Powers & Sullivan, LLC
CPAs AND ADVISORS

TOWN OF WINTHROP, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

TOWN OF WINTHROP, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

TABLE OF CONTENTS

Powers & Sullivan, LLC
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Independent Auditor's Report

To the Honorable Town Council
Town of Winthrop, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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 Winthrop, Massachusetts, as of and for the year ended June 30, 2022 (except for the Winthrop Contributory Retirement System which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the Town of Winthrop, Massachusetts' basic financial statements as listed in the table of contents.

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 Winthrop, Massachusetts, as of June 30, 2022 (except for the Winthrop Contributory Retirement System which is as of and for the year ended December 31, 2021), and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Winthrop, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Winthrop, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, in the year ended June 30, 2022, the Town adopted a new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Town of Winthrop, Massachusetts' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Winthrop, Massachusetts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023, on our consideration of the Town of Winthrop, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Winthrop, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winthrop, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan LLC

May 25, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Winthrop (the Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. We encourage readers to consider the information presented in this report in conjunction with the Town's financial statements. All amounts, unless otherwise noted, are presented in whole dollars.

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

Financial Highlights

- The net position of the Town at the close of the most recent year was $9.8 million.
- At the close of the current year, the Town's general fund reported an ending fund balance of $9.8 million. Total fund balance represents 17% of total general fund budgetary expenditures.
- The Town's total long-term debt was $49.9 million at year end, a net decrease of $2.3 million over the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Winthrop's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, human services, library, and interest.

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

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

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

The Town of Winthrop adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The budgetary comparison schedule is presented as required supplementary information after the notes to the basic financial statements.

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund statements provide separate information for the water and sewer, skating rink, trash, harbor/waterways, recreation, ferry, tourism and culture enterprise funds.

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

The *pension and other employee benefits trust fund* is used to account for retirement resources held in trust for members of the Winthrop Contributory Retirement System, as well as resources held in trust for future costs associated with other postemployment benefits.

The *private purpose trust fund* is used to account for resources held in trust which principle and investment income exclusively benefit individuals or private organizations.

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

Financial Highlights. The following pages provide financial highlights of the government-wide financial statements for 2022 in comparison to 2021.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $9.8 million at the close of 2022.

Net position of $99.0 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position totaling $1.9 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a year-end deficit of $91.1 million. The primary reason for this deficit is the recognition of the net OPEB liability.

The governmental and business-type activities of the Town are presented on the following pages.

Governmental Activities

The Town's liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources for governmental activities by $16.7 million at the close of 2022.

	2022	2021
Assets:		
Current assets	$ 19,703,876	$ 19,932,205
Noncurrent assets (excluding capital)	11,656,000	-
Capital assets, non depreciable	16,141,316	15,159,993
Capital assets, net of accumulated depreciation	102,236,951	103,241,503
Total assets	**149,738,143**	**138,333,701**
Deferred outflows of resources	**17,380,312**	**23,383,422**
Liabilities:		
Current liabilities (excluding debt)	4,048,365	3,851,997
Noncurrent liabilities (excluding debt)	98,509,319	121,455,952
Current debt	2,530,953	2,499,808
Noncurrent debt	40,588,917	43,119,870
Total liabilities	**145,677,554**	**170,927,627**
Deferred inflows of resources	**38,132,805**	**11,010,607**
Net position:		
Net investment in capital assets	75,453,894	73,626,536
Restricted	1,887,100	2,237,101
Unrestricted	(94,032,898)	(96,084,748)
Total net position	**$ (16,691,904)**	**$ (20,221,111)**

