,318	9,987,318	9,987,321	-	(3)
EMPLOYEE BENEFITS					
Health insurance.....	14,578,829	14,578,829	14,404,684	219,192	(45,047)
Medicare tax.....	1,142,979	1,142,979	1,124,016	18,963	-
TOTAL	15,721,808	15,721,808	15,528,700	238,155	(45,047)
CAPITAL IMPROVEMENTS	300,000	300,000	300,000	-	-
RESERVE FUND	200,000	300,000	-	-	300,000
STATE AND COUNTY ASSESSMENTS	947,862	947,862	947,862	-	-
Debt service:					
Principal.....	3,353,222	3,397,222	3,397,222	-	-
Interest.....	2,273,125	2,273,125	2,194,994	-	78,131
TOTAL EXPENDITURES	156,795,687	157,014,643	139,902,124	10,094,520	7,017,999
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,975,723)	(14,194,679)	5,073,623	(10,094,520)	9,173,782
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	150,442	-	150,442
Transfers in.....	166,150	166,150	166,150	-	-
Transfers out.....	(3,490,000)	(3,845,760)	(3,845,760)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,323,850)	(3,679,610)	(3,529,168)	-	150,442
NET CHANGE IN FUND BALANCE	(17,299,573)	(17,874,289)	1,544,455	(10,094,520)	9,324,224
BUDGETARY FUND BALANCE, Beginning of year	35,324,392	35,324,392	35,324,392	-	-
BUDGETARY FUND BALANCE, End of year \$	18,024,819	\$ 17,450,103	\$ 36,868,847	\$ (10,094,520)	\$ 9,324,224

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of Special Funding Amounts of Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is complied, information is presented for those years for which information is available.

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**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MIDDLESEX COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-payroll	Net pension liability as a percentage of covered-payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	8.600%	\$ 137,604,549	\$ 35,400,619	388.71%	49.45%
December 31, 2018.....	8.172%	127,441,167	33,783,442	377.23%	46.40%
December 31, 2017.....	8.270%	117,368,093	32,393,793	362.32%	49.27%
December 31, 2016.....	8.111%	114,929,674	31,361,657	366.47%	45.49%
December 31, 2015.....	8.105%	104,556,462	30,378,636	344.18%	46.13%
December 31, 2014.....	8.162%	98,053,205	29,210,227	335.68%	47.65%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
MIDDLESEX COUNTY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-payroll	Contributions as a percentage of covered-payroll
June 30, 2020.....	\$ 10,023,321	\$ (10,023,321)	\$ -	\$ 35,754,625	28.03%
June 30, 2019.....	9,454,623	(9,454,623)	-	34,121,376	27.71%
June 30, 2018.....	8,877,933	(8,877,933)	-	33,409,166	26.57%
June 30, 2017.....	8,404,267	(8,404,267)	-	31,675,274	26.53%
June 30, 2016.....	7,895,297	(7,895,297)	-	30,682,442	25.73%
June 30, 2015.....	7,511,305	(7,511,305)	-	29,502,229	25.46%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 124,461,103	\$ 15,093,069	53.95%
2019.....	120,102,352	12,170,634	54.84%
2018.....	114,385,482	11,938,746	54.25%
2017.....	113,026,510	11,529,445	52.73%
2016.....	98,121,938	7,958,562	55.38%
2015.....	75,221,631	5,226,008	61.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expenses.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 2,029,964	\$ 2,101,013	\$ 2,174,548	\$ 2,504,177
Interest.....	7,074,192	7,410,905	7,744,557	7,876,841
Changes of benefit terms.....	-	-	(2,094,953)	-
Differences between expected and actual experience.....	-	-	1,725,041	-
Changes of assumptions.....	-	-	685,874	(2,172,143)
Benefit payments.....	<u>(4,508,617)</u>	<u>(4,869,350)</u>	<u>(5,316,110)</u>	<u>(5,042,629)</u>
Net change in total OPEB liability.....	4,595,539	4,642,568	4,918,957	3,166,246
Total OPEB liability - beginning.....	<u>94,506,162</u>	<u>99,101,701</u>	<u>103,744,269</u>	<u>108,663,226</u>
Total OPEB liability - ending (a).....	<u>\$ 99,101,701</u>	<u>\$ 103,744,269</u>	<u>\$ 108,663,226</u>	<u>\$ 111,829,472</u>
Plan fiduciary net position				
Employer contributions.....	\$ 846,500	\$ 597,325	\$ 1,152,876	\$ 1,213,593
Employer contributions for OPEB payments.....	4,508,617	4,869,350	5,316,110	5,042,629
Net investment income.....	599,191	565,625	422,178	183,391
Benefit payments.....	<u>(4,508,617)</u>	<u>(4,869,350)</u>	<u>(5,316,110)</u>	<u>(5,042,629)</u>
Net change in plan fiduciary net position.....	1,445,691	1,162,950	1,575,054	1,396,984
Plan fiduciary net position - beginning of year.....	<u>4,045,265</u>	<u>5,490,956</u>	<u>6,653,906</u>	<u>8,228,960</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 5,490,956</u>	<u>\$ 6,653,906</u>	<u>\$ 8,228,960</u>	<u>\$ 9,625,944</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 93,610,745</u>	<u>\$ 97,090,363</u>	<u>\$ 100,434,266</u>	<u>\$ 102,203,528</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	5.54%	6.41%	7.57%	8.61%
Covered-employee payroll.....	\$ 59,098,583	\$ 61,874,961	\$ 64,525,649	\$ 69,728,752
Net OPEB liability as a percentage of covered-employee payroll.....	158.40%	156.91%	155.65%	146.57%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2020.....	\$ 8,683,480	\$ (6,256,222)	\$ 2,427,258	\$ 69,728,752	8.97%
June 30, 2019.....	8,188,043	(6,468,986)	1,719,057	64,525,649	10.03%
June 30, 2018.....	7,600,044	(5,466,675)	2,133,369	61,874,961	8.84%
June 30, 2017.....	6,294,020	(5,355,117)	938,903	59,098,583	9.06%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2020.....	1.96%
June 30, 2019.....	5.48%
June 30, 2018.....	9.37%
June 30, 2017.....	19.84%

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

See notes to required supplementary information.

Notes to Required Supplementary Information

NOTE A - BUDGETARY BASIS OF ACCOUNTING

1. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The Finance and Advisory Board presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

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

Generally, expenditures may not exceed the legal 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. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote of Town Meeting.

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2020 approved budget for the General Fund authorized approximately \$156.8 million in appropriations and other amounts to be raised and \$9.7 million in encumbrances and appropriations carried over from previous years. During 2020, the Town increased the original budget by \$575,000.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

2. Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$ 1,544,455
<u>Perspective differences:</u>	
Perspective differences in reporting of sewer fund activities.....	(120,250)
Activity of the stabilization fund recorded in the recorded in the general fund for GAAP.....	781,432
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(115,000)
Net change in recording 60 day receipts.....	14,654
Net change in recording accrued payroll.....	(250,083)
Recognition of revenue for on-behalf payments.....	15,093,000
Recognition of expenditures for on-behalf payments.....	(15,093,000)
Net change in fund balance - GAAP basis.....	<u>\$ 1,855,208</u>

3. Excess of Expenditures over Appropriations

For the year ended June 30, 2020, actual expenditures exceeded appropriations for public works snow and ice budget. These over-expenditures will be raised and funded through available funds during 2021.

NOTE B – PENSION PLAN

Pension Plan Schedules

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

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

Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Changes in Assumptions

- The net investment return assumption was lowered from 7.50% to 7.30%

Changes in Plan Provisions

- As permitted by Section 19 of Chapter 188 of the Acts of 2010, the Cost of Living Adjustment base was increased from \$14,000 to \$16,000 as of July 1, 2019.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“The Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit PlanThe Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered-employee payroll.

Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are reported on the following page.

