

TOWN OF MARION, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2020

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 – 14
Basic Financial Statements	
Statement of Net Position	15
Statement of Activities	16 – 17
Governmental Funds – Balance Sheet	18
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	22
Proprietary Funds - Statement of Net Position	23
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position	24
Proprietary Funds – Statement of Cash Flows	25
Fiduciary Funds – Statement of Fiduciary Net Position	26
Fiduciary Funds – Statement of Changes in Fiduciary Net Position	27
Notes to Basic Financial Statements	28 – 73
Required Supplementary Information:	
Plymouth County Retirement Association Schedules:	
Schedule of Town’s Proportionate Share of the Net Pension Liability	74
Schedule of Town’s Contribution	75

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TABLE OF CONTENTS	<u>PAGE</u>
Massachusetts Teachers Retirement System Schedule:	
Schedule of the Commonwealth's Collective amounts of the Net Pension Liability	76
Other Postemployment Benefit Plan Schedules:	
Schedule of the Town's Net OPEB Liability and Related Ratios	77
Schedule of the Town's Contribution	78
Schedule of Investment Return	79
Notes to Required Supplementary Information	80 - 81

ROBERT E. BROWN II
CERTIFIED PUBLIC ACCOUNTANT
25 CEMETERY STREET – P.O. BOX 230
Mendon, Massachusetts 01756

Phone: (508) 478-3941

Fax: (508) 478-1779

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Marion, Massachusetts

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

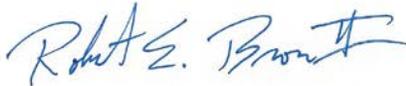
Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and Plymouth County Retirement Association schedules - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, Other Post-Employment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contribution, and investment return, and notes to required supplementary information on pages 3 - 14, 74 - 75, 76, 77 - 79 and 80 - 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountant

July 6, 2021

Management’s Discussion and Analysis

As management of the Town of Marion (the Town), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (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 can assess the financial condition of one government compared to others.

Financial Highlights

The combined total net position of the Town exceeded the combined total liabilities by \$37.67 million, an increase of \$2.34 million or 6.62% more than the combined net position for the previous fiscal year. A total of \$30.08 million or 79.85% of this sum represents the Town’s net investment in capital assets. A total of \$8.35 million or 22.17% is legally reserved or designated for specific future uses by the Town. A total of -\$0.76 million or -2.02% is unrestricted.

Total net position increased by \$2.34 million. Governmental activities’ net position increased by \$1.83 million, while net position for business-type activities increased by \$0.51 million.

Total revenue for the year for all funds was \$34.29 million - \$2.93 million or 9.34% more than the total revenue for the fiscal year ended June 30, 2019.

	Fiscal Year Ended June 30, 2020	%	Fiscal Year Ended June 30, 2019	%
	Total	Total	Total	Total
Property taxes	\$ 20,671,351	60.29%	\$ 18,322,313	58.43%
Motor vehicle & other excise	907,310	2.65%	833,840	2.66%
Penalties and interest	130,724	0.38%	140,297	0.45%
Charges for services	7,850,756	22.90%	7,508,851	23.94%
Operating grants and contributions	3,705,547	10.81%	2,909,081	9.28%
Nonrestricted grants and contributions	733,369	2.14%	806,452	2.57%
Bond premium	-	0.00%	543,897	1.73%
Unrestricted investment income	208,182	0.61%	294,624	0.94%
Other revenue	79,807	0.23%	-	-0.01%
Total revenues	<u>\$ 34,287,046</u>	<u>100.00%</u>	<u>\$ 31,359,355</u>	<u>100.00%</u>

Total expenses for the year for all funds was \$31.95 million - \$0.19 million or 0.61% more than the total expenditures for the fiscal year ended June 30, 2019.

	Fiscal Year Ended June 30, 2020		Fiscal Year Ended June 30, 2019	
		% Total		% Total
General government	\$ 3,017,103	9.44%	\$ 2,936,083	9.25%
Public safety	4,072,785	12.75%	3,869,023	12.18%
Education	11,988,090	37.52%	11,904,043	37.48%
Public works	1,935,593	6.06%	1,875,532	5.91%
Human services	576,130	1.80%	857,844	2.70%
Culture and recreation	622,080	1.95%	702,125	2.21%
Employee benefits	4,815,769	15.07%	4,143,376	13.05%
State and county assessments	82,454	0.26%	110,251	0.35%
Interest	89,134	0.28%	180,466	0.57%
Water Enterprise	1,592,647	4.99%	1,898,550	5.98%
Sewer Enterprise	3,156,055	9.88%	3,276,486	10.32%
	<u>\$ 31,947,840</u>	<u>100.00%</u>	<u>\$ 31,753,779</u>	<u>100.00%</u>

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Marion's basic financial statements. The Town of Marion's 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 short-term and long-term information about the Town. The fund financial statements focus on the individual parts of the Town government, reporting the operations in more detail than the government-wide statements. Both presentations (government-wide and fund financial statements) allow the user to address relevant questions, broaden the basis of comparison, and improve the Town's accountability.

Government-Wide Financial Statements

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

Statement of Net Position – Presents all of the government's assets and liabilities, with the difference being reported as "net position". The amount of net position is widely considered a good measure of the Town's financial health. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The reader should also consider other non-financial factors, such as the condition of the Town's infrastructure and changes in the property tax base, to assess the overall health of the Town.

Statement of Activities – Presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

In the government-wide statements, financial information is presented in two columns in order to summarize the Town's programs or activities. The types of activities presented are as follows:

Governmental Activities – Taxes and intergovernmental revenues primarily support the functions of the government and are reported in this section. Most of the Town's basic services are reported here including general government, public safety, education, public works, human services, culture and recreation, debt service, state and county assessments, and employee benefits.

Business-Type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Water and Sewer operations are considered business-type activities.

Fund Financial Statements

Traditional readers of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Marion, like most other local governments, uses a fund accounting system to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories:

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

Because the focus of governmental funds financial statements is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison will assist the reader in understanding the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains one (1) major governmental fund that is presented separately in the governmental funds financial statements. The remaining non-major funds are combined into a single, aggregated presentation.

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

Proprietary Funds – Provides services for which the Town charges customers a fee and operates similar to a commercial business. The proprietary funds financial statements provide the same type of information as in the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary funds financial statements use the full accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements and the proprietary funds financial statements.

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

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The Town's total net position as of June 30, 2020 were \$37.67 million, of which the governmental activities were \$19.91 million and the business-type activities were \$17.76 million.

The largest portion of the Town's net position (79.85%) reflects its investment in capital assets (land, land conservation, land improvements, construction and improvements, machinery and equipment, vehicles, infrastructure, and construction in progress); less any related debt used to acquire those assets, that remains outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It is important to note that other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

A modest amount of the Town's net position (22.17%) are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (-2.02%).

Total current assets within the governmental activities were \$17.31 million and included cash & investments of \$14.46 million and receivables net of allowances of \$2.84 million. Total current liabilities within the governmental activities were \$3.19 million and included accounts payable of \$1.96 million, other liabilities of \$0.56 million, bonds and notes payable of \$0.46 million, and compensated absences of \$0.16 million. Noncurrent liabilities within the governmental activities included \$8.46 million of net pension liability, \$9.40 million of postemployment benefits, \$2.71 million of general obligation bonds payable, \$0.66 million of compensated absences, and \$0.53 million for landfill postclosure care costs.

Total current assets within the business-type activities were \$11.08 million and included cash & investments of \$9.00 million and receivables net of allowances of \$2.08 million. Current liabilities within the business-type activities were \$9.04 million and included accounts payable of \$0.75 million, accrued interest payable of \$0.28 million, and bonds and notes payable of \$8.00 million. Noncurrent liabilities within the business-type activities included \$19.65 million of general obligation bonds payable, \$1.27 million of net pension liability, \$0.22 million of postemployment benefits, and \$0.14 million of compensated absences.

Town of Marion - Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Assets:						
Current assets	\$ 17,312,206	\$ 15,277,131	\$ 11,082,165	\$ 8,854,875	\$ 28,394,371	\$ 24,132,006
Noncurrent assets (excluding capital)	-	-	3,221,526	3,549,766	3,221,526	3,549,766
Capital assets	25,238,152	24,780,095	33,608,496	32,554,209	58,846,648	57,334,304
Total assets	42,550,358	40,057,226	47,912,187	44,958,850	90,462,545	85,016,076
Deferred Outflows of Resources:	3,823,456	3,082,776	236,203	333,973	4,059,659	3,416,749
Liabilities:						
Current liabilities (excluding debt)	2,726,494	2,314,376	1,046,543	726,103	3,773,037	3,040,479
Noncurrent liabilities (excluding debt)	19,050,629	17,520,642	1,626,043	1,720,109	20,676,672	19,240,751
Current debt	462,381	467,881	7,997,479	4,485,874	8,459,860	4,953,755
Noncurrent debt	2,706,926	3,169,306	19,652,610	21,041,784	22,359,536	24,211,090
Total liabilities	24,946,430	23,472,205	30,322,675	27,973,870	55,269,105	51,446,075
Deferred Inflows of Resources:	1,519,913	1,586,153	67,196	73,813	1,587,109	1,659,966
Net Position:						
Net investment in capital assets	22,097,980	21,172,043	7,978,876	9,579,584	30,076,856	30,751,627
Restricted	8,351,793	7,588,888	-	-	8,351,793	7,588,888
Unrestricted	(10,542,302)	(10,679,287)	9,779,643	7,665,556	(762,659)	(3,013,731)
Total net position	\$ 19,907,471	\$ 18,081,644	\$ 17,758,519	\$ 17,245,140	\$ 37,665,990	\$ 35,326,784

Governmental Activities

Governmental activities current assets increased by \$2,035,075 or 13.32% as compared with FY2019.

Governmental activities current liabilities increased by \$406,618 or 14.61%. Governmental activities noncurrent liabilities increased by \$1,067,607 or 5.16%.

Governmental activities total net position increased \$1,825,827 or 10.10% as compared with the prior year.

Business-type Activities

Business-type activities current assets increased by \$2,227,290 or 25.15% as compared with FY2019.

Business-type activities current liabilities increased by \$3,832,045 or 73.52%. Business-type noncurrent liabilities decreased by -\$1,483,240 or -6.52%.