	2022	2021
Program Revenues:		
Charges for services	$ 2,757,648	$ 2,522,687
Operating grants and contributions	17,715,675	20,041,691
Capital grants and contributions	2,763,698	760,627
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable	35,540,912	35,028,215
Motor vehicle and boat excise taxes	2,137,157	2,297,961
Hotel/motel/meals tax	296,246	223,815
Penalties and interest on taxes	187,756	207,987
Grants and contributions not restricted to specific programs	7,636,031	7,071,124
Unrestricted investment income	27,388	66,051
Total revenues	**69,062,511**	**68,220,158**
Expenses:		
General government	4,217,815	4,574,349
Public safety	9,815,874	10,867,558
Education	42,189,874	47,274,143
Public works	4,520,485	5,759,492
Human services	1,038,722	1,041,428
Library	865,583	740,833
Interest	1,470,692	1,268,417
Total expenses	**64,119,045**	**71,526,220**
Excess (Deficiency) before transfers	**4,943,466**	**(3,306,062)**
Transfers	**(1,414,259)**	**(141,630)**
Change in net position	**3,529,207**	**(3,447,692)**
Net position, beginning of year	**(20,221,111)**	**(16,773,419)**
Net position, end of year	**$ (16,691,904)**	**$ (20,221,111)**

The governmental activities net position increased by $3.5 million during the current year primarily due to a $4.4 million decrease from the change in next OPEB liability and related deferred outflows/inflows of resources, offset by a $5.9 million increase from the change in the net pension liability and the associated deferred outflows/inflows of resources. In addition, there was an increase in capital grant receipts of $2.0 million compared to FY2021.

Governmental expenses totaled $64.1 million of which $23.2 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled $45.8 million, primarily coming from real estate and personal property taxes, excise taxes, and grants not restricted to specific programs.

In 2022, the Town established a trash enterprise fund. Public works expenses decreased as the costs are now being reported in the Town's trash enterprise fund. Operating grant revenue and education expense decreased from 2021, mainly due to decreased state financing for the Massachusetts Teachers' Retirement System (MTRS).

Business-type Activities. For business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $26.5 million at the close of 2022. The following tables summarize results over the last two years.

	2022	2021
Assets:		
Current assets	$ 6,865,844	$ 6,250,254
Noncurrent assets (excluding capital)	986,000	-
Capital assets, non depreciable	13,339,492	8,993,146
Capital assets, net of accumulated depreciation	21,468,042	20,550,679
Total assets	**42,659,378**	**35,794,079**
Deferred outflows of resources	**448,852**	**663,842**
Liabilities:		
Current liabilities (excluding debt)	1,695,949	1,606,602
Noncurrent liabilities (excluding debt)	2,067,795	2,547,125
Current debt	5,691,423	3,326,647
Noncurrent debt	5,550,666	5,750,225
Total liabilities	**15,005,833**	**13,230,599**
Deferred inflows of resources	**1,652,124**	**830,865**
Net position:		
Net investment in capital assets	23,565,445	21,282,547
Unrestricted	2,884,828	1,113,910
Total net position	**$ 26,450,273**	**$ 22,396,457**

	2022	2021
Program Revenues:		
Charges for services	$ 12,338,136	$ 11,543,454
Operating grants and contributions	229,271	176,378
Capital grants and contributions	1,500,416	861,583
General Revenues:		
Boat excise taxes	37,268	46,639
Unrestricted investment income	11,105	8,978
Total revenues	**14,116,196**	**12,637,032**
Expenses:		
Water and sewer	8,337,358	8,414,375
Skating rink	464,483	302,371
Trash	1,620,085	-
Harbor/waterways	384,456	404,100
Recreation	324,847	275,264
Ferry, tourism and culture	345,410	393,276
Total expenses	**11,476,639**	**9,789,386**
Excess (Deficiency) before transfers	**2,639,557**	**2,847,646**
Transfers	**1,414,259**	**141,630**
Change in net position	**4,053,816**	**2,989,276**
Net position, beginning of year	**22,396,457**	**19,407,181**
Net position, end of year	**$ 26,450,273**	**$ 22,396,457**

Business-type net position of $23.6 million represents the net investment in capital assets, while $2.9 million is unrestricted. The Town's business-type activities net position increased $4.1 million in the current year.

The water and sewer enterprise fund net position increased by $3.6 million during 2022. This increase was primarily due to increased usage and the Town's ability to assess rates that are in line with costs. Also, the fund received $1.5 million of capital contributions in 2022.

The skating rink enterprise fund net position decreased by $114,000. The decrease is primary due to the change in the net OPEB liability and related deferred outflows/inflows.