Valuation date.....	Actuarially determined contribution for fiscal year ending June 30, 2020 was determined with the December 31, 2018 actuarial valuation.
Actuarial cost method.....	Individual Entry Age Normal - Level percentage of payroll
Amortization method.....	Level percentage of payroll
Remaining amortization period.....	26 years from December 31, 2019
Asset valuation method.....	Market Value
Investment rate of return.....	7.25%
Discount rate.....	7.25%
Inflation rate.....	3.25%

Salary increases.....	6.00% decreasing to 4.00% based on service for Group 1 and Group 2 7.50% decreasing to 4.00% based on service for Teachers 7.00% decreasing to 4.50% based on service for Group 4
Health care trend rates.....	Non-Medicare: 7.00% decreasing by 0.25% for 10 years to an ultimate level of 4.50% per year. Medicare: 8.00% decreasing by 0.25% for 14 years to an ultimate level of 4.50% per year. Administrative expense: 3.00%. Medicare Part B: 4.50%. Contributions: Retiree contributions are expected to increase with medical trend.
Mortality rates.....	Pre-Retirement (non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2017. Healthy Retiree (non-Teachers): - RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2017. Disabled Retiree (non-Teachers):-RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP-2017. Pre-Retirement (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.

Schedule of Investment Returns

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

Changes of Assumptions

The excise tax on high cost health plans was repealed effective December 20, 2019 and removed with this valuation.

Changes in Provisions

None.

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Combining and Individual Fund Statements

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specified purposes. The Town's special revenue funds are grouped into the following categories:

Town Revolving Fund – This fund is used to account for various municipal programs such as affordable housing monitoring, recreation activities, and wetland protection.

School Revolving Fund – This fund is used to account for various school programs, such as operation of public school lunch program, athletic receipts, and tuition costs.

Town Gifts Fund – This fund is used to account for gifts which have been accepted by the Town to be used for the purpose specified by the donor.

School Gifts Fund – This fund is used to account for gifts which have been accepted by the School Department to be used for the purpose specified by the donor.

School Activity Programs Fund – This fund is used to account for school activity, such as operation of after school programs, summer programs, and integrated preschool.

Federal Grant Fund – This fund is used to account for all federal grants used for Town and School related projects and activities.

State and Local Grant Fund – This fund is used to account for all state and local grants used for Town and School related projects and activities.

Town Special Purpose Funds - These funds are used to account for specific revenues that are legally restricted, such as insurance recoveries, sale of graves and real estate, and handicap fines.

Capital Projects

Capital project funds are used to account for financial resources used in the acquisition or construction of major capital facilities (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The Town's grouping for non-major capital project funds is as described as follows:

Town Capital Projects Fund – This fund is used to account for and report financial resources for the acquisition or construction of non-school capital facilities and other capital assets of the governmental funds

School Capital Projects Fund – This fund is used to account for and report financial resources for the acquisition or construction of school capital facilities.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Town Libraries Fund – These funds are used to account for all contributions received to support the public library.

Cemetery Perpetual Care Fund – These funds are used to account for all contributions associated with cemetery care and maintenance.

Conservation Fund – These funds are used to account for all contributions associated supporting the land conservation within the Town.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2020

	Special Revenue Funds						
	Town Revolving Funds	School Revolving Funds	Town Gifts	School Gifts	School Activity Programs	Federal Grants	State & Local Grants
ASSETS							
Cash and cash equivalents.....	\$ 2,131,273	\$ 998,448	\$ 479,808	\$ 32,380	\$ 617,113	\$ 111,466	\$ 3,024,666
Investments.....	-	-	-	-	-	-	-
Receivables, net of uncollectibles:							
Departmental and other.....	3,110	-	-	-	-	-	-
Intergovernmental.....	-	-	-	-	-	-	108,184
Intergovernmental - COVID-19.....	-	-	-	-	-	218,498	-
TOTAL ASSETS.....	\$ 2,134,383	\$ 998,448	\$ 479,808	\$ 32,380	\$ 617,113	\$ 329,964	\$ 3,132,850
LIABILITIES							
Warrants payable.....	\$ 18,799	\$ 44,431	\$ 6,028	\$ 212	\$ 2,309	\$ 8,952	\$ 34,325
Accrued payroll.....	961	-	-	-	-	-	935
TOTAL LIABILITIES.....	19,760	44,431	6,028	212	2,309	8,952	35,260
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue.....	3,110	-	-	-	-	-	108,184
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	2,111,513	954,017	473,780	32,168	614,804	321,012	2,989,406
TOTAL FUND BALANCES.....	2,111,513	954,017	473,780	32,168	614,804	321,012	2,989,406
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 2,134,383	\$ 998,448	\$ 479,808	\$ 32,380	\$ 617,113	\$ 329,964	\$ 3,132,850

		Capital Project Funds				Permanent Funds				Total Nonmajor Governmental Funds	
		Town Capital Projects	School Capital Projects			Town Libraries	Cemetery Perpetual Care				
Town Special Purposes Funds	Subtotal			Subtotal				Conservation	Subtotal		
\$ 661,960	\$ 8,057,114	\$ 66,588	\$ 41,056	\$ 107,644	\$ 5,430	\$ 223,244	\$ 1,046	\$ 229,720	\$ 8,394,478		
-	-	-	-	-	-	793,412	-	793,412	793,412		
-	3,110	-	-	-	-	-	-	-	-	3,110	
-	108,184	-	-	-	-	-	-	-	-	108,184	
-	218,498	-	-	-	-	-	-	-	-	218,498	
\$ 661,960	\$ 8,386,906	\$ 66,588	\$ 41,056	\$ 107,644	\$ 5,430	\$ 1,016,656	\$ 1,046	\$ 1,023,132	\$ 9,517,682		
\$ -	\$ 115,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,056	
-	1,896	-	-	-	-	-	-	-	-	1,896	
-	116,952	-	-	-	-	-	-	-	-	116,952	
-	111,294	-	-	-	-	-	-	-	-	111,294	
-	-	-	-	-	4,497	714,928	1,044	720,469	720,469		
661,960	8,158,660	66,588	41,056	107,644	933	301,728	2	302,663	8,568,967		
661,960	8,158,660	66,588	41,056	107,644	5,430	1,016,656	1,046	1,023,132	9,289,436		
\$ 661,960	\$ 8,386,906	\$ 66,588	\$ 41,056	\$ 107,644	\$ 5,430	\$ 1,016,656	\$ 1,046	\$ 1,023,132	\$ 9,517,682		

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds						
	Town Revolving Funds	School Revolving Funds	Town Gifts	School Gifts	School Activity Programs	Federal Grants	State & Local Grants
REVENUES:							
Intergovernmental - other.....	\$ 7,200	\$ -	\$ -	\$ -	\$ -	\$ 969,145	\$ 4,457,011
Intergovernmental - COVID-19 relief.....	-	-	-	-	-	218,498	-
Departmental and other.....	1,524,300	1,717,200	136,850	8,750	1,407,674	-	550,979
Contributions and donations.....	-	-	23,251	1,130	-	-	-
Investment income.....	98	-	-	-	-	-	-
Miscellaneous.....	-	-	-	5,950	-	-	28,598
TOTAL REVENUES.....	1,531,598	1,717,200	160,101	15,830	1,407,674	1,187,643	5,036,588
EXPENDITURES:							
Current:							
General government.....	157,472	-	11,711	-	-	-	552,285
Public safety.....	9,500	-	751	-	-	15,401	206,632
Education.....	-	1,639,446	-	16,488	1,860,627	1,099,535	1,247,707
Public works.....	18,602	-	-	-	-	-	1,293,448
Health and human services.....	37,642	-	17,788	-	-	16,491	154,140
Water and sewer.....	12,680	-	-	-	-	-	-
Culture and recreation.....	877,165	-	45,242	-	-	-	32,275
COVID-19.....	-	-	-	-	-	218,498	-
Debt service:							
Principal.....	66,000	-	-	-	-	-	-
Interest.....	30,900	-	-	-	-	-	-
TOTAL EXPENDITURES.....	1,209,961	1,639,446	75,492	16,488	1,860,627	1,349,925	3,486,487
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....							
	321,637	77,754	84,609	(658)	(452,953)	(162,282)	1,550,101
OTHER FINANCING SOURCES (USES):							
Transfers in.....	120,000	35,948	-	-	-	-	-
Transfers out.....	(75,350)	(35,948)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	44,650	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	366,287	77,754	84,609	(658)	(452,953)	(162,282)	1,550,101
FUND BALANCES AT BEGINNING OF YEAR.....	1,745,226	876,263	389,171	32,826	1,067,757	483,294	1,439,305
FUND BALANCES AT END OF YEAR.....	\$ 2,111,513	\$ 954,017	\$ 473,780	\$ 32,168	\$ 614,804	\$ 321,012	\$ 2,989,406