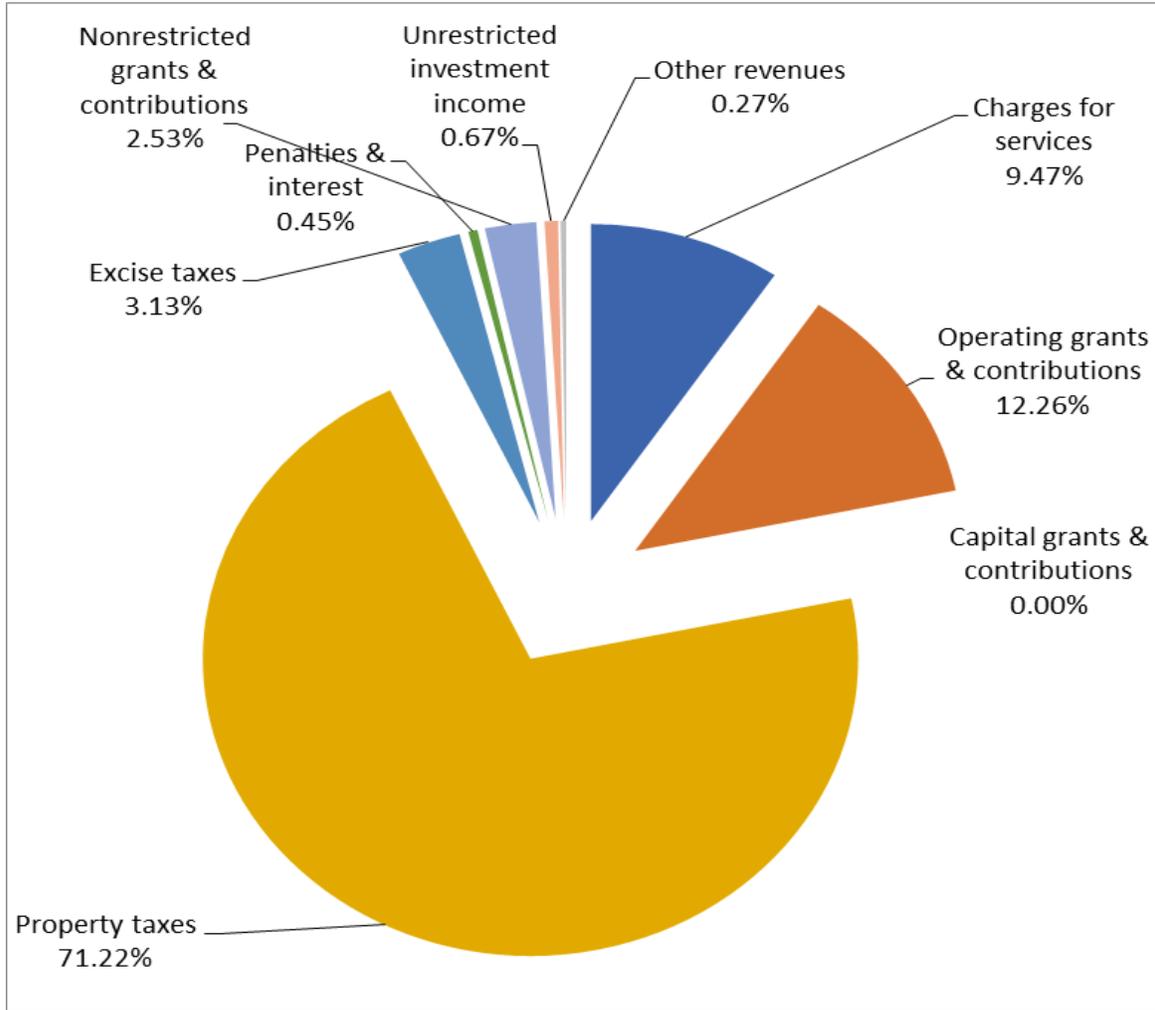
Business-type activities total net position increased by \$513,379 or 2.98% as compared with the prior year.

Governmental activities net position increased by \$1,825,827. Business-type activities net position increased by \$513,379. Presented below are the components that contributed to the change in net position, along with comparative data for the previous fiscal year:

Town of Marion - Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,748,766	\$ 2,465,750	\$ 5,101,990	\$ 5,043,101	\$ 7,850,756	\$ 7,508,851
Operating grants and contributions	3,560,144	2,757,436	145,403	151,645	3,705,547	2,909,081
<i>General Revenues:</i>						
Real Estate and personal property taxes	20,671,351	18,322,313	-	-	20,671,351	18,322,313
Motor vehicle and other excise taxes	907,310	833,840	-	-	907,310	833,840
Penalties and interest on taxes	130,724	140,297	-	-	130,724	140,297
Nonrestricted grants and contributions	733,369	806,452	-	-	733,369	806,452
Unrestricted investment income	193,494	273,243	14,688	21,381	208,182	294,624
Bond premium	-	201,978	-	341,919	-	543,897
Other revenues	79,807	-	-	-	79,807	-
Total Revenues	<u>29,024,965</u>	<u>25,801,309</u>	<u>5,262,081</u>	<u>5,558,046</u>	<u>34,287,046</u>	<u>31,359,355</u>
Expenses:						
General Government	3,017,103	2,936,083	-	-	3,017,103	2,936,083
Public Safety	4,072,785	3,869,023	-	-	4,072,785	3,869,023
Education	11,988,090	11,904,043	-	-	11,988,090	11,904,043
Public Works	1,935,593	1,875,532	-	-	1,935,593	1,875,532
Human Services	576,130	857,844	-	-	576,130	857,844
Culture and Recreation	622,080	702,125	-	-	622,080	702,125
Employee Benefits	4,815,769	4,143,376	-	-	4,815,769	4,143,376
State and County Assessments	82,454	110,251	-	-	82,454	110,251
Interest	89,134	180,466	-	-	89,134	180,466
Water	-	-	1,592,647	1,898,550	1,592,647	1,898,550
Sewer	-	-	3,156,055	3,276,486	3,156,055	3,276,486
Total Expenses	<u>27,199,138</u>	<u>26,578,743</u>	<u>4,748,702</u>	<u>5,175,036</u>	<u>31,947,840</u>	<u>31,753,779</u>
Change in Net Position	<u>1,825,827</u>	<u>(777,434)</u>	<u>513,379</u>	<u>383,010</u>	<u>2,339,206</u>	<u>(394,424)</u>
Net Position - beginning	<u>18,081,644</u>	<u>18,859,078</u>	<u>17,245,140</u>	<u>16,862,130</u>	<u>35,326,784</u>	<u>35,721,208</u>
Net Position - ending	<u>\$ 19,907,471</u>	<u>\$ 18,081,644</u>	<u>\$ 17,758,519</u>	<u>\$ 17,245,140</u>	<u>\$ 37,665,990</u>	<u>\$ 35,326,784</u>

Governmental Activities – FY2020 Revenues



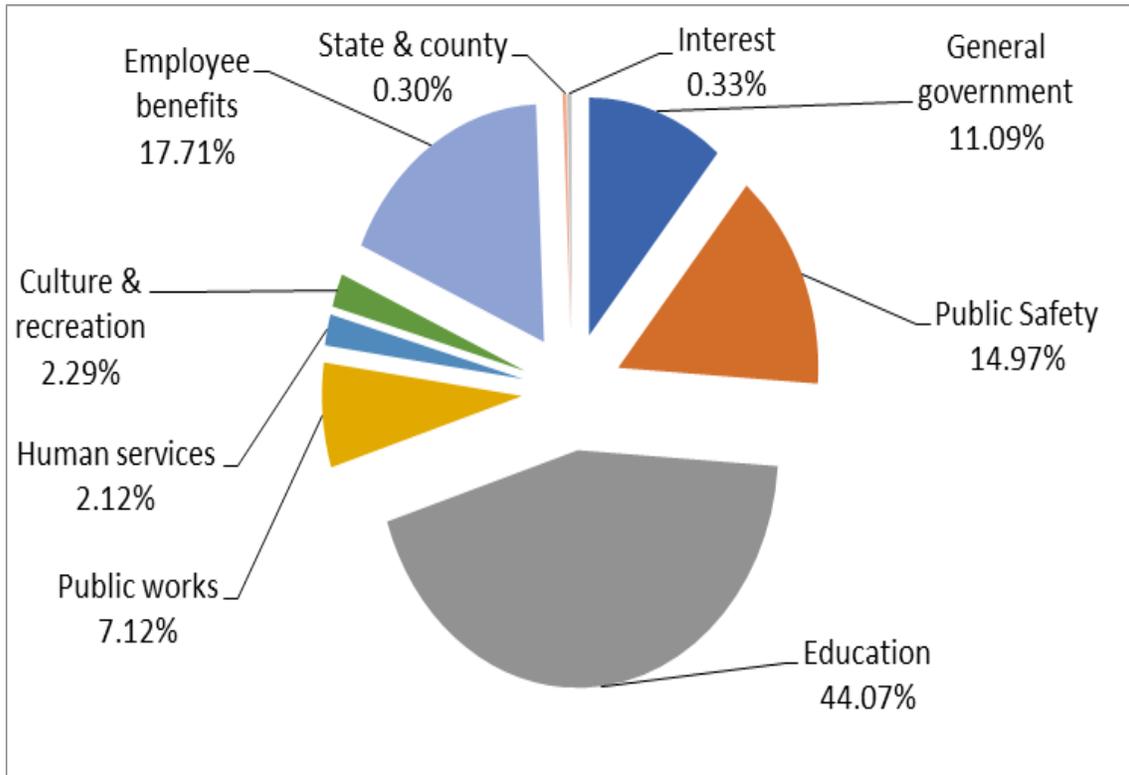
Revenues

Property taxes support over 71% of the Town's governmental activities.

Nearly 48% of the charges for services revenue was generated by general government, while public safety services represented 32%.

Over 47% of the operating grants apply to employee benefits, while nearly 33% apply to education.

Governmental Activities – FY2020 Expenses



Expenses

Education is by far the largest governmental activity of the Town. Over \$10.5 million of taxes and revenues was needed to cover the FY2020 operating expenses.

Employee Benefits and Public Safety represent the second and third largest activities of the Town. Approximately \$3.14 million and \$2.82 million respectively of taxes and revenues were needed to cover the FY2020 operating expenses.

Employee benefits costs are expected to continue to be a budgetary challenge for management.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$12.36 million, an increase of \$1,227,622 in comparison with the prior fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the fiscal year, unassigned fund balance was \$5,059,696, while total fund balance was \$9,373,924. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, the total net position was \$17.76 million; \$7.98 million of which relates to the Town's net investment in capital assets.

General Fund Budgetary Highlights

The original general fund budget total increased during the fiscal year by \$5,000, ending with a final budget of approximately \$26.33 million. Modest amounts were transferred to supplement public safety, public works, and human services. Funding for these increases was transferred, in part, from the general government budget.