In 2022, the Town established the trash enterprise fund. The town began charging residents trash collection fees and collected $970,000 in 2022. The trash enterprise fund also received $1.3 million subsidy from the general fund. Operating expenses totaled $1.6 million and the ending fund balance totaled $614,000.

The harbor/waterways and ferry, tourism and culture enterprise fund net position decreased by $73,000 and $85,000, respectively. The current set rates are not designed to cover depreciation expense.

The recreation enterprise fund net position increased by $116,000. The increase is primary due to a transfer in of funds from the general fund.

Financial Analysis of the Government's Funds

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

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

At the end of the current year, the Town's governmental funds reported combined ending fund balances of $14.9 million, of which $9.8 million is related to the general fund and $5.1 million is related to nonmajor governmental funds.

The general fund is the chief operating fund of the Town. At the end of the current year, unassigned fund balance of the general fund was $8.2 million while total fund balance was $9.8 million. 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. Unassigned fund balance represents 14.6% of the total general fund budgetary expenditures, while total fund balance represents 17.3% of that same amount. The general fund balance increased by $323,000 during the current year, mainly due to positive budgetary results.

The COVID grants fund had no ending fund balance as of June 30, 2022. The Town received and spent $4.0 million of COVID-19 related grants in 2022.

The nonmajor funds experienced a decrease of $542,000, which was due to the timing differences between the receipt and expenditure of grant funds.

General Fund Budgetary Highlights

The original 2022 approved budget authorized $54.5 million in appropriations and other amounts to be raised, as well as $1.3 million of carryforwards from the prior year. During 2022, the Town Council approved $2.8 million of supplemental appropriations for a variety of capital purchases, as well as transfers to Town stabilization funds.

Actual revenues received exceeded anticipated amounts by $1.0 million during 2022. Additionally, unexpended appropriations totaled $280,000.

Capital Asset and Debt Administration

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to $153.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, vehicles, infrastructure, and other improvements. The primary capital additions during the year were associated with the Miller Field project, road infrastructure, as well as ongoing water main replacements.

In 2022, the Town implemented GASB 87, *Leases.* Therefore, the Town's agreement to finance the acquisition of a lighting system previously reported as a lease, has been reclassified as capital financing long-term debt totaling $213,000.

At the end of the year the Town had total bonded debt outstanding of $50.0 million of which $43.1 million is related to governmental projects, and $6.8 million is related to water and sewer enterprise fund.

Additionally, the Town also has $4.5 million of interim loan notes outstanding with the MCWT.

Please refer to notes 4, 6, and 7 to the financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Winthrop's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 1 Metcalf Square, Winthrop, Massachusetts 02152.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents	$ 17,341,942	$ 3,081,354	$ 20,423,296
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	788,671	-	788,671
Tax liens	269,428	-	269,428
Motor vehicle and boat excise taxes	310,159	43,697	353,856
User charges	-	3,683,824	3,683,824
Intergovernmental	990,257	60,000	1,050,257
Special assessments	-	388	388
Internal balances	3,419	(3,419)	-
Total current assets	19,703,876	6,865,844	26,569,720
NONCURRENT:			
Net pension asset	11,656,000	986,000	12,642,000
Capital assets, nondepreciable	16,141,316	13,339,492	29,480,808
Capital assets, net of accumulated depreciation	102,236,951	21,468,042	123,704,993
Total noncurrent assets	130,034,267	35,793,534	165,827,801
TOTAL ASSETS	149,738,143	42,659,378	192,397,521
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,303,000	110,000	1,413,000
Deferred outflows related to other postemployment benefits	16,077,312	338,852	16,416,164
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,380,312	448,852	17,829,164
LIABILITIES			
CURRENT:			
Warrants payable	745,665	1,640,201	2,385,866
Accrued payroll	504,819	53,781	558,600
Accrued interest	390,338	1,967	392,305
Other liabilities	190,408	-	190,408
Unearned revenue	2,155,135	-	2,155,135
Compensated absences	62,000	-	62,000
Notes payable	-	4,491,863	4,491,863
Bonds payable	2,530,953	1,199,560	3,730,513
Total current liabilities	6,579,318	7,387,372	13,966,690
NONCURRENT:			
Compensated absences	400,000	-	400,000
Net other postemployment benefits liability	98,109,319	2,067,795	100,177,114
Bonds payable	40,588,917	5,550,666	46,139,583
Total noncurrent liabilities	139,098,236	7,618,461	146,716,697
TOTAL LIABILITIES	145,677,554	15,005,833	160,683,387
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	13,360,000	1,130,000	14,490,000
Deferred inflows related to other postemployment benefits	24,772,805	522,124	25,294,929
TOTAL DEFERRED INFLOWS OF RESOURCES	38,132,805	1,652,124	39,784,929
NET POSITION			
Net investment in capital assets	75,453,894	23,565,445	99,019,339
Restricted for:			
Permanent funds:			
Expendable	156,607	-	156,607
Nonexpendable	690,785	-	690,785
Gifts and grants	1,039,708	-	1,039,708
Unrestricted	(94,032,898)	2,884,828	(91,148,070)
TOTAL NET POSITION	$ (16,691,904)	$ 26,450,273	$ 9,758,369