		Capital Project Funds				Permanent Funds					
Town Special Purposes Funds	Subtotal	Town Capital Projects	School Capital Projects	Subtotal	Town Libraries	Cemetery Perpetual Care	Conservation	Subtotal	Total Nonmajor Governmental Funds		
\$ -	\$ 5,433,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,433,356		
-	218,498	-	-	-	-	-	-	-	-	218,498	
82,200	5,427,953	15,807	-	15,807	-	-	-	-	-	5,443,760	
-	24,381	-	-	-	-	37,300	-	37,300	-	61,681	
17	115	-	-	-	13	37,129	2	37,144	-	37,259	
<u>127,397</u>	<u>161,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,945</u>	
<u>209,614</u>	<u>11,266,248</u>	<u>15,807</u>	<u>-</u>	<u>15,807</u>	<u>13</u>	<u>74,429</u>	<u>2</u>	<u>74,444</u>	<u>11,356,499</u>		
72,259	793,727	-	-	-	-	-	-	-	-	793,727	
25,074	257,358	959,510	-	959,510	-	-	-	-	-	1,216,868	
-	5,863,803	-	-	-	-	-	-	-	-	5,863,803	
-	1,312,050	-	-	-	-	-	-	-	-	1,312,050	
5,398	231,459	-	-	-	-	-	-	-	-	231,459	
-	12,680	-	-	-	-	-	-	-	-	12,680	
-	954,682	-	-	-	-	-	-	-	-	954,682	
-	218,498	-	-	-	-	-	-	-	-	218,498	
-	66,000	-	-	-	-	-	-	-	-	66,000	
-	30,900	-	-	-	-	-	-	-	-	30,900	
<u>102,731</u>	<u>9,741,157</u>	<u>959,510</u>	<u>-</u>	<u>959,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,700,667</u>	
<u>106,883</u>	<u>1,525,091</u>	<u>(943,703)</u>	<u>-</u>	<u>(943,703)</u>	<u>13</u>	<u>74,429</u>	<u>2</u>	<u>74,444</u>	<u>655,832</u>		
-	155,948	-	-	-	-	-	-	-	-	155,948	
-	(111,298)	-	-	-	-	-	-	-	-	(111,298)	
-	44,650	-	-	-	-	-	-	-	-	44,650	
106,883	1,569,741	(943,703)	-	(943,703)	13	74,429	2	74,444	-	700,482	
<u>555,077</u>	<u>6,588,919</u>	<u>1,010,291</u>	<u>41,056</u>	<u>1,051,347</u>	<u>5,417</u>	<u>942,227</u>	<u>1,044</u>	<u>948,688</u>	<u>8,588,954</u>		
<u>\$ 661,960</u>	<u>\$ 8,158,660</u>	<u>\$ 66,588</u>	<u>\$ 41,056</u>	<u>\$ 107,644</u>	<u>\$ 5,430</u>	<u>\$ 1,016,656</u>	<u>\$ 1,046</u>	<u>\$ 1,023,132</u>	<u>\$ 9,289,436</u>		

Agency Fund

The Agency Fund is used to account for assets held in a purely custodial capacity. The Town's agency fund consists primarily of student activities and planning deposits.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2020

	June 30, 2019	Additions	Deletions	June 30, 2020
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 866,920	\$ 3,153,147	\$ (3,277,629)	\$ 742,438
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>322,513</u>	<u>389,753</u>	<u>(322,513)</u>	<u>389,753</u>
TOTAL ASSETS.....	<u>\$ 1,189,433</u>	<u>\$ 3,542,900</u>	<u>\$ (3,600,142)</u>	<u>\$ 1,132,191</u>
LIABILITIES				
Warrants payable.....	\$ -	\$ 307,570	\$ (307,570)	\$ -
Payroll liabilities.....	85,152	34,297	(85,152)	34,297
Liabilities due depositors.....	<u>1,104,281</u>	<u>3,201,033</u>	<u>(3,207,420)</u>	<u>1,097,894</u>
TOTAL LIABILITIES.....	<u>\$ 1,189,433</u>	<u>\$ 3,542,900</u>	<u>\$ (3,600,142)</u>	<u>\$ 1,132,191</u>

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Statistical Section



LED streetlights at Middlesex Turnpike, a portion of the more than 2,000 streetlights converted by the Town.

Statistical Section

This part of the Town of Burlington's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Town's financial reports for the relevant year.

Town of Burlington, Massachusetts

Net Position By Component

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net Investment in capital assets.....	\$ 82,470,226	\$ 96,639,005	\$ 106,844,287	\$ 112,419,808	\$ 117,056,689	\$ 116,649,672	\$ 121,730,037	\$ 128,322,641	\$ 132,131,027	\$ 135,472,043
Restricted.....	2,515,660	2,998,905	1,313,764	959,629	2,365,972	3,214,610	3,345,429	1,261,514	3,564,309	4,947,682
Unrestricted.....	<u>13,749,367</u>	<u>19,910,758</u>	<u>20,586,182</u>	<u>(74,474,053)</u>	<u>(75,794,406)</u>	<u>(73,402,091)</u>	<u>(138,883,923)</u>	<u>(154,665,663)</u>	<u>(156,869,988)</u>	<u>(166,633,218)</u>
Total governmental activities net position.....	\$ <u>98,735,253</u>	\$ <u>119,548,668</u>	\$ <u>128,744,233</u>	\$ <u>38,905,384</u>	\$ <u>43,628,255</u>	\$ <u>46,462,191</u>	\$ <u>(13,808,457)</u>	\$ <u>(25,081,508)</u>	\$ <u>(21,174,652)</u>	\$ <u>(26,213,493)</u>

The Town implemented GASB 75 and recorded their OPEB Liability for the first time in 2018 and adjusted 2017 for the beginning balance change.

The Town implemented GASB 68 and recorded their Net Pension Liability for the first time in 2015 and adjusted 2014 for the beginning balance change.

The Town changed the measurement date for GASB 75 and adjusted 2018 for the beginning balance change.