Revenues exceeded budgetary amounts by \$838,138, primarily driven by departmental and motor vehicle excise. Expenditures were less than budgetary amounts by \$1,561,594. Most departments realized modest budget savings.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2020 amount to \$58,846,648 (net of accumulated depreciation). This investment includes land, land conservation, land improvements, construction and improvements, machinery and equipment, vehicles, infrastructure, and construction in progress. The total increase in the Town's investment for the fiscal year was \$1,512,344.

Major capital asset events during the fiscal year included: 1) \$0.79 million of Town House renovations; 2) \$0.30 million of water infrastructure improvements; 3) \$1.45 million of wastewater infrastructure improvements; and 4) \$0.23 million of wastewater equipment upgrades.

Capital Assets (Net of Accumulated Depreciation)

Primary government	FY 2020	FY 2019	Increase/ (Decrease)
Land	\$ 6,738,498	\$ 6,738,498	\$ -
Land Conservation	2,653,870	2,653,870	-
Land Improvements	40,275	58,579	(18,304)
Construction and Improvements	39,457,833	40,886,214	(1,428,381)
Machinery and equipment	623,473	684,980	(61,507)
Vehicles	1,447,968	1,247,131	200,837
Infrastructure	2,274,064	2,340,207	(66,143)
Construction in progress	5,610,667	2,724,825	2,885,842
Total Capital Assets	\$ 58,846,648	\$ 57,334,304	\$ 1,512,344

Debt

In July 2020 the Town's bond rating was upheld at "AAA" by Standard & Poors. The Town continues to maintain this strong rating.

At the end of the fiscal year the Town had a total bonded debt outstanding of \$23,756,293. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the government. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources. The Town did not issue any new debt during FY2020.

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2020	Outstanding June 30, 2019
General Obligation	\$ 2,110,000	\$ 2,358,000
School	988,500	1,201,300
Total Governmental Activities	\$ 3,098,500	\$ 3,559,300
Business-type Activities		
Water Improvements	\$ 5,696,400	\$ 6,204,600
Sewer Improvements	14,961,393	15,771,537
Total Business-type Activities	\$ 20,657,793	\$ 21,976,137

At the end of the fiscal year the Town’s loans authorized/unissued was approximately \$9.21 million, most of which relates to Water and Wastewater infrastructure projects.

Additional information on the Town’s debt service can be found in the *Notes to the Financial Statements* (Note 7 – Short-term financing and Note 8 – Long-term debt).

Economic Factors and Next Year’s Budget and Rates

The Town’s per capita income was \$55,795, compared with \$41,859 for the state. The unemployment rate for the Town was 6.90%, compared with state rate of 6.93%.

The average 2020 single family home in Marion was valued at \$629,992 with an average annual tax bill of \$7,371. Overall FY2020 property values increased 1.19% as compared with the prior year.

The Town has a balanced budget for FY2021 and anticipates challenges for fully funding FY2022 operations.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town of Marion’s finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Office of the Town Accountant, 2 Spring Street, Marion, MA 02739.

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 5,127,052	\$ 8,999,565	\$ 14,126,617
INVESTMENTS	9,335,355	-	9,335,355
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	1,063,532	-	1,063,532
TAX LIENS	505,704	-	505,704
MOTOR VEHICLE AND OTHER EXCISE TAXES	163,078	-	163,078
USER FEES	-	1,696,008	1,696,008
DEPARTMENTAL AND OTHER	76,359	-	76,359
INTERGOVERNMENTAL	1,031,349	25,703	1,057,052
SPECIAL ASSESSMENTS	-	360,889	360,889
DUE FROM OTHER FUNDS	9,777	-	9,777
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES: SPECIAL ASSESSMENTS	-	3,221,526	3,221,526
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	25,238,152	33,608,496	58,846,648
TOTAL ASSETS	42,550,358	47,912,187	90,462,545
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO POSTEMPLOYMENT BENEFITS	2,668,745	63,429	2,732,174
RELATED TO PENSIONS	1,154,711	172,774	1,327,485
TOTAL DEFERRED OUTFLOWS OF RESOURCED	3,823,456	236,203	4,059,659
LIABILITIES			
CURRENT:			
ACCOUNTS PAYABLE	1,955,239	745,943	2,701,182
OTHER LIABILITIES	558,170	-	558,170
ACCRUED INTEREST	30,103	280,933	311,036
BONDS AND NOTES PAYABLE	462,381	7,997,479	8,459,860
LANDFILL POSTCLOSURE CARE COSTS	25,000	-	25,000
COMPENSATED ABSENCES	157,982	19,667	177,649
NONCURRENT:			
BONDS AND NOTES PAYABLE	2,706,926	19,652,610	22,359,536
LANDFILL POSTCLOSURE CARE COSTS	525,000	-	525,000
POSTEMPLOYMENT BENEFITS	9,404,698	223,526	9,628,224
NET PENSION LIABILITY	8,457,535	1,265,461	9,722,996
COMPENSATED ABSENCES	663,396	137,056	800,452
TOTAL LIABILITIES	24,946,430	30,322,675	55,269,105
DEFERRED INFLOWS OF RESOURCES			
RELATED TO POSTEMPLOYMENT BENEFITS	1,273,038	30,257	1,303,295
RELATED TO PENSIONS	246,875	36,939	283,814
TOTAL DEFERRED INFLOWS OF RESOURCED	1,519,913	67,196	1,587,109
NET INVESTMENT IN CAPITAL ASSETS	22,097,980	7,978,876	30,076,856
RESTRICTED FOR:			
STREETS	1,006,479	-	1,006,479
PERMANENT FUNDS:			
EXPENDABLE	302,295	-	302,295
OTHER PURPOSES	7,043,019	-	7,043,019
UNRESTRICTED	(10,542,302)	9,779,643	(762,659)
TOTAL NET POSITION	\$ 19,907,471	\$ 17,758,519	\$ 37,665,990

See accompanying notes to the basic financial statements

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

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 3,017,103	\$ 1,306,216	\$ 84,094	\$ (1,626,793)
PUBLIC SAFETY	4,072,785	880,742	375,799	(2,816,244)
EDUCATION	11,988,090	321,858	1,161,632	(10,504,600)
PUBLIC WORKS	1,935,593	47,427	81,831	(1,806,335)
HUMAN SERVICES	576,130	73,174	164,563	(338,393)
CULTURE & RECREATION	622,080	119,349	14,377	(488,354)
EMPLOYEE BENEFITS	4,815,769	-	1,677,848	(3,137,921)
STATE & COUNTY ASSESSMENTS	82,454	-	-	(82,454)
INTEREST	89,134	-	-	(89,134)
TOTAL GOVERNMENTAL ACTIVITIES	27,199,138	2,748,766	3,560,144	(20,890,228)
BUSINESS-TYPE ACTIVITIES:				
WATER	1,592,647	2,255,078	-	662,431
SEWER	3,156,055	2,846,912	145,403	(163,740)
TOTAL BUSINESS-TYPE ACTIVITIES	4,748,702	5,101,990	145,403	498,691
TOTAL PRIMARY GOVERNMENT	\$ 31,947,840	\$ 7,850,756	\$ 3,705,547	\$ (20,391,537)

See accompanying notes to the basic financial statements

(continued)

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (20,890,228)	\$ 498,691	\$ (20,391,537)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	20,671,351	-	20,671,351
MOTOR VEHICLE AND OTHER EXCISE TAXES	907,310	-	907,310
PENALTIES AND INTEREST ON TAXES	130,724	-	130,724
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	733,369	-	733,369
UNRESTRICTED INVESTMENT INCOME	193,494	14,688	208,182
MISCELLANEOUS	79,807	-	79,807
TOTAL GENERAL REVENUES	<u>22,716,055</u>	<u>14,688</u>	<u>22,730,743</u>
CHANGE IN NET POSITION	1,825,827	513,379	2,339,206
NET POSITION:			
BEGINNING OF YEAR	<u>18,081,644</u>	<u>17,245,140</u>	<u>35,326,784</u>
END OF YEAR	<u>\$ 19,907,471</u>	<u>\$ 17,758,519</u>	<u>\$ 37,665,990</u>

See accompanying notes to the basic financial statements

(concluded)

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

ASSETS	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 3,200,713	\$ 1,926,339	\$ 5,127,052
INVESTMENTS	7,850,459	1,484,896	9,335,355
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	1,063,532	-	1,063,532
TAX LIENS	505,704	-	505,704
MOTOR VEHICLE AND OTHER EXCISE TAXES	163,078	-	163,078
DEPARTMENTAL AND OTHER	63,722	12,637	76,359
INTERGOVERNMENTAL	-	1,031,349	1,031,349
DUE FROM OTHER FUNDS	9,777	-	9,777
TOTAL ASSETS	\$ 12,856,985	\$ 4,455,221	\$ 17,312,206
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,502,996	\$ 452,243	\$ 1,955,239
OTHER LIABILITIES	558,170	-	558,170
TOTAL LIABILITIES	2,061,166	452,243	2,513,409
DEFERRED INFLOWS OF RESOURCES:			
UNAVAILABLE REVENUE	1,421,895	1,019,116	2,441,011
FUND BALANCES:			
RESTRICTED	27,381	3,028,965	3,056,346
COMMITTED	1,346,662	-	1,346,662
ASSIGNED	2,940,185	-	2,940,185
UNASSIGNED	5,059,696	(45,103)	5,014,593
TOTAL FUND BALANCES	9,373,924	2,983,862	12,357,786
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 12,856,985	\$ 4,455,221	\$ 17,312,206

See accompanying notes to the basic financial statements

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

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES:</u>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 20,288,440	\$ -	\$ 20,288,440
MOTOR VEHICLE EXCISE TAXES	809,946	-	809,946
PENALTIES AND INTEREST ON TAXES	130,723	-	130,723
INTERGOVERNMENTAL	2,856,422	821,866	3,678,288
CHARGES FOR SERVICES	416,867	713,418	1,130,285
INVESTMENT INCOME	193,409	45,909	239,318
CONTRIBUTIONS & DONATIONS	-	69,282	69,282
DEPARTMENTAL AND OTHER	1,800,667	478,559	2,279,226
TOTAL REVENUES	<u>26,496,474</u>	<u>2,129,034</u>	<u>28,625,508</u>
<u>EXPENDITURES:</u>			
CURRENT:			
GENERAL GOVERNMENT	2,782,096	1,068,294	3,850,390
PUBLIC SAFETY	3,896,170	338,142	4,234,312
EDUCATION	11,226,231	394,637	11,620,868
PUBLIC WORKS	1,711,991	49,601	1,761,592
HUMAN SERVICES	458,724	142,153	600,877
CULTURE & RECREATION	386,893	239,906	626,799
EMPLOYEE BENEFITS	4,030,696	-	4,030,696
STATE & COUNTY ASSESSMENTS	82,454	-	82,454
DEBT SERVICE:			
PRINCIPAL	460,800	-	460,800
INTEREST	129,098	-	129,098
TOTAL EXPENDITURES	<u>25,165,153</u>	<u>2,232,733</u>	<u>27,397,886</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,331,321</u>	<u>(103,699)</u>	<u>1,227,622</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
OPERATING TRANSFERS IN	301,890	-	301,890
OPERATING TRANSFERS OUT	-	(301,890)	(301,890)
TOTAL OTHER FINANCING SOURCES (USES)	<u>301,890</u>	<u>(301,890)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,633,211	(405,589)	1,227,622
FUND BALANCES AT BEGINNING OF YEAR	<u>7,740,713</u>	<u>3,389,451</u>	<u>11,130,164</u>
FUND BALANCES AT END OF YEAR	<u>\$ 9,373,924</u>	<u>\$ 2,983,862</u>	<u>\$ 12,357,786</u>

See accompanying notes to the basic financial statements

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

TOTAL GOVERNMENTAL FUND BALANCES		\$ 12,357,786
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		25,238,152
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		2,441,011
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(30,103)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(3,098,500)	
UNAMORTIZED BOND PREMIUM	(70,807)	
NET PENSION LIABILITY	(8,457,535)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	1,154,711	
DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(246,875)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(9,404,698)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POST EMPLOYMENT BENEFITS	2,668,745	
DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(1,273,038)	
LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS	(550,000)	
COMPENSATED ABSENCES	<u>(821,378)</u>	<u>(20,099,375)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 19,907,471</u>

See accompanying notes to the basic financial statements

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,227,622

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	1,407,368	
DEPRECIATION EXPENSE	(949,311)	

NET EFFECT OF REPORTING CAPITAL ASSETS 458,057

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE.

399,457

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

DEBT SERVICE PRINCIPAL PAYMENTS	460,800	
AMORTIZATION OF BOND PREMIUM	7,080	

NET EFFECT OF REPORTING LONG-TERM DEBT 467,880

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	(142,715)	
NET CHANGE IN NET POSTCLOSURE MONITORING LIABILITY	25,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	32,884	
NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS	(1,961,456)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	146,756	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	1,563,510	
NET CHANGE IN NET PENSION LIABILITY	512,178	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(80,516)	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	(822,830)	

NET EFFECT OF RECORDING LONG-TERM LIABILITIES (727,189)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,825,827

See accompanying notes to the basic financial statements

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

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER (UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 20,237,780	\$ 20,237,780	\$ 20,288,440	\$ 50,660
MOTOR VEHICLE EXCISE TAXES	600,000	600,000	809,946	209,946
PENALTIES & INTEREST ON TAXES	75,000	75,000	130,723	55,723
INTERGOVERNMENTAL	1,216,363	1,216,363	1,213,587	(2,776)
CHARGES FOR SERVICES	319,800	319,800	416,867	97,067
INVESTMENT INCOME	20,000	20,000	97,823	77,823
DEPARTMENTAL AND OTHER	<u>1,450,972</u>	<u>1,450,972</u>	<u>1,800,667</u>	<u>349,695</u>
TOTAL REVENUES	<u>23,919,915</u>	<u>23,919,915</u>	<u>24,758,053</u>	<u>838,138</u>
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	3,185,056	3,163,877	2,975,232	188,645
PUBLIC SAFETY	4,202,176	4,214,655	4,095,515	119,140
EDUCATION	11,707,949	11,707,949	11,375,169	332,780
PUBLIC WORKS	2,600,807	2,605,807	2,278,640	327,167
HUMAN SERVICES	518,302	527,002	508,263	18,739
CULTURE & RECREATION	421,704	421,704	419,492	2,212
EMPLOYEE BENEFITS	3,004,533	3,004,533	2,447,601	556,932
STATE & COUNTY ASSESSMENTS	88,433	88,433	82,454	5,979
DEBT SERVICE:				
PRINCIPAL	460,800	460,800	460,800	-
INTEREST	<u>139,098</u>	<u>139,098</u>	<u>129,098</u>	<u>10,000</u>
TOTAL EXPENDITURES	<u>26,328,858</u>	<u>26,333,858</u>	<u>24,772,264</u>	<u>1,561,594</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,408,943)</u>	<u>(2,413,943)</u>	<u>(14,211)</u>	<u>2,399,732</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	<u>301,890</u>	<u>301,890</u>	<u>301,890</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,107,053)	(2,112,053)	287,679	2,399,732
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>4,288,327</u>	<u>4,288,327</u>	<u>4,288,327</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 2,181,274</u>	<u>\$ 2,176,274</u>	<u>\$ 4,576,006</u>	<u>\$ 2,399,732</u>

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
ASSETS	WATER	SEWER	TOTAL
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 6,466,052	\$ 2,533,513	\$ 8,999,565
USER FEES	757,785	938,223	1,696,008
SPECIAL ASSESSMENTS	-	360,889	360,889
INTERGOVERNMENTAL	-	25,703	25,703
TOTAL CURRENT ASSETS	<u>7,223,837</u>	<u>3,858,328</u>	<u>11,082,165</u>
NONCURRENT:			
SPECIAL ASSESSMENTS	-	3,221,526	3,221,526
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	10,373,913	23,234,583	33,608,496
TOTAL NONCURRENT ASSETS	<u>10,373,913</u>	<u>26,456,109</u>	<u>36,830,022</u>
TOTAL ASSETS	<u>17,597,750</u>	<u>30,314,437</u>	<u>47,912,187</u>
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO POSTEMPLOYMENT BENEFITS	44,311	19,118	63,429
RELATED TO PENSIONS	79,796	92,978	172,774
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>124,107</u>	<u>112,096</u>	<u>236,203</u>
LIABILITIES			
CURRENT:			
ACCOUNTS PAYABLE	41,662	704,281	745,943
ACCRUED INTEREST	95,526	185,407	280,933
BONDS AND NOTES PAYABLE	4,118,182	3,879,297	7,997,479
COMPENSATED ABSENCES	13,025	6,642	19,667
TOTAL CURRENT LIABILITIES	<u>4,268,395</u>	<u>4,775,627</u>	<u>9,044,022</u>
NONCURRENT:			
BONDS AND NOTES PAYABLE	5,359,944	14,292,666	19,652,610
NET PENSION LIABILITY	584,458	681,003	1,265,461
COMPENSATED ABSENCES	60,965	76,091	137,056
POSTEMPLOYMENT BENEFITS	156,155	67,371	223,526
TOTAL NONCURRENT LIABILITIES	<u>6,161,522</u>	<u>15,117,131</u>	<u>21,278,653</u>
TOTAL LIABILITIES	<u>10,429,917</u>	<u>19,892,758</u>	<u>30,322,675</u>
DEFERRED INFLOWS OF RESOURCES			
RELATED TO POSTEMPLOYMENT BENEFITS	21,137	9,120	30,257
RELATED TO PENSIONS	17,060	19,879	36,939
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>38,197</u>	<u>28,999</u>	<u>67,196</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	2,865,254	5,113,622	7,978,876
	<u>4,388,489</u>	<u>5,391,154</u>	<u>9,779,643</u>
TOTAL NET POSITION	<u>\$ 7,253,743</u>	<u>\$ 10,504,776</u>	<u>\$ 17,758,519</u>

See accompanying notes to the basic financial statements

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

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER	SEWER	TOTAL
<u>OPERATING REVENUES:</u>			
CHARGES FOR SERVICES	\$ 2,255,078	\$ 2,846,912	\$ 5,101,990
<u>OPERATING EXPENSES:</u>			
GENERAL SERVICES	1,090,099	1,693,788	2,783,887
DEPRECIATION	296,243	743,559	1,039,802
TOTAL OPERATING EXPENSES	1,386,342	2,437,347	3,823,689
OPERATING INCOME (LOSS)	868,736	409,565	1,278,301
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
INTERGOVERNMENTAL	-	145,403	145,403
INVESTMENT INCOME	7,887	6,801	14,688
INTEREST EXPENSE	(206,305)	(718,708)	(925,013)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(198,418)	(566,504)	(764,922)
CHANGE IN NET POSITION	670,318	(156,939)	513,379
NET POSITION AT BEGINNING OF YEAR	6,583,425	10,661,715	17,245,140
NET POSITION AT END OF YEAR	\$ 7,253,743	\$ 10,504,776	\$ 17,758,519

See accompanying notes to the basic financial statements

**TOWN OF MARION, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER	SEWER	TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
RECEIPTS FROM CUSTOMERS AND USERS	\$ 2,184,746	\$ 3,080,737	\$ 5,265,483
PAYMENTS TO SUPPLIERS	(931,421)	(1,429,364)	(2,360,785)
PAYMENTS TO EMPLOYEES	(262,251)	(353,761)	(616,012)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	991,074	1,297,612	2,288,686
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	2,759,144	724,057	3,483,201
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(508,200)	(810,144)	(1,318,344)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(504,470)	(1,062,556)	(1,567,026)
INTEREST EXPENSE	(260,280)	(432,977)	(693,257)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	1,486,194	(1,581,620)	(95,426)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
INTEREST RECEIVED	7,887	6,801	14,688
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	2,485,155	(277,207)	2,207,948
CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR	3,980,897	2,810,720	6,791,617
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	\$ 6,466,052	\$ 2,533,513	\$ 8,999,565
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
OPERATING INCOME (LOSS)	\$ 868,736	\$ 409,565	\$ 1,278,301
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION	296,243	743,559	1,039,802
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(70,332)	233,826	163,494
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	39,351	58,419	97,770
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(89,462)	(100,031)	(189,493)
INCREASE (DECREASE) IN ACCRUED COMPENSATED ABSENCES	13,991	1,016	15,007
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	(24,331)	(8,612)	(32,943)
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	(7,727)	1,110	(6,617)
INCREASE (DECREASE) IN NET PENSION LIABILITY	(35,395)	(41,240)	(76,635)
TOTAL ADJUSTMENTS	122,338	888,047	1,010,385
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 991,074	\$ 1,297,612	\$ 2,288,686