Town of Burlington, Massachusetts

Changes in Net Position

Last Ten Years

	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government.....	\$ 8,385,657	\$ 8,234,335	\$ 8,973,916	\$ 8,933,778	\$ 8,657,177	\$ 8,635,518	\$ 9,065,395	\$ 10,436,272	\$ 10,757,015	\$ 10,536,495
Public safety.....	19,983,723	19,886,936	21,329,943	20,004,254	22,379,342	23,631,927	25,310,669	27,413,036	28,589,937	33,237,795
Education.....	70,186,700	73,899,689	74,101,607	81,817,139	77,578,174	83,728,960	90,342,349	96,626,764	96,324,627	100,927,823
Public works.....	9,708,911	9,530,650	10,678,127	10,966,318	13,331,433	14,849,928	13,994,668	15,331,714	15,451,109	15,776,273
Water and sewer.....	8,405,199	9,226,171	9,250,784	8,838,002	9,239,696	8,216,296	9,205,607	9,778,407	10,183,413	10,364,167
Human services.....	2,075,523	2,090,245	2,124,869	2,098,766	2,177,276	2,489,924	2,757,820	2,800,110	2,960,887	3,347,591
Culture and recreation.....	4,889,380	5,085,224	5,154,268	5,293,996	5,271,687	5,791,638	6,296,889	6,531,690	6,777,770	7,256,799
COVID-19.....	-	-	-	-	-	-	-	-	-	218,498
Interest.....	1,285,155	1,223,790	1,917,491	1,823,582	1,448,616	1,999,825	1,633,845	1,760,462	1,765,018	2,173,810
Total government activities expenses.....	<u>124,920,248</u>	<u>129,177,040</u>	<u>133,531,005</u>	<u>139,775,835</u>	<u>140,083,401</u>	<u>149,344,016</u>	<u>158,607,242</u>	<u>170,678,455</u>	<u>172,809,776</u>	<u>183,839,251</u>
Business-type activities:										
Ice Palace.....	59,588	-	-	-	-	-	-	-	-	-
Total primary government expenses.....	<u>\$ 124,979,836</u>	<u>\$ 129,177,040</u>	<u>\$ 133,531,005</u>	<u>\$ 139,775,835</u>	<u>\$ 140,083,401</u>	<u>\$ 149,344,016</u>	<u>\$ 158,607,242</u>	<u>\$ 170,678,455</u>	<u>\$ 172,809,776</u>	<u>\$ 183,839,251</u>
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 2,500,576	\$ 3,055,634	\$ 2,871,218	\$ 3,160,902	\$ 3,378,914	\$ 3,627,629	\$ 3,761,899	\$ 4,073,689	\$ 4,429,931	\$ 3,301,252
Public Safety charges for services.....	2,020,420	2,160,275	2,583,570	3,477,953	3,800,655	3,916,389	3,965,025	4,390,332	3,991,844	3,465,062
Water and sewer charges for services.....	9,879,275	8,795,125	8,701,323	9,335,360	9,463,040	9,812,063	9,282,262	9,219,351	9,312,909	9,327,673
Other charges for services.....	3,264,617	3,346,047	3,160,184	4,014,165	4,127,637	3,686,716	3,806,968	4,297,381	4,228,414	3,308,005
Operating grants and contributions.....	17,694,926	19,797,276	20,362,729	20,108,510	14,584,113	17,655,199	20,566,651	21,612,082	23,832,469	26,382,869
Capital grant and contributions.....	8,551,819	18,489,036	5,714,298	3,686,648	3,047,454	2,087,136	2,234,822	2,283,589	2,274,702	1,236,984
Total government activities program revenues.....	<u>43,911,633</u>	<u>55,643,393</u>	<u>43,393,322</u>	<u>43,783,538</u>	<u>38,401,813</u>	<u>40,785,132</u>	<u>43,617,627</u>	<u>45,876,424</u>	<u>48,070,269</u>	<u>47,021,845</u>
Business-type activities:										
Charges for services.....	135,693	-	-	-	-	-	-	-	-	-
Total primary government program revenues.....	<u>\$ 44,047,326</u>	<u>\$ 55,643,393</u>	<u>\$ 43,393,322</u>	<u>\$ 43,783,538</u>	<u>\$ 38,401,813</u>	<u>\$ 40,785,132</u>	<u>\$ 43,617,627</u>	<u>\$ 45,876,424</u>	<u>\$ 48,070,269</u>	<u>\$ 47,021,845</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (81,008,615)	\$ (73,533,647)	\$ (90,137,683)	\$ (95,992,297)	\$ (101,681,588)	\$ (108,558,884)	\$ (114,989,615)	\$ (124,802,031)	\$ (124,739,507)	\$ (136,817,406)
Business-type activities.....	76,105	-	-	-	-	-	-	-	-	-
Total primary government net (expense)/program revenue.....	<u>\$ (80,932,510)</u>	<u>\$ (73,533,647)</u>	<u>\$ (90,137,683)</u>	<u>\$ (95,992,297)</u>	<u>\$ (101,681,588)</u>	<u>\$ (108,558,884)</u>	<u>\$ (114,989,615)</u>	<u>\$ (124,802,031)</u>	<u>\$ (124,739,507)</u>	<u>\$ (136,817,406)</u>

(Continued)

Town of Burlington, Massachusetts

Changes in Net Position

Last Ten Years

	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 81,198,186	\$ 83,728,004	\$ 87,525,940	\$ 91,085,231	\$ 94,505,632	\$ 97,533,719	\$ 102,423,648	\$ 107,849,572	\$ 112,160,859	\$ 116,718,062
Tax liens.....	210,130	559,358	371,618	567,733	281,302	265,140	170,429	339,317	171,838	144,224
Motor vehicle excise taxes.....	3,166,382	3,139,309	3,468,964	3,554,381	3,636,722	4,569,562	4,371,621	4,701,101	4,580,117	4,405,948
Hotel, motel and meals taxes.....	1,871,735	3,349,317	3,636,393	3,657,526	4,255,813	4,553,039	4,406,850	4,653,341	5,719,911	4,650,523
Penalties and interest on taxes.....	334,113	338,128	383,922	291,353	255,365	502,940	462,059	415,121	229,796	275,962
Payment in lieu of taxes.....	521,092	520,000	520,347	520,000	521,090	521,088	521,086	521,085	521,079	
Grants and contributions not restricted to										
specific programs.....	2,331,313	2,328,361	2,366,346	2,389,509	2,446,724	2,448,330	2,626,949	2,755,822	2,849,798	2,838,807
Unrestricted investment income.....	239,593	199,527	335,618	273,217	236,962	746,779	687,963	756,072	2,121,185	1,983,128
Gain of sale of capital assets.....	605,316	-	521,600	-	-	-	-	-	-	-
Miscellaneous.....	1,343,728	185,058	202,500	181,101	264,849	252,221	311,448	272,599	291,774	240,832
Transfers.....	1,204,572	-	-	-	-	-	-	-	-	-
Total governmental activities.....	<u>93,026,160</u>	<u>94,347,062</u>	<u>99,333,248</u>	<u>102,520,051</u>	<u>106,404,459</u>	<u>111,392,820</u>	<u>115,982,055</u>	<u>122,264,031</u>	<u>128,646,363</u>	<u>131,778,565</u>
Business-type activities:										
Transfers.....	<u>(1,204,572)</u>	-	-	-	-	-	-	-	-	-
Total primary government general revenues and other changes in net position.....	<u>\$ 91,821,588</u>	<u>\$ 94,347,062</u>	<u>\$ 99,333,248</u>	<u>\$ 102,520,051</u>	<u>\$ 106,404,459</u>	<u>\$ 111,392,820</u>	<u>\$ 115,982,055</u>	<u>\$ 122,264,031</u>	<u>\$ 128,646,363</u>	<u>\$ 131,778,565</u>
Changes in Net Position										
Governmental activities.....	\$ 12,017,545	\$ 20,813,415	\$ 9,195,565	\$ 6,527,754	\$ 4,722,871	\$ 2,833,936	\$ 992,440	\$ (2,538,000)	\$ 3,906,856	\$ (5,038,841)
Business-type activities.....	<u>(1,128,467)</u>	-	-	-	-	-	-	-	-	-
Total primary government changes in net position.....	<u>\$ 10,889,078</u>	<u>\$ 20,813,415</u>	<u>\$ 9,195,565</u>	<u>\$ 6,527,754</u>	<u>\$ 4,722,871</u>	<u>\$ 2,833,936</u>	<u>\$ 992,440</u>	<u>\$ (2,538,000)</u>	<u>\$ 3,906,856</u>	<u>\$ (5,038,841)</u>

The Town discontinued business-type operations in 2011.

The Town implemented GASB 68 and recorded their Net Pension Liability for the first time in 2015.

The Town implemented GASB 75 and recorded their OPEB Liability for the first time in 2018.