See accompanying notes to the basic financial statements

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

	<u>POSTEMPLOYMENT BENEFITS TRUST FUND</u>	<u>LANDFILL POSTCLOSURE FUND</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>			
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 200	\$ -
INVESTMENTS	1,849,195	422,547	-
ACCOUNTS RECEIVABLE - DEPARTMENTAL	-	-	38,350
TOTAL ASSETS	<u>1,849,195</u>	<u>422,747</u>	<u>38,350</u>
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	1,403
OTHER LIABILITIES	-	-	27,170
DUE TO OTHER FUNDS	-	-	9,777
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>\$ 38,350</u>
<u>NET POSITION</u>			
NET POSITION - HELD IN TRUST FOR LANDFILL POSTCLOSURE FUND	-	422,747	
NET POSITION - HELD IN TRUST FOR OPEB	1,849,195	-	
TOTAL NET POSITION	<u>\$ 1,849,195</u>	<u>\$ 422,747</u>	

See accompanying notes to the basic financial statements

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

	POSTEMPLOYMENT BENEFITS TRUST FUND	LANDFILL POSTCLOSURE FUND
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
EMPLOYER CONTRIBUTIONS	\$ 100,000	\$ -
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	526,378	-
NET INVESTMENT INCOME:		
INVESTMENT INCOME	48,120	17,188
TOTAL ADDITIONS	674,498	17,188
<u>DEDUCTIONS:</u>		
HUMAN SERVICES	-	13,494
BENEFIT PAYMENTS	526,378	-
TOTAL DEDUCTIONS	526,378	13,494
CHANGE IN NET POSITION	148,120	3,694
NET POSITION AT BEGINNING OF YEAR	1,701,075	419,053
NET POSITION AT END OF YEAR	\$ 1,849,195	\$ 422,747

See accompanying notes to the basic financial statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Primary Government

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

Joint Ventures

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

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Old Rochester Regional School District	To provide secondary Education	135 Marian Road Marion, MA 02739	\$ 4,762,651
Upper – Cape Cod Regional Technical High School	To provide vocational education	220 Sandwich Road Bourne, MA 02532	\$ 356,361
Mattapoisett River Valley Water District	To provide advanced water treatment	P. O. Box 1055 Marion, MA 02739	\$ 197,992

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

The Old Rochester Regional School District (the District) is governed by a nine (9) member school committee. The Town of Marion has three (3) representatives on the District's School Committee. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 27.43% in the joint venture.

The Upper Cape Cod Regional Technical High School (the District) is governed by a nine (9) member school committee. The Town of Marion has one (1) representative on the District's School Committee. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 7.274% in the joint venture.

The Mattapoisett River Valley Water district was formed in October 2004 pursuant to an inter-municipal agreement authorized by state statutes. The Town joined the Towns of Fairhaven, Mattapoisett, and Rochester to provide for sharing of the capital, operating and maintenance, and other costs of an advanced Water Treatment Facility for the mutual advantage of the Towns. A twelve - member Board of Commissioners for the joint venture is appointed for oversight purposes. Each Town has three (3) representatives on the District's Board of Commissioners. An annual budget for the operation and management of the facility is prepared by the facility superintendent and submitted to the Board of Commissioners. The Town has an equity interest of approximately 11% in the joint venture.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

- b. If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

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

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, landfill postclosure care costs, net pension liability, and postemployment benefits which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Nonmajor Governmental funds* consist of other special revenue, 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 the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

Proprietary Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

The following major proprietary funds are reported:

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

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

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

- The *Agency fund* is used to account for assets held in a purely custodial capacity
- The *Postemployment Benefits Trust fund* is used to account for assets held to fund future postemployment benefits of current and retired employees.
- The *Landfill Postclosure fund* is used to account for assets held specifically for landfill postclosure monitoring.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

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

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

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

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 3 – Fair Market Value of Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

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

Motor Vehicle Excise

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

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

Departmental and Other

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

Special Assessments

Business-type activities special assessments consist primarily of unapportioned and apportioned sewer betterments and are recorded as receivables in the fiscal years accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectable and therefore do not report an allowance for uncollectibles.

Water and Sewer

User fees are levied quarterly based on residential and commercial 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 related liens are recorded as receivables in the fiscal year of the levy.

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

Asset Class	Estimated Useful Life (in years)
Construction and Improvements	40
Land Improvements	20
Machinery and Equipment	5-30
Vehicles	5-8
Infrastructure	10-40

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

Governmental Fund Financial Statements

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

I. Interfund Receivables and Payables

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

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Funds Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are classified into three components:

- a) *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net position have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of the streets.
 - *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c) *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.

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

- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

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

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Investment Income

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

O. Compensated Absences

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

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

P. 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 Plymouth County Retirement Association (PCRA) and the Massachusetts Teachers Retirement System (MTRS). Additions to/deductions from the Association's fiduciary net position have been determined on the same basis as they are reported by the Association. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health, dental, and life insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health, dental, and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

R. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

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

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

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

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2020 approved budget authorized \$25,550,282 in current year appropriations and other amounts to be raised, and \$778,575 in articles and encumbrances carried forward from previous fiscal years. Supplemental appropriations of \$5,000 were approved at one Town Meeting during fiscal year 2020.

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

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

B. Budgetary – GAAP Reconciliation

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

Net change in fund balance - budgetary basis	\$ 287,679
Basis of accounting differences:	
Net stabilization fund activity	95,586
Increase in revenue for on-behalf payments - MTRS	1,642,835
Increase in expenditures for on-behalf payments - MTRS	(1,642,835)
Adjustment for Current Year Encumbrances	310,859
Adjustment for Current Year Articles	<u>939,087</u>
Net change in fund balance - GAAP basis	<u><u>\$ 1,633,211</u></u>

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue and water and sewer capital projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants or proceeds of long-term debt during fiscal year 2021.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits

▪ *Custodial Credit Risk - Deposits*

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

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

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

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

Total bank balances		<u>\$ 18,896,608</u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	1,950,000	
Depositors Insurance Fund (DIF)	<u>15,980,022</u>	
Total bank balances covered by deposit insurance		17,930,022
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	<u>966,586</u>	
Total bank balances subject to custodial credit risk		<u>966,586</u>
Total bank balances		<u>\$ 18,896,608</u>

Investments

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

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

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

a) Credit Risk

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

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

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End							Unrated
			AAA	Aaa	A1	A2	A3	Baa1	Baa2	
Fixed income mutual funds	\$ 591,856	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 591,856
Money market mutual funds	368,001	N/A	-	-	-	-	-	-	-	368,001
Corporate Bonds	2,335,523	N/A	-	-	221,823	759,481	275,248	810,179	268,792	-
Certificates of Deposit	5,103,036	N/A	-	-	-	-	-	-	-	5,103,036
U.S. Government Agencies & Securities	1,413,030	N/A	193,708	1,128,645	-	-	-	-	-	90,677
Common Stock	1,795,651	N/A	-	-	-	-	-	-	-	1,795,651
Total Investments	\$ 11,607,097		\$ 193,708	\$ 1,128,645	\$ 221,823	\$ 759,481	\$ 275,248	\$ 810,179	\$ 268,792	\$ 7,949,221

b) Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town has no custodial credit risk exposure related to the corporate bonds, U.S. Government agencies and securities, common stock, and certificates of deposit because the related securities are registered in the name of the Town. The mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

c) Interest Rate Risk

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

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

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<i>Debt Related Securities:</i>			
Corporate bonds	\$ 2,335,523	\$ 454,219	\$ 1,881,304
Fixed income mutual funds	591,856	591,856	-
U.S. Government & Agency	1,413,030	670,126	742,904
Certificates of deposit	<u>5,103,036</u>	<u>4,564,765</u>	<u>538,271</u>
Total - Debt related securities	<u>9,443,445</u>	<u>6,280,966</u>	<u>3,162,479</u>
<i>Other Investments:</i>			
Money market mutual funds	368,001	368,001	-
Common Stock	<u>1,795,651</u>	<u>1,795,651</u>	<u>-</u>
Total Other Investments	<u>2,163,652</u>	<u>2,163,652</u>	<u>-</u>
Total Investments	<u>\$ 11,607,097</u>	<u>\$ 8,444,618</u>	<u>\$ 3,162,479</u>

d) Concentration of Credit Risk

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

Issuer	Percentage of Total Investments
Bristol County Savings Bank - Certificate of Deposit	18.28%
Cooperative Bank of Cape Cod - Certificates of Deposit	18.01%

e) Fair Market Value of Investments

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

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

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

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

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Certificates of Deposit	\$ 5,103,036	\$ 5,103,036	\$ -	\$ -
U.S. Government Agencies	1,413,030	1,413,030	-	-
Corporate Bonds	2,335,523	-	2,335,523	-
Fixed Income Mutual Funds	591,856	-	591,856	-
Total debt securities	9,443,445	6,516,066	2,927,379	-
Other Investments				
Common Stock	1,795,651	1,795,651	-	-
Money Market Mutual Funds	368,001	368,001	-	-
Total other investments	2,163,652	2,163,652	-	-
Total investments measured at fair value	11,607,097	\$ 8,679,718	\$ 2,927,379	\$ -
Investments measured at amortized cost				
Massachusetts Municipal Depository Trust - (MMDT)	133,777			
Total Investments	\$ 11,740,874			

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

Massachusetts Municipal Depository Trust (MMDT) investments are valued at amortized cost. Under the amortized cost method an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment 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.