Town of Burlington, Massachusetts

Fund Balances, Governmental Funds

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Committed.....	\$ 1,197,206	\$ 2,445,246	\$ 2,635,593	\$ 1,705,171	\$ 2,692,084	\$ 2,642,772	\$ 3,273,982	\$ 2,433,344	\$ 2,497,653	\$ 2,581,608
Assigned.....	3,002,537	3,892,016	5,238,888	7,624,521	6,861,393	8,017,447	8,113,732	9,851,474	9,168,060	9,265,422
Unassigned.....	16,235,802	18,150,496	21,765,606	25,037,238	24,057,614	27,962,793	28,594,939	29,426,744	33,969,523	35,643,414
Total general fund.....	\$ 20,435,545	\$ 24,487,758	\$ 29,640,087	\$ 34,366,930	\$ 33,611,091	\$ 38,623,012	\$ 39,982,653	\$ 41,711,562	\$ 45,635,236	\$ 47,490,444
All Other Governmental Funds										
Nonspendable.....	\$ 413,880	\$ 488,630	\$ 482,459	\$ 570,480	\$ 561,251	\$ 588,055	\$ 622,860	\$ 678,191	\$ 715,465	\$ 720,469
Restricted.....	6,982,974	8,772,669	5,679,557	3,303,818	7,734,094	9,707,085	7,528,523	15,900,480	15,428,204	22,726,981
Unassigned.....	(260,739)	(281,552)	(1,624,076)	(7,485,398)	-	-	(199,165)	(25,941)	-	-
Total all other governmental funds.....	\$ 7,136,115	\$ 8,979,747	\$ 4,537,940	\$ (3,611,100)	\$ 8,295,345	\$ 10,295,140	\$ 7,952,218	\$ 16,552,730	\$ 16,143,669	\$ 23,447,450

Town of Burlington, Massachusetts

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 81,079,532	\$ 83,917,539	\$ 87,511,573	\$ 91,419,009	\$ 94,364,342	\$ 97,422,787	\$ 102,441,907	\$ 108,152,059	\$ 112,529,600	\$ 116,374,473
Tax liens.....	213,009	249,692	281,902	218,654	173,535	597,682	302,047	269,043	154,966	157,619
Motor vehicle excise taxes.....	3,026,761	3,123,877	3,525,991	3,612,156	3,654,777	4,445,017	4,300,023	4,676,730	4,728,466	4,235,974
Hotel, motel and meals taxes.....	1,871,735	3,349,317	3,636,393	3,657,526	4,255,813	4,553,039	4,406,850	4,653,341	5,719,911	4,650,523
Ambulance.....	475,101	618,487	743,470	659,605	691,362	854,582	883,701	861,949	860,094	723,975
Water and sewer charges.....	9,310,898	8,878,775	9,240,758	10,007,241	10,164,519	9,857,220	9,951,388	9,536,910	9,837,388	9,496,118
Penalties and interest on taxes.....	334,113	338,128	383,922	291,353	255,365	502,940	462,059	415,121	229,796	275,962
Fees and rentals.....	441,306	430,100	342,461	453,264	504,411	599,641	427,463	442,342	457,792	432,300
Payment in lieu of taxes.....	521,092	520,000	520,347	520,000	521,090	521,088	521,086	521,085	521,079	-
Licenses and permits.....	1,411,288	1,293,115	2,046,545	2,772,859	2,878,533	3,100,402	3,028,400	3,330,137	3,030,530	1,862,128
Intergovernmental.....	29,101,027	39,567,666	30,078,008	24,583,703	18,719,275	21,580,606	25,363,096	28,419,651	28,451,009	30,310,166
Intergovernmental - COVID-19 relief.....	-	-	-	-	-	-	-	-	-	218,498
Departmental and other.....	5,322,845	6,815,023	5,535,692	6,044,841	6,427,038	6,685,738	6,849,455	7,144,815	7,594,628	6,634,806
Contributions.....	15,709	46,174	26,489	1,501,903	1,002,596	38,742	38,548	57,261	54,453	61,681
Investment income.....	233,569	196,172	330,339	267,563	230,164	561,453	503,844	519,746	1,520,258	1,282,918
Miscellaneous.....	874,808	271,503	255,126	228,519	502,723	474,277	387,817	941,300	601,308	402,777
Total Revenue.....	134,232,793	149,615,568	144,459,016	146,238,196	144,345,543	151,795,216	159,867,686	169,941,491	176,291,284	177,640,997
Expenditures:										
General government.....	5,692,875	5,893,759	6,394,853	6,511,826	7,802,938	5,804,651	5,970,596	6,658,485	7,121,559	6,270,817
Public safety.....	13,347,165	12,833,413	13,488,718	13,733,599	14,870,137	14,721,094	15,386,842	16,412,994	17,025,854	18,206,764
Education.....	49,475,780	51,719,838	53,328,943	58,699,538	57,398,922	60,331,384	65,110,130	70,225,351	70,565,581	70,560,012
Public works.....	5,986,086	5,627,985	6,342,475	6,568,070	11,487,236	11,196,412	8,215,506	8,707,745	8,685,126	8,309,022
Water and sewer.....	3,205,804	3,719,362	3,754,705	3,200,730	3,528,114	2,617,549	3,391,154	9,000,519	9,489,639	9,500,068
MWRA assessment.....	4,468,551	4,744,850	4,745,864	4,865,690	4,962,214	4,930,668	5,101,417	-	-	-
Human services.....	1,439,541	1,491,404	1,504,393	1,503,817	1,582,618	1,746,801	1,799,828	1,769,455	1,859,551	1,886,593
Culture and recreation.....	3,450,315	3,536,753	3,864,371	3,797,414	3,625,733	3,887,724	4,138,289	4,163,638	4,253,069	4,112,297
COVID-19.....	-	-	-	-	-	-	-	-	-	218,498
Pension benefits.....	16,495,297	17,333,291	18,235,052	18,916,521	12,701,305	15,818,297	19,897,267	20,780,933	21,589,623	25,080,321
Employee benefits and insurance.....	10,277,959	12,168,672	12,080,516	11,850,607	12,461,960	12,823,927	13,472,865	14,079,015	14,875,813	15,545,830
State and county charges.....	578,764	587,147	601,693	624,546	639,045	669,535	704,531	697,443	765,795	947,862
Capital outlay.....	25,856,866	32,941,925	16,789,218	13,344,606	5,488,898	7,630,493	12,140,365	14,318,811	11,484,236	18,707,985
Debt service:										
Principal.....	2,790,482	3,165,380	3,801,490	4,099,923	3,686,506	3,629,243	3,937,840	3,849,542	3,544,357	3,560,487
Interest.....	1,284,304	1,642,702	1,801,458	2,043,937	1,759,278	1,826,655	1,864,794	1,808,139	1,947,435	2,225,894
Payment to bond escrow agent.....	-	-	-	-	793,918	-	-	-	-	-
Total Expenditures.....	144,349,789	157,406,481	146,733,749	149,760,824	142,788,822	147,634,433	161,131,424	172,472,070	173,207,638	185,132,450
Excess of revenues over (under) expenditures.....	(10,116,996)	(7,790,913)	(2,274,733)	(3,522,628)	1,556,721	4,160,783	(1,263,738)	(2,530,579)	3,083,646	(7,491,453)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	14,801,675	13,145,125	1,242,000	-	7,712,000	1,735,200	224,750	12,860,000	277,500	15,644,975
Issuance of debt refunding.....	-	-	-	-	-	2,058,000	-	-	-	5,265,025
Premium from issuance of refunding bonds.....	-	-	-	-	-	313,910	-	-	-	848,140
Payments to refunded bond escrow agents.....	-	-	-	-	-	(2,347,806)	-	-	-	(6,113,165)
Premium from issuance of bonds.....	567,177	541,633	374,786	100,431	81,885	1,091,629	55,707	-	153,467	1,005,467
Sale of capital assets.....	-	-	521,600	-	-	-	-	-	-	-
Capital lease financing.....	-	-	846,869	-	1,800,000	-	-	-	-	-
Transfers in.....	1,139,655	1,641,477	1,507,562	375,443	4,829,186	2,397,772	4,205,304	3,110,751	4,949,029	3,601,298
Transfers out.....	(1,133,025)	(1,641,477)	(1,507,562)	(375,443)	(4,829,186)	(2,397,772)	(4,205,304)	(3,110,751)	(4,949,029)	(3,601,298)
Total other financing sources (uses).....	15,375,482	13,686,758	2,985,255	100,431	9,593,885	2,850,933	280,457	12,860,000	430,967	16,650,442
Net change in fund balance.....	\$ 5,258,486	\$ 5,895,845	\$ 710,522	\$ (3,422,197)	\$ 11,150,606	\$ 7,011,716	\$ (983,281)	\$ 10,329,421	\$ 3,514,613	\$ 9,158,989
Debt service as a percentage of noncapital expenditures....	3.44%	3.86%	4.31%	4.50%	3.97%	3.90%	3.89%	3.58%	3.40%	3.48%