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

NOTE 4 – RECEIVABLES

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

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 1,083,632	\$ (20,100)	\$ 1,063,532
Tax liens	505,704	-	505,704
Motor vehicle and other excise taxes	271,078	(108,000)	163,078
Intergovernmental	1,031,349	-	1,031,349
Departmental and Other	239,074	(124,365)	114,709
Total	\$ 3,130,837	\$ (252,465)	\$ 2,878,372

The receivables at June 30, 2020, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 757,786	\$ -	\$ 757,786
<i>Sewer</i>			
User fees	938,223	-	938,223
Special Assessments	3,582,415	-	3,582,415
Intergovernmental	25,703	-	25,703
Total	\$ 5,304,127	\$ -	\$ 5,304,127

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

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

Deferred Inflows of Resources Analysis			
Deferred Inflows:	General Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 689,391	\$ -	\$ 689,391
Deferred Intergovernmental Revenues	-	1,006,479	1,006,479
Deferred Other Revenue	732,504	12,637	745,141
Total	\$ 1,421,895	\$ 1,019,116	\$ 2,441,011

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

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 6,386,944	\$ -	\$ -	\$ 6,386,944
Land Conservation	2,653,870	-	-	2,653,870
Construction in progress	<u>149,666</u>	<u>856,509</u>	<u>-</u>	<u>1,006,175</u>
Total capital assets not being depreciated	<u>9,190,480</u>	<u>856,509</u>	<u>-</u>	<u>10,046,989</u>
<i>Capital assets being depreciated:</i>				
Construction and improvements	21,880,537	60,057	-	21,940,594
Infrastructure	4,889,463	40,439	-	4,929,902
Land improvements	368,420	-	-	368,420
Machinery and equipment	2,330,918	44,790	-	2,375,708
Vehicles	<u>5,190,066</u>	<u>405,573</u>	<u>-</u>	<u>5,595,639</u>
Total capital assets being depreciated	<u>34,659,404</u>	<u>550,859</u>	<u>-</u>	<u>35,210,263</u>
<i>Less accumulated depreciation for:</i>				
Construction and improvements	(10,134,533)	(517,402)	-	(10,651,935)
Infrastructure	(2,549,256)	(106,582)	-	(2,655,838)
Land improvements	(351,091)	(11,804)	-	(362,895)
Machinery and equipment	(2,023,192)	(71,941)	-	(2,095,133)
Vehicles	<u>(4,011,717)</u>	<u>(241,582)</u>	<u>-</u>	<u>(4,253,299)</u>
Total accumulated depreciation	<u>(19,069,789)</u>	<u>(949,311)</u>	<u>-</u>	<u>(20,019,100)</u>
Total capital assets being depreciated, net	<u>15,589,615</u>	<u>(398,452)</u>	<u>-</u>	<u>15,191,163</u>
Total governmental activities capital assets, net	<u>\$ 24,780,095</u>	<u>\$ 458,057</u>	<u>\$ -</u>	<u>\$ 25,238,152</u>

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

Business-Type Activities:	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 351,554	\$ -	\$ -	\$ 351,554
Construction in progress	2,575,159	2,029,333	-	4,604,492
Total capital assets not being depreciated	2,926,713	2,029,333	-	4,956,046
<i>Capital assets being depreciated:</i>				
Land improvements	174,092	-	-	174,092
Machinery and equipment	1,142,322	-	-	1,142,322
Vehicles	363,404	64,756	-	428,160
Infrastructure	39,626,740	-	-	39,626,740
Total capital assets being depreciated	41,306,558	64,756	-	41,371,314
<i>Less accumulated depreciation for:</i>				
Land improvements	(132,842)	(6,500)	-	(139,342)
Machinery and equipment	(765,068)	(34,355)	-	(799,423)
Vehicles	(294,622)	(27,911)	-	(322,533)
Infrastructure	(10,486,530)	(971,036)	-	(11,457,566)
Total accumulated depreciation	(11,679,062)	(1,039,802)	-	(12,718,864)
Total capital assets being depreciated, net	29,627,496	(975,046)	-	28,652,450
Total business-type activities capital assets, net	\$ 32,554,209	\$ 1,054,287	\$ -	\$ 33,608,496

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

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

Governmental Activities:	
General government	\$ 22,294
Public safety	338,355
Education	367,222
Public works	174,001
Human services	253
Culture and recreation	47,186
Total depreciation expense - governmental activities	\$ 949,311
Business-Type Activities:	
Water	\$ 296,243
Sewer	743,559
Total depreciation expense - business-type activities	\$ 1,039,802

NOTE 6 – INTERFUND TRANSFERS

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

<u>Operating Transfers In:</u>	
	General Fund
Operating Transfers Out:	
Nonmajor Governmental Funds	\$ 301,890 (1)

(1) Represents budgeted transfers to supplement the operating budget.

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

NOTE 7 – SHORT-TERM FINANCING

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

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

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenses for short-term borrowings are accounted for in the water and sewer enterprise funds respectively.

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

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
Business-type activities							
BAN	Sewer Lagoon NPDES	2.25	4/17/2020	\$ 785,000	\$ -	\$ (785,000)	\$ -
BAN	WWTP Equipment Upgrade	2.25	4/17/2020	1,273,000	-	(1,273,000)	-
BAN	Sewer Lagoon WWTP Upgrade	2.25	4/17/2020	250,000	-	(250,000)	-
BAN	Water Main County Road	2.25	4/17/2020	817,105	-	(817,105)	-
BAN	MCWT Interim Loan	0.00	N/A	-	842,807	-	842,807
BAN	Sewer Lagoon NPDES	1.24	4/16/2021	-	237,500	-	237,500
BAN	WWTP Equipment Upgrade	1.24	4/16/2021	-	1,206,000	-	1,206,000
BAN	Sewer Lagoon WWTP Upgrade	1.24	4/16/2021	-	745,750	-	745,750
BAN	Water Main County Road	1.24	4/16/2021	-	776,249	-	776,249
BAN	Water Main Mill Street	1.24	4/16/2021	-	2,800,000	-	2,800,000
Total Business-type activities				\$ 3,125,105	\$ 6,608,306	\$ (3,125,105)	\$ 6,608,306

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

NOTE 8 – LONG-TERM DEBT

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

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

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
Police Station Refunded	2.87	\$ 1,930,000	\$ -	\$ 180,000	\$ 1,750,000
School Building	2.00	1,201,300	-	212,800	988,500
Fire Pumper	2.87	428,000	-	68,000	360,000
Total Bonds and Notes Payable		<u>3,559,300</u>	<u>-</u>	<u>460,800</u>	<u>3,098,500</u>
Add: Unamortized Premium		<u>77,887</u>	<u>-</u>	<u>7,080</u>	<u>70,807</u>
Total		<u>\$ 3,637,187</u>	<u>\$ -</u>	<u>\$ 467,880</u>	<u>\$ 3,169,307</u>

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

Fiscal Year	Principal	Interest	Total
2021	\$ 455,300	\$ 112,542	\$ 567,842
2022	447,700	96,162	543,862
2023	449,100	79,769	528,869
2024	441,800	63,360	505,160
2025	434,600	47,096	481,696
2026-2030	<u>870,000</u>	<u>71,850</u>	<u>941,850</u>
Total	<u>\$ 3,098,500</u>	<u>\$ 470,779</u>	<u>\$ 3,569,279</u>

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

Bonds and Notes Payable Schedule – Water and Sewer Enterprise Funds

Project	Interest Rate (%)	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
Water Storage Tank Refunded	2.87	\$ 265,000	\$ -	\$ 20,000	\$ 245,000
Ext. Village Loop Phase I	2.87	2,000,000	-	155,000	1,845,000
Ext. Village Loop Phase II	2.87	1,425,000	-	110,000	1,315,000
Water Storage Tank	2.00	744,300	-	113,400	630,900
Water Supply System	2.00	8,300	-	2,800	5,500
Great Hill Water Tower	2.87	1,195,000	-	70,000	1,125,000
Mary's Pond Well Replacement	2.87	567,000	-	37,000	530,000
Total Bonds and Notes Payable		6,204,600	-	508,200	5,696,400
Unamortized Bond Premium		235,334	-	29,857	205,477
Total Water Enterprise Fund		6,439,934	-	538,057	5,901,877
MWPAT CW-03-09 Pool 9 WWTP	2.70	6,180,000	-	315,000	5,865,000
MWPAT CW-03-09 Pool 10 Upgrade	2.70	1,005,000	-	45,000	960,000
MWPAT CW-03-09 B Pool 11 Extension	2.31	5,361,562	-	260,565	5,100,997
MWPAT CW-03-09 D ARRA	2.00	511,496	-	38,140	473,356
MWPAT CW-03-09 R ARRA	2.00	35,180	-	2,597	32,583
MWPAT CW-13-07 Pool 18	2.00	2,168,384	-	114,777	2,053,607
MWPAT CW-03-09 D Sewer	2.42	273,815	-	13,065	260,750
Sewer Pump Station	2.00	8,800	-	2,100	6,700
Sewer Ineligible Costs	2.00	22,300	-	3,900	18,400
Septic Betterments	2.87	25,000	-	5,000	20,000
Sewer Extensions	2.87	180,000	-	10,000	170,000
Total Bonds and Notes Payable		15,771,537	-	810,144	14,961,393
Unamortized Bond Premium		191,082	-	12,569	178,513
Total Sewer Enterprise Fund		15,962,619	-	822,713	15,139,906
Total Enterprise Funds		\$ 22,402,553	\$ -	\$ 1,360,770	\$ 21,041,783

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

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

Fiscal Year	Principal	Interest	Total
2021	\$ 1,348,571	\$ 715,751	\$ 2,064,322
2022	1,366,121	661,255	2,027,376
2023	1,389,897	609,590	1,999,487
2024	1,422,604	559,505	1,982,109
2025	1,430,446	481,665	1,912,111
2026-2030	7,218,548	1,549,142	8,767,690
2031-2035	5,875,148	395,773	6,270,921
2036-2037	606,458	11,667	618,125
Total	<u>\$ 20,657,793</u>	<u>\$ 4,984,348</u>	<u>\$ 25,642,141</u>

Loans Authorized and Unissued

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

Description	Date Authorized	Amount
Sewer System Repair	4/25/2000	\$ 14,525
Wastewater Treatment Facility	4/22/2002	1,817,382
Wastewater Collection System	4/22/2002	166,600
Sewer Extensions	4/22/2002	205,913
Sewer Lagoon/WWTP Upgrades	5/14/2018	2,250,000
Sewer Lagoon/WWTP Upgrades	5/13/2019	3,009,182
Sewer Lagoon/WWTP Upgrades Bid Alt	5/13/2019	1,743,112
Total		<u>\$ 9,206,714</u>

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

Changes in Long-term Liabilities

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

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 3,559,300	\$ -	\$ (460,800)	\$ 3,098,500	\$ 455,300
Add: Unamortized Bond Premium	77,887	-	(7,080)	70,807	7,081
Total Bonds and Notes Payable	3,637,187	-	(467,880)	3,169,307	462,381
Landfill postclosure care costs	575,000	-	(25,000)	550,000	25,000
Compensated absences	678,663	142,715	-	821,378	157,982
Net pension liability	8,969,713	-	(512,178)	8,457,535	-
Other postemployment benefits	7,443,242	1,961,456	-	9,404,698	-
 Total governmental activities long-term liabilities	 \$ 21,303,805	 \$ 2,104,171	 \$ (1,005,058)	 \$ 22,402,918	 \$ 645,363
Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 21,976,137	\$ -	\$ (1,318,344)	\$ 20,657,793	\$ 1,348,571
Add: Unamortized Bond Premium	426,416	-	(42,426)	383,990	40,602
Total Bonds and Notes Payable	22,402,553	-	(1,360,770)	21,041,783	1,389,173
Compensated absences	141,715	15,008	-	156,723	19,667
Net pension liability	1,342,096	-	(76,635)	1,265,461	-
Other postemployment benefits	256,469	-	(32,943)	223,526	-
 Total business-type activities long-term liabilities	 \$ 24,142,833	 \$ 15,008	 \$ (1,470,348)	 \$ 22,687,493	 \$ 1,408,840

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

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

Overlapping Debt

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

<u>Agency</u>	<u>Total Long-Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Old Rochester Regional School District	\$ 3,160,000	27.43%	\$ 866,791
Mattapoisett River Valley Water District	6,149,119	11.00%	676,403
Plymouth County	<u>1,100,000</u>	2.08%	<u>22,880</u>
Total	<u>\$ 10,409,119</u>		<u>\$ 1,566,074</u>

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances			
Restricted for:			
General Government	\$ -	\$ 273,736	\$ 273,736
Public Safety	-	518,184	518,184
Education	-	226,347	226,347
Public Works	-	360,064	360,064
Human Services	-	200,670	200,670
Culture & Recreation	-	61,881	61,881
Reserved for Future Excluded Debt	27,381	-	27,381
Community Preservation Fund	-	1,085,788	1,085,788
Expendable Trust Funds	-	302,295	302,295
	<u>27,381</u>	<u>3,028,965</u>	<u>3,056,346</u>
Committed To:			
Continuing Appropriations			
General Government	129,168	-	129,168
Public Safety	134,401	-	134,401
Education	67,046	-	67,046
Public Works	484,860	-	484,860
Human Services	48,339	-	48,339
Culture & Recreation	32,598	-	32,598
Employee Benefits	42,675	-	42,675
Conservation Land Trust	407,575	-	407,575
	<u>1,346,662</u>	<u>-</u>	<u>1,346,662</u>
Assigned To:			
Encumbered For:			
General Government	63,968	-	63,968
Public Safety	64,944	-	64,944
Education	81,892	-	81,892
Public Works	81,789	-	81,789
Human Services	1,200	-	1,200
Employee Benefits	17,066	-	17,066
Reserved for Expenditures	2,045,922	-	2,045,922
School Stabilization Fund	359,634	-	359,634
Capital Stabilization Fund	223,770	-	223,770
	<u>2,940,185</u>	<u>-</u>	<u>2,940,185</u>
Unassigned			
General Fund	2,684,663	-	2,684,663
General Stabilization Fund	2,375,033	-	2,375,033
Non Major Governmental Funds	-	(45,103)	(45,103)
	<u>5,059,696</u>	<u>(45,103)</u>	<u>5,014,593</u>
Total Governmental Fund Balances	<u>\$ 9,373,924</u>	<u>\$ 2,983,862</u>	<u>\$ 12,357,786</u>

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

NOTE 10 – STABILIZATION FUNDS

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

- *The General Stabilization Fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The General Stabilization fund balance is \$2,375,033 as of June 30, 2020. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- *The Capital Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment, vehicles, and apparatus of the Town and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Capital Stabilization fund balance is \$223,770 as of June 30, 2020. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.
- *The School Stabilization Fund* is used to account for appropriations funding the school district assessment and various school project upgrades. The School Stabilization fund balance is \$359,634 as of June 30, 2020. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.

NOTE 11 – CONSERVATION LAND TRUST

The Town maintains a land acquisition fund which was originally established by special legislation in 1998, establishing a property surcharge. The surcharge associated with this fund has since ceased and the Town subsequently adopted the Community Preservation Act, pursuant to MGL. Accordingly, the funds in the land acquisition fund have no future revenue stream other than interest. Town Meeting is responsible for approving any appropriations from this fund. The balance in this fund was \$407,575 as of June 30, 2020. This amount has been reported in the General Fund as Committed Fund Balance.

NOTE 12 – RISK FINANCING

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

The Town of Marion's building and contents are covered under a blanket limit of \$73,528,499 for the special form perils that includes fire and theft and windstorm on 6/30/2019 per the Town's Property Statement of Values. The deductible is \$2,500. Due to the proximity to Buzzards Bay, wind and water, there is a separate Named Storm deductible. It is 2% of the value of the building and contents at the location that was damaged by the Named Storm subject to a \$25,000 minimum deductible.

There is also coverage for Earthquake with a limit of \$1,000,000 subject to a \$25,000 deductible. There is Flood coverage excluding those locations in flood zones A or V of a limit of \$1,000,000 subject to a \$25,000 deductible.

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

The Town does purchase Police Fire Accident insurance for the Town of Marion Police and Fire personnel (that are not covered under Mass Workers Compensation). The limit for Medical Expenses is \$1,000,000 with no deductible. There is Weekly Disability coverage of up to \$1,000 a week for those IOD personnel. The policy does include Loss of Life coverage for Accidental Death or Illness in a covered activity at a \$100,000 limit or the McNamara law benefit whichever is greater. Depending upon the COLA one uses the McNamara death benefit if one qualifies is around \$603,000.

Accident insurance settlements paid to uniformed police and fire personnel was not material in fiscal year 2020. The Town did have eight claims in fiscal 2020 at \$65,532.

The Town is a member of the Gateway Health Group, organized under Chapter 32B, Section 12 of the Massachusetts General Laws to obtain health insurance for its member governments at more competitive costs. The Board of Directors of the Gateway Health Group has oversight responsibility for the fund. The Town of Marion is represented on the Board. The Gateway Health Group Treasurer is the custodian of the fund. The Fund consists of 6 governmental units (4 Towns and 2 regional school districts).

The Group offers several self-insured plan types. For Blue Cross and Blue Shield of Massachusetts (BCBSMA): 1) Network Blue New England HMO plan with dental, 2) HMO Blue Select, 3) Medex 2 with prescription drug plan (PDP), 4) Blue Care Elect Preferred Provider Organization (PPO) plans and 5) Managed Blue for Seniors with PDP. For Harvard Pilgrim Health Care (HPHC): 1) HMO plans, and 2) HPHC Medicare Enhanced with PDP. These plans are administered by BCBSMA and HPHC for a monthly administration fee based on the number of individual, single parent/single child, and family plan subscribers for a particular month.

The Group has a specific excess medical and prescription drug claims reinsurance contract with an insurance carrier covering claims paid on all self-funded plans (except senior plans) in excess of \$135,000 per individual with no lifetime maximum amount payable, for each individual member within any one-policy period. The policy period covers claims incurred within 12 months and paid within 18 months. The Group does not include reinsured risks as liabilities unless it is probable that those risks will not be covered by the reinsurer. Amounts recoverable through reinsurers on paid claims are classified as receivable and as a reduction of claims expense.

The Group provides health care coverage for employees that qualify for and select health care coverage as an employee benefit as well as retired employees. Employees and retirees in the group pay a percentage of an estimated health insurance working rate premium. Town of Marion's employees contribute 50% depending on the date of hire and retirees contribute 50% of the working rate premium. The Town of Marion contributes the remaining 50% of the working rate premium for retirees. There are approximately 56 employees and 76 retirees participating in the plans.

As of June 30, 2019, the Gateway Health Group Trust Fund had total assets of \$671,941, total liabilities of \$1,638,122 (which is \$1,638,122 in estimated benefits obligations), and total net position of (\$966,181).

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

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

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Plan Description. The Town of Marion's other postemployment benefits plan ("the plan") is a single-employer, defined benefit, healthcare plan administered by the Town of Marion. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General Laws Chapter 32B to provide 50% of the premium cost of retirees' health and life insurance costs. The Town also contributes 100% of the dental insurance premiums.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by Town ordinances. For the period ending on the June 30, 2020 measurement date total Town premiums plus implicit costs for the retiree medical program is \$526,378. The Town also made a contribution to an OPEB Trust of \$100,000 for a total contribution during the measurement period of \$626,378 to be reported on the financial statements for the fiscal year ending June 30, 2020.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2020, the Town prefunded future OPEB liabilities totaling \$100,000 by contributing funds to the other postemployment benefit fund in excess of the pay as you go required contribution. These funds are reported within the fiduciary funds financial statements. As of June 30, 2020 the balance of this fund totaled \$1,849,195.

GASB Statement #75 – OPEB Employer Financial Reporting

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

Measurement Date - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

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

Plan Membership – The following table represents the Plan’s membership as July 1, 2019:

Active Members	114
Inactive members or beneficiaries currently receiving benefits	<u>80</u>
Total	<u><u>194</u></u>

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

Total OPEB Liability	\$ 11,477,419
Less: OPEB plan's fiduciary net position	<u>(1,849,195)</u>
Net OPEB Liability	<u><u>\$ 9,628,224</u></u>
 The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	 16.11%

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

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

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2019.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market value of assets as of the measurement date, June 30, 2020
Investment Rate of Return	6.38%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20 year high grade index - SAPIHG)
Single Equivalent Discount Rate:	6.50% net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2020 and for future periods
Salary Increases:	3.00% annually as of June 30, 2020 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

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

Rate of Return – For the year ended June 30, 2020 the annual money-weighted rate on investments, net of investments expense, was 2.72%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap	24.25%	4.90%
Domestic equity - small/mid cap	17.50%	5.40%
International equity - developed market	14.25%	5.32%
International equity - emerging market	6.50%	6.26%
Domestic fixed income	24.75%	1.40%
International fixed income	4.75%	1.30%
Alternatives	6.75%	6.32%
Real Estate	0.00%	6.25%
Cash & Cash Equivalents	1.25%	0.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2020, and 5.25% 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 Town’s funding policy.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2019	\$ 9,400,786	\$ 1,701,075	\$ 7,699,711
Charges for the year			
Service cost	214,720	-	214,720
Interest on Total OPEB Liability, Service cost, & benefit payments	491,173	-	491,173
Change in Assumptions	(213,291)	-	(213,291)
Difference between actual and expected experience	2,110,409	-	2,110,409
Net Investment Income	-	48,120	(48,120)
Employer Contributions to Trust	-	626,378	(626,378)
Benefit payments withdrawn from trust	-	(526,378)	526,378
Total benefit payments including implicit cost	(526,378)	-	(526,378)
Net Change	2,076,633	148,120	1,928,513
Balance at June 30, 2020	\$ 11,477,419	\$ 1,849,195	\$ 9,628,224

Sensitivity of the net OPEB liability and service cost to changes in the discount rate – The following table presents the Plan’s net OPEB liability and service cost calculated using the discount rate of 6.50% as well as what the net OPEB liability and service cost would be if it were calculated using a discount rate that is 1 percentage- point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 10,644,657	\$ 9,628,224	\$ 8,442,391
Service Cost	\$ 253,704	\$ 214,720	\$ 171,846

Sensitivity of the net OPEB liability and service cost 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 5.00% as well as what the net OPEB liability and service cost would be if it were calculated using a healthcare trend rate that is 1 percentage-point lower or 1 percentage-point higher.