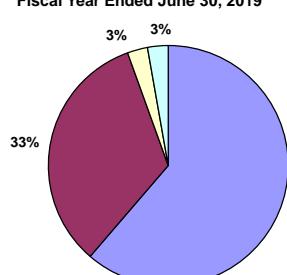
Town of Burlington, Massachusetts

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

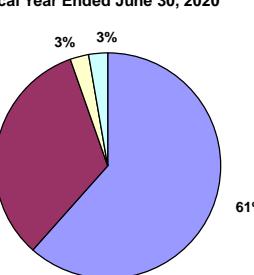
Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Direct Tax Rate	Total Town Value
2011	\$2,880,926,535	\$11.50	\$1,276,438,427	\$173,181,200	\$138,221,020	\$1,587,840,647	\$30.80	35.5%	\$18.36	\$4,468,767,182
2012	\$2,948,417,550	\$11.55	\$1,340,593,248	\$178,475,200	\$131,561,270	\$1,650,629,718	\$30.95	35.9%	\$18.51	\$4,599,047,268
2013	\$2,981,261,150	\$11.85	\$1,366,644,948	\$177,084,100	\$138,298,620	\$1,682,027,668	\$31.70	36.1%	\$19.01	\$4,663,288,818
2014	\$3,040,672,350	\$12.00	\$1,405,152,603	\$171,648,200	\$149,821,880	\$1,726,622,683	\$32.24	36.2%	\$19.33	\$4,767,295,033
2015	\$3,318,511,275	\$11.35	\$1,641,350,579	\$177,610,700	\$152,236,170	\$1,971,197,449	\$29.40	37.3%	\$18.08	\$5,289,708,724
2016	\$3,396,245,775	\$11.46	\$1,805,825,709	\$171,725,500	\$161,002,910	\$2,138,554,119	\$28.28	38.6%	\$17.96	\$5,534,799,894
2017	\$3,604,357,624	\$11.06	\$1,899,398,165	\$177,095,736	\$165,475,930	\$2,241,969,831	\$28.10	38.3%	\$17.59	\$5,846,327,455
2018	\$3,841,090,234	\$10.62	\$2,046,022,312	\$176,191,636	\$177,237,860	\$2,399,451,808	\$27.56	38.4%	\$17.13	\$6,240,542,042
2019	\$4,054,482,144	\$10.48	\$2,191,892,348	\$180,360,290	\$186,055,290	\$2,558,307,928	\$27.22	38.7%	\$16.96	\$6,612,790,072
2020	\$4,583,885,284	\$9.64	\$2,458,773,262	\$199,684,672	\$203,853,020	\$2,862,310,954	\$25.54	38.4%	\$15.75	\$7,446,196,238

Total Assessed Value by Classification
Fiscal Year Ended June 30, 2019

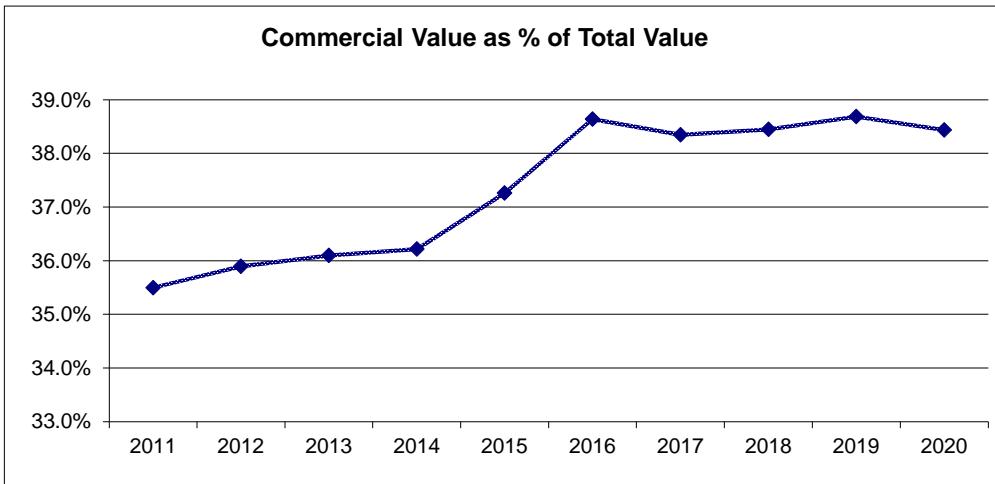


Residential	Commercial	Industrial	Personal Property
61%	33%	3%	3%

Total Assessed Value by Classification
Fiscal Year Ended June 30, 2020



Residential	Commercial	Industrial	Personal Property
61%	33%	3%	3%



Source: Assessor's Department, Town of Burlington

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value.

The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Town of Burlington, Massachusetts

Principal Taxpayers

Current Year and Nine Years Ago

Name	Nature of Business	2020		Percentage of Total Taxable Assessed Value	2011		Percentage of Total Taxable Assessed Value
		Assessed Valuation	Rank		Assessed Valuation	Rank	
Bellwether Prop. Of Mass	Office Building	\$ 251,177,600	1	4.3%		-	
Network Drive Owner LLC	Office Building	\$ 211,401,900	2	3.6%		-	
Neep Investors Holdings LLC	Office Building	\$ 191,810,500	3	3.3%	\$ 95,983,800	3	2.1%
Wayside Commons Invest.	Office Building	\$ 80,064,000	4	1.4%	\$ 55,889,900	6	1.2%
Oracle USA Inc.	Computer Network Systems	\$ 72,274,100	5	1.2%		-	
Burlington Mall	Office Building/Retail	\$ 68,632,600	6	1.2%	\$ 168,810,800	1	3.7%
Gutierrez Arturo	Office Building/Retail	\$ 62,058,600	7	1.1%	\$ 48,609,500	7	1.1%
CH Rity VII-PHG H Bos Burl LLC	Office Building	\$ 59,603,400	8	1.0%		-	
Piedmont 5 and 15 Wayside LLC	Office Building	\$ 55,296,200	9	0.9%		-	
Piedmont 25 Mall Road LLC	Office Building	\$ 54,554,500	10	0.9%		-	
Nordblom	Office Building	-			\$ 89,722,600	4	1.9%
Netview Investment	Investment	-			\$ 103,320,900	2	2.2%
E&A Northeast LP	Office Building	-			\$ 47,924,600	8	1.0%
Gutierrez/Auburn-Oxford	Office/Real Estate Development	-			\$ 68,601,000	5	1.5%
MEPT Burling LLC	Office Building	-			\$ 32,512,200	9	0.7%
Ma 25 Mall Office LLC	Office Building	-			\$ 28,420,000	10	0.6%
Totals		\$1,106,873,400		18.9%	\$739,795,300		16.0%

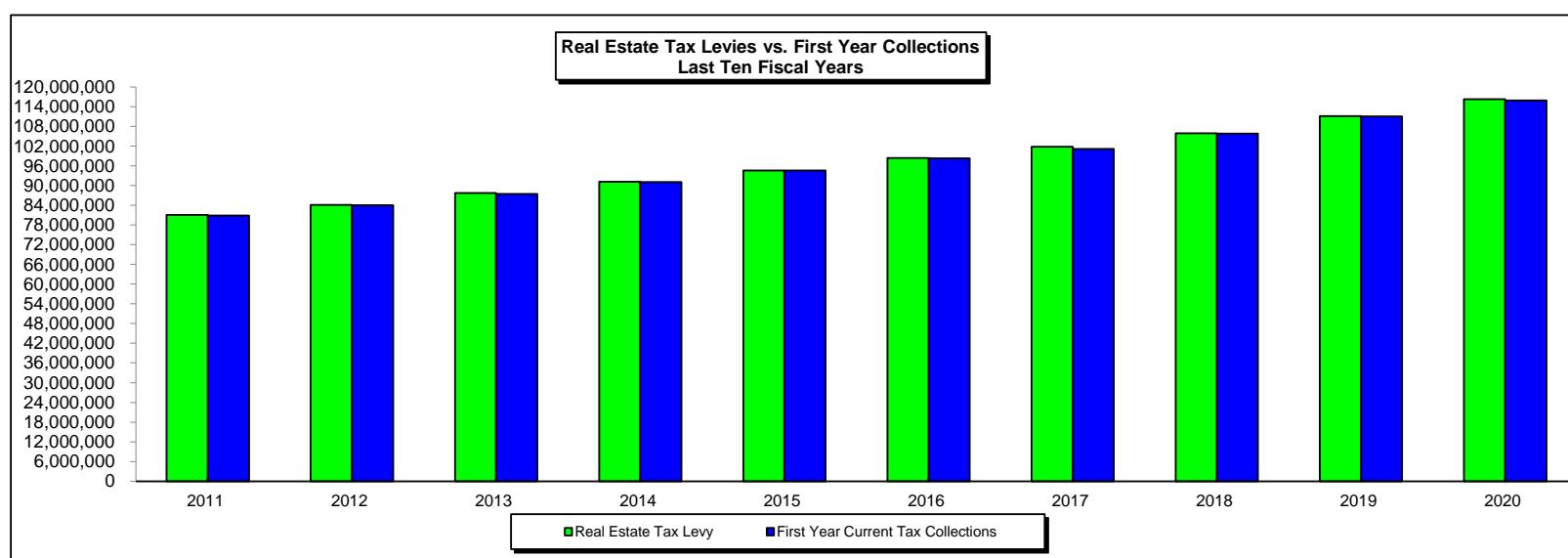
Source: Town of Burlington, Assessor Department

Town of Burlington, Massachusetts

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Less Allowance for Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2011	\$82,036,147	\$ 933,064	\$81,103,083	98.86%	\$80,860,884	99.70%	\$ 427,237	\$81,288,121	100.23%
2012	\$85,136,212	\$ 1,001,805	\$84,134,407	98.82%	\$84,009,338	99.85%	\$ 404,439	\$84,413,777	100.33%
2013	\$88,648,222	\$ 950,000	\$87,698,222	98.93%	\$87,445,667	99.71%	\$ 428,419	\$87,874,086	100.20%
2014	\$92,154,384	\$ 1,020,328	\$91,134,056	98.89%	\$91,020,060	99.87%	\$ 462,247	\$91,482,307	100.38%
2015	\$95,618,308	\$ 1,000,000	\$94,618,308	98.95%	\$94,591,684	99.97%	\$ 370,640	\$94,962,324	100.36%
2016	\$99,399,287	\$ 1,000,000	\$98,399,287	98.99%	\$98,252,845	99.85%	\$ 593,764	\$98,846,609	100.45%
2017	\$102,863,547	\$ 1,000,000	\$101,863,547	99.03%	\$101,149,845	99.30%	\$ 515,612	\$101,665,457	99.81%
2018	\$106,921,270	\$ 1,000,000	\$105,921,270	99.06%	\$105,840,850	99.92%	\$ 370,485	\$106,211,335	100.27%
2019	\$112,128,115	\$ 1,000,000	\$111,128,115	99.11%	\$111,009,120	99.89%	\$ 419,182	\$111,428,302	100.27%
2020	\$117,292,076	\$ 1,000,000	\$116,292,076	99.15%	\$115,936,752	99.69%	\$ -	\$115,936,752	99.69%



The allowance for abatements and exemptions is the tax year estimate of potential reductions of taxes. If the estimate is lower than actual then the percent of tax collections compared to the net levy can exceed 100%.

Town of Burlington, Massachusetts

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	Population Estimates	Personal Income	Assessed Value	Governmental Bonded Debt			
				General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2011	24,985	\$878,422,630	\$4,468,767,182	\$46,769,231	\$1,872	5.32%	1.05%
2012	24,708	\$851,635,344	\$4,599,047,268	\$56,748,976	\$2,297	6.66%	1.23%
2013	25,008	\$870,103,344	\$4,663,288,818	\$54,189,486	\$2,167	6.23%	1.16%
2014	25,176	\$902,383,368	\$4,767,295,033	\$50,089,563	\$1,990	5.55%	1.05%
2015	25,190	\$867,266,510	\$5,289,708,724	\$54,018,579	\$2,144	6.23%	1.02%
2016	25,463	\$1,003,445,904	\$5,534,799,894	\$53,237,622	\$2,091	5.31%	0.96%
2017	25,128	\$1,025,121,888	\$5,846,327,455	\$49,384,257	\$1,965	4.64%	0.81%
2018	25,392	\$1,109,005,000	\$6,240,542,042	\$58,162,294	\$2,291	3.94%	0.70%
2019	25,634	\$1,183,153,804	\$6,612,790,072	\$54,677,700	\$2,133	4.33%	0.78%
2020	26,143	\$1,272,196,809	\$7,446,196,238	\$67,727,975	\$2,591	5.08%	0.87%

Year	Total Governmental Activity			
	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income
2011	\$ 900,000	\$47,669,231	\$1,872	5.43%
2012	\$ 586,500	\$57,335,476	\$2,297	6.73%
2013	\$ 921,476	\$55,110,962	\$2,167	6.33%
2014	\$ 319,863	\$50,409,426	\$1,990	5.59%
2015	\$ 1,465,481	\$55,484,060	\$2,144	6.40%
2016	\$ 1,117,689	\$54,355,311	\$2,091	5.42%
2017	\$ 850,149	\$50,234,406	\$1,965	4.72%
2018	\$ 574,839	\$58,737,133	\$2,291	3.99%
2019	\$ 291,533	\$54,969,233	\$2,133	4.36%
2020	\$ -	\$67,727,975	\$2,591	5.11%

Source: Audited Financial Statements, U. S. Census

Town of Burlington, Massachusetts

Direct and Overlapping Governmental Activities Debt

As of June 30, 2020

<u>Town of Burlington, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Shawsheen Valley Technical Vocational School.....	\$ 4,640,000	8.38%	\$ 388,832
MWRA.....	3,227,492,000	1.21%	<u>39,181,753</u>
Subtotal, overlapping debt.....			
			<u>39,570,585</u>
Direct debt:			
General Governmental Debt.....			<u>67,727,975</u>
Total direct and overlapping debt.....			\$ 107,298,560

Source: Town of Burlington, Finance Department and related organizations.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Town of Burlington, Massachusetts

Computation of Legal Debt Margin

Last Ten Years

	Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Equalized Valuation.....	\$ 4,963,154,800	\$ 4,948,189,000	\$ 4,948,189,000	\$ 5,185,943,200	\$ 5,185,943,200	\$ 6,191,239,400	\$ 6,191,239,400	\$ 7,011,898,700	\$ 7,011,898,700	\$ 8,100,649,200
Debt Limit -5% of Equalized Valuation.....	\$ 248,157,740	\$ 247,409,450	\$ 247,409,450	\$ 259,297,160	\$ 259,297,160	\$ 309,561,970	\$ 309,561,970	\$ 350,594,935	\$ 350,594,935	\$ 405,032,460
Less:										
Outstanding debt applicable to limit.....	\$ 16,777,475	\$ 26,269,865	\$ 38,037,305	\$ 35,290,745	\$ 32,150,185	\$ 36,847,825	\$ 34,528,310	\$ 32,073,395	\$ 42,771,380	\$ 55,681,540
Authorized and unissued debt.....	\$ 60,675,442	\$ 39,697,256	\$ 23,595,526	\$ 29,631,288	\$ 15,926,977	\$ 17,311,800	\$ 15,230	\$ 23,295,000	\$ 25,515,000	\$ 6,635,000
Legal debt margin.....	<u>\$ 170,704,823</u>	<u>\$ 181,442,329</u>	<u>\$ 185,776,619</u>	<u>\$ 194,375,127</u>	<u>\$ 211,219,998</u>	<u>\$ 255,402,345</u>	<u>\$ 275,018,430</u>	<u>\$ 295,226,540</u>	<u>\$ 282,308,555</u>	<u>\$ 342,715,920</u>
Total debt applicable to the limit as a percentage of debt limit.....	31.21%	26.66%	24.91%	25.04%	18.54%	17.50%	11.16%	15.79%	19.48%	15.39%