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability	\$ 8,317,924	\$ 9,628,224	\$ 11,216,933
Service Cost	\$ 174,309	\$ 214,720	\$ 267,811

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

At June 30, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits of \$2,732,174 and \$1,303,295.

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

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Difference between actual and expected experience	\$ 1,754,523	\$ (1,118,156)	\$ 636,367
Changes of assumptions	917,195	(177,323)	739,872
Net difference between projected and actual earnings on OPEB plan investments	<u>60,456</u>	<u>(7,816)</u>	<u>52,640</u>
Total Deferred Outflows (Inflows) of Resources	<u>\$ 2,732,174</u>	<u>\$ (1,303,295)</u>	<u>\$ 1,428,879</u>

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

<u>Year ended June 30</u>	<u>Amount</u>
2021	\$ 206,391
2022	206,389
2023	210,300
2024	444,280
2025	<u>361,519</u>
Total Deferred Outflows/Inflows Recognized in Future Years	<u>\$ 1,428,879</u>

Change of Assumption – The discount rate was increased from 5.25% to 6.50%

Changes in Plan Provisions - None

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

NOTE 14 – PENSION PLAN

A. Plan Descriptions

The Town contributes to the Plymouth County Retirement Association (The Association), a multiple-employer, cost sharing contributory defined benefit pension plan, under Massachusetts General Law (MGL), Chapter 32, and is regulated by the Massachusetts Public Employee Retirement Administration Commission (PERAC). Substantially all employees are members of the Association except for public school teachers and certain school administrators.

The Association issues a publically available audited financial report that may be obtained by contacting the association at 10 Cordage Park Circle, Suite 234 Plymouth, MA 02360. The report can also be obtained online at http://pcr-ma.org/pages/PCRA_Webdocs/new/what.

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 requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

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 \$1,492,158 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$12,304,692 as of the measurement date.

The "Association" and the MTRS are contributory defined benefit plans and membership in both the "Association" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees.

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

B. Benefits

The Association and MTRS provide retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain exceptions, uniform from system to system. The Association provides for retirement allowance benefits up to a maximum of 80% of an employees highest three year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became employees 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 an employee's age, length of creditable service, level of compensation, and group classification.

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

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

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

C. Contributions

Plymouth County Retirement Association

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan employees are required to contribute to the Association at rates ranging from 5 to 9% and of their gross regular compensation. The rate is keyed to the date upon which an employee's membership commences. Employees hired on or after January 1, 1979, contribute an additional 2.0% of annual regular compensation in excess of \$30,000. The member units are required to pay into the Association, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on the actuarial valuation results. The Town's proportionate share of the required contribution for the year ended June 30, 2020 which was \$1,051,710 and 25.12% 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.

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

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

Pension Liabilities

At June 30, 2020 the Town reported a liability of \$9,722,996 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. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined. At December 31, 2019, the Town's proportion was 1.42%.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2020 the Town recognized pension expense of \$1,501,406. At June 30, 2020 the Town reported deferred outflows and inflows of resources related to pensions of \$1,327,485 and \$283,814 respectively.

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

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 1,101,326	\$ -	\$ 1,101,326
Net difference between projected and actual investment earnings on pension plan investments	-	(204,113)	(204,113)
Changes of Assumptions	151,652	(31,607)	120,045
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>74,507</u>	<u>(48,094)</u>	<u>26,413</u>
Total Deferred Outflows (Inflows) of Resources	<u>\$ 1,327,485</u>	<u>\$ (283,814)</u>	<u>\$ 1,043,671</u>

The Town's net deferred outflows/inflows of resources related to pensions will be recognized in future pension expenses as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2021	\$ 413,439
2022	388,250
2023	442,005
2024	<u>(200,023)</u>
Total Deferred Outflows/(Inflows) recognized in future pension expenses	<u>\$ 1,043,671</u>

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

E. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2019:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Projected salary increases.....	3.75% per year
Cost of living adjustments.....	3.0% of the first \$16,000 of retirement income.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.
Investment rate of return/Discount rate.....	7.875% nominal rate, net of investment expense

Investment policy

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

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

F. Long-Term Expected Rate of Return

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 nominal rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2020 are summarized in the following table:

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

For the year ended December 31, 2019 the Association's annual money-weighted rate of return on pension plan investments was a gain of 16.88%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested, measured monthly.

G. Discount Rate

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

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

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

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

	1% Decrease (6.875%)	Current Discount Rate (7.875%)	1% Increase (8.875%)
Marion's share of the net pension liability	\$ 12,314,663	\$ 9,722,996	\$ 7,465,595

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

NOTE 15 – COMMITMENTS AND CONTINGENCIES

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

The Town's landfill was capped in fiscal year 2009. The Town is responsible for post-closure monitoring of the site for thirty years (22 years remaining), and the estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$550,000 reported as landfill post closure liability at June 30, 2020 is based on what it would cost to perform all post closure care at June 30, 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

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

NOTE 16 – COVID-19

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

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

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

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

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

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

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

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

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

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

Future GASB Pronouncements:

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

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

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

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

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

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

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

**TOWN OF MARION, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
PLYMOUTH COUNTY RETIREMENT ASSOCIATION
JUNE 30, 2020**

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	1.42%	1.40%	1.43%	1.42%	1.42%	1.42%
Town's proportionate share of the net pension liability	\$ 9,722,996	\$ 10,311,809	\$ 7,657,010	\$ 8,991,145	\$ 8,987,700	\$ 8,260,463
Town's covered-employee payroll	\$ 4,187,350	\$ 4,562,725	\$ 4,873,884	\$ 4,686,427	\$ 4,394,315	\$ 3,496,608
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	232.20%	226.00%	157.10%	191.86%	204.53%	236.28%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	56.11%	65.56%	58.32%	56.76%	58.88%

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

See notes to Required Supplementary Information

**TOWN OF MARION, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
PLYMOUTH COUNTY RETIREMENT ASSOCIATION
JUNE 30, 2020**

SCHEDULE OF TOWN'S CONTRIBUTION

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Statutory required contribution	\$ 1,051,710	\$ 1,019,533	\$ 973,158	\$ 939,265	\$ 896,935	\$ 828,705
Contribution in relation to the statutory required contribution	<u>(1,051,710)</u>	<u>(1,019,533)</u>	<u>(973,158)</u>	<u>(939,265)</u>	<u>(896,935)</u>	<u>(828,705)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Town's covered-employee payroll	\$ 4,187,350	\$ 4,562,725	\$ 4,873,844	\$ 4,686,427	\$ 4,394,315	\$ 3,496,068
Contribution as a percentage of covered - employee payroll	25.12%	22.34%	19.97%	20.04%	20.41%	23.70%

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

See notes to Required Supplementary Information

**TOWN OF MARION, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM
JUNE 30, 2020**

Schedule of the Commonwealth's Collective amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial 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 revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2020	\$ 12,304,692	\$ 1,492,158	53.95%
2019	11,319,990	1,147,117	54.84%
2018	11,281,522	1,177,485	54.25%
2017	10,897,228	1,111,589	52.73%
2016	10,173,722	825,179	55.38%
2015	8,284,374	575,555	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.

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

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability				
Service cost	\$ 214,720	\$ 315,342	\$ 218,751	\$ 305,875
Interest on total OPEB liability, service cost, and benefit payments	491,173	499,122	462,843	566,806
Changes of benefit terms			-	-
Differences between expected & actual plan experience	2,110,409	-	-	-
Changes of assumptions	(213,291)	1,343,797	-	-
Benefit payments	(526,378)	(238,132)	(202,591)	(296,502)
Net change in total OPEB liability	<u>2,076,633</u>	<u>1,920,129</u>	<u>479,003</u>	<u>576,179</u>
Total OPEB liability-beginning	<u>9,400,786</u>	<u>7,480,657</u>	<u>7,001,654</u>	<u>6,425,475</u>
Total OPEB liability-ending (a)	<u><u>11,477,419</u></u>	<u><u>9,400,786</u></u>	<u><u>7,480,657</u></u>	<u><u>7,001,654</u></u>
Plan fiduciary net position				
Contributions-employer	626,378	478,132	442,591	496,502
Net investment income	48,120	78,519	75,164	75,957
Benefit payments	(526,378)	(238,132)	(202,591)	(296,502)
Net change in plan fiduciary net position	<u>148,120</u>	<u>318,519</u>	<u>315,164</u>	<u>275,957</u>
Plan fiduciary net position-beginning	<u>1,701,075</u>	<u>1,382,556</u>	<u>1,067,392</u>	<u>791,435</u>
Plan fiduciary net position-ending (b)	<u><u>1,849,195</u></u>	<u><u>1,701,075</u></u>	<u><u>1,382,556</u></u>	<u><u>1,067,392</u></u>
Town's net OPEB liability-ending (a)-(b)	<u><u>\$ 9,628,224</u></u>	<u><u>\$ 7,699,711</u></u>	<u><u>\$ 6,098,101</u></u>	<u><u>\$ 5,934,262</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	16.11%	18.10%	18.48%	15.24%
Covered-employee payroll	\$ 8,263,926	\$ 8,844,298	\$ 8,586,697	\$ 8,336,599
Plan's net OPEB liability as a percentage of covered-employee payroll	116.51%	87.06%	71.02%	71.18%

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

See notes to required supplementary information.

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

Schedule of the Town's Contribution

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarial determined contribution	\$ 714,569	\$ 804,882	\$ 657,228	\$ 732,570
Contributions in relation to the actuarially determined contribution	<u>(626,378)</u>	<u>(478,132)</u>	<u>(442,591)</u>	<u>(496,502)</u>
Contribution deficiency (excess)	<u>\$ 88,191</u>	<u>\$ 326,750</u>	<u>\$ 214,637</u>	<u>\$ 236,068</u>
Covered-employee payroll	\$ 8,263,926	\$ 8,844,298	\$ 8,586,697	\$ 8,336,599
Contributions as a percentage of covered- employee payroll	7.58%	5.41%	5.15%	5.96%

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

See notes to required supplementary information.

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

Schedule of Investment Return

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	2.72%	5.23%	6.34%	8.54%

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

See notes to required supplementary information.

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

Pension Plan Schedules

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

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

B. Schedule of Town's Contribution

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

C. Schedule of the Commonwealth's Collective amounts of the Net Pension Liability

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 pension liability.

D. Changes in Plan Provisions – None

Other Postemployment Benefits Schedules

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

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

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

B. Schedule of the Town's Contribution

The Schedule of the Town's contributions includes the Town's annual required contribution to the plan, along with the contribution made in relation to the actuarially determined contribution. The Town is not required to fully fund this contribution.

C. Schedule of Investment Return

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

D. Changes in Provisions - None