Source: Town of Burlington, Treasurer's Department

Town of Burlington, Massachusetts

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	24,985	\$ 878,422,630	\$ 35,158	42.0	3,652	5.9%
2012	24,708	\$ 851,635,344	\$ 34,468	42.0	3,626	5.0%
2013	25,008	\$ 870,103,344	\$ 34,793	42.0	3,606	4.8%
2014	25,176	\$ 902,383,368	\$ 35,843	42.0	3,579	4.9%
2015	25,190	\$ 867,266,510	\$ 34,429	42.0	3,799	3.8%
2016	25,463	\$ 1,003,445,904	\$ 39,408	42.0	3,508	3.4%
2017	25,128	\$ 1,025,121,888	\$ 40,796	47.0	3,521	3.5%
2018	25,392	\$ 1,109,005,000	\$ 43,154	47.0	3,520	2.9%
2019	25,634	\$ 1,183,153,804	\$ 45,962	47.0	3,533	2.3%
2020	26,143	\$ 1,272,196,809	\$ 48,663	47.0	3,509	13.3%

The 2020 unemployment rate increase is due to Covid-19.

Source: U. S. Census, Division of Local Services

Median age is based on most recent census data

MA Department of Elementary and Secondary Education

School and Town Clerk Departments, Town of Burlington

MA Office of Workforce Development

Information came from Burlington Town Report.

Town of Burlington, Massachusetts

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	2020			Percentage of Total Town Employment	2011			Percentage of Total Town Employment
		Employees	Rank	Employees		Employees	Rank		
Lahey Clinic	Hospital	5,040	1		33%	4,500	1		35%
Oracle/Sun*	Computer Network Systems	3,000	2		19%	2,300	2		18%
Siemens-Nixdorf	Information Technology & Electronics	1,000	3		6%	1,000	3		8%
Avid Tech	Software Systems (Video)	800	4		5%	800	4		6%
Burlington Mall	Retail	750	5		5%	750	5		6%
Keurig Green Mountain	Retail	750	6		5%	-			-
Wegmans	Retail	630	7		4%	-			-
Nuance Systems	Software/Communications	525	8		3%	420	6		3%
ONE Communications	Telecom	420	9		3%	450	7		4%
MilliporeSigma	Life Sciences	400	10		3%	-			-
Federal Aviation Admin.	Government	-			-	385	8		3%
SAP Systems	Software Systems	-			-	350	9		3%
I Basis	Research & Development	-			-	300	10		2%
Total		13,315			86%	11,255			88%

Source: Massachusetts Workplace Development

Town of Burlington, Massachusetts

Full-time Equivalent Town Employees by Function

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
General government.....	38	38	42	43	43	43	43	43	43	43
Public Safety.....	144	144	144	144	146	147	152	157	160	160
Education.....	527	512	544	564	570	576	578	594	598	600
Public works.....	61	58	58	58	61	64	64	64	64	64
Human services.....	20	20	20	20	20	20	20	21	21	21
Culture and recreation.....	29	29	29	29	26	31	32	32	32	32
Total	819	801	837	858	866	879	888	909	918	920

Source: Town personnel records and various Town departments.

Town of Burlington, Massachusetts

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Population.....	24,985	24,708	25,008	25,176	25,190	25,463	25,128	25,392	25,634	26,143
Registered Voters, Annual Town Election.....	14,835	15,160	15,652	15,230	15,065	15,776	16,196	16,022	16,240	16,566
Town Clerk										
Births.....	305	305	282	296	252	201	278	288	282	280
Marriages.....	126	119	125	106	130	103	115	145	119	161
Deaths.....	840	848	875	907	1,040	776	1,023	1,039	1,000	705
Dogs licensed.....	2,097	2,182	2,213	2,216	2,314	2,365	2,431	2,427	2,410	2,464
Police										
Documented calls for police services.....	22,950	26,820	31,524	30,305	21,186	27,629	28,971	27,756	28,333	33,494
Uniform crimes reported.....	768	818	605	573	489	592	586	544	526	473
Arrests.....	237	256	232	243	175	225	202	200	186	165
Traffic citations issued.....	2,746	3,367	4,258	3,974	3,176	4,332	6,033	3,426	4,588	1,742
Parking tickets issued.....										
False burglary alarms.....	1,871	1,749	1,622	1,636	1,365	1,558	1,625	1,624	1,486	1,395
Total number of animal complaints.....	381	368	389	454	325	411	395	410	437	406
Fire										
Inspections.....	766	762	783	789	763	774	728	961	729	738
Plan reviews.....	235	305	268	319	315	268	211	280	47	326
Permits/certificates issued.....	650	765	736	800	785	980	639	636	731	680
Emergency responses.....	6,327	6,477	6,394	6,650	6,662	7,436	7,581	7,450	7,597	7,203
Building Department										
Permits issued.....	3,185	3,176	3,454	3,492	2,726	3,632	5,174	3,242	4,173	3,269
Education										
Public school enrollment.....	3,652	3,626	3,606	3,579	3,499	3,508	3,521	3,520	3,533	3,509
Public Works										
Cemetery										
Lots sold.....	49	48	54	53	54	51	59	54	46	47
Interments.....	144	139	148	150	148	144	167	158	167	177
Recycling/tons.....	2,212	2,183	2,040	1,980	2,297	2,392	2,409	2,287	1,291	2,285
Human Services										
Board of Health										
Permits issued.....	746	660	617	462	294	430	335	334	382	381
Inspections.....	1,382	1,101	1,191	1,071	809	1,357	800	1,116	1,291	1,074
Volumes in collection.....	112,140	113,663	111,713	113,487	115,599	111,892	117,750	130,482	139,945	149,365
Circulation.....	374,225	363,747	331,618	311,460	285,019	277,987	276,372	249,475	312,623	201,272
Program attendance.....	7,443	10,878	9,233	9,214	9,010	9,578	11,123	10,761	11,576	8,703
Visits.....	182,089	177,578	163,047	162,113	150,292	148,694	153,331	149,561	149,872	99,361
Hours of operation.....	2,956	2,977	2,989	2,888	2,992	2,993	3,009	3,016	3,044	2,129
Youth & Family Services										
Misc resident clinical consultation hours.....	349	314	410	320	339	503	514	684	594	692
Recreation										
Participants.....	30,679	28,438	30,126	39,568	39,809	29,374	37,478	50,139	55,163	40,495

Source: Various Town Departments

Town of Burlington, Massachusetts

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government										
Number of Buildings.....	13	13	13	13	14	14	14	14	14	14
Police										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Police personnel and officers.....	73	73	73	73	75	75	76	77	78	79
Fire										
Number of Stations.....	2	2	2	2	2	2	2	2	2	2
Fire personnel and officers.....	65	65	65	65	65	66	70	74	74	74
Education										
Number of elementary schools.....	4	4	4	4	4	4	4	4	4	4
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	288	283	300	295	299	299	308	322	315	312
Number of students.....	3,652	3,626	3,606	3,579	3,799	3,508	3,521	3,520	3,533	3,509
Public Works										
Water mains (miles).....	149	149	149	149	149	149	149	149	149	149
Sanitary sewers (miles).....	121	121	121	121	121	121	121	121	121	121
Storm sewers (miles).....	117	117	117	117	117	117	117	117	117	117
Human Services										
Senior Center Facility.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Libraries.....	1	1	1	1	1	1	1	1	1	1
Conservation land (acreage).....	277	283	283	283	283	283	283	283	283	283

Source: Various Town Departments