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental Activities:					
General government	$ 4,217,815	$ 349,472	$ 826,518	$ 289,505	$ (2,752,320)
Public safety	9,815,874	1,492,931	259,836	-	(8,063,107)
Education	42,189,874	710,631	15,674,913	-	(25,804,330)
Public works	4,520,485	82,750	143,304	2,443,257	(1,851,174)
Human services	1,038,722	42,493	787,543	-	(208,686)
Library	865,583	79,371	23,561	30,936	(731,715)
Interest	1,470,692	-	-	-	(1,470,692)
Total Governmental Activities	64,119,045	2,757,648	17,715,675	2,763,698	**(40,882,024)**
Business-Type Activities:					
Water & sewer	8,337,358	10,421,989	-	1,500,416	3,585,047
Skating rink	464,483	350,624	-	-	(113,859)
Trash	1,620,085	969,594	-	-	(650,491)
Harbor/Waterways	384,456	247,018	27,500	-	(109,938)
Recreation	324,847	290,416	-	-	(34,431)
Ferry, tourism and culture	345,410	58,495	201,771	-	(85,144)
Total Business-Type Activities	11,476,639	12,338,136	229,271	1,500,416	**2,591,184**
Total Primary Government	$ 75,595,684	$ 15,095,784	$ 17,944,946	$ 4,264,114	$ **(38,290,840)**

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page	$ **(40,882,024)**	$ **2,591,184**	$ **(38,290,840)**
General revenues:			
Real estate and personal property taxes, net of tax refunds payable	35,413,739	-	35,413,739
Tax liens	127,173	-	127,173
Motor vehicle and boat excise taxes	2,137,157	37,268	2,174,425
Hotel/motel tax	63,285	-	63,285
Meals tax	232,961	-	232,961
Penalties and interest on taxes	187,756	-	187,756
Grants and contributions not restricted to specific programs	7,636,031	-	7,636,031
Unrestricted investment income	27,388	11,105	38,493
Transfers, net	(1,414,259)	1,414,259	-
Total general revenues and transfers	44,411,231	1,462,632	45,873,863
Change in net position	3,529,207	4,053,816	7,583,023
Net position:			
Beginning of year	(20,221,111)	22,396,457	2,175,346
End of year	$ (16,691,904)	$ 26,450,273	$ 9,758,369

See notes to basic financial statements. (Concluded)

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2022

	General	COVID Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 10,714,950	$ 1,239,617	$ 5,387,375	$ 17,341,942
Receivables, net of uncollectibles:				
Real estate and personal property taxes	788,671	-	-	788,671
Tax liens	269,428	-	-	269,428
Motor vehicle and other excise taxes	310,159	-	-	310,159
Intergovernmental	-	969,226	21,031	990,257
Due from other funds	3,419	-	-	3,419
TOTAL ASSETS	$ 12,086,627	$ 2,208,843	$ 5,408,406	$ 19,703,876
LIABILITIES				
Warrants payable	$ 497,086	$ 51,216	$ 197,363	$ 745,665
Accrued payroll	444,503	2,492	57,824	504,819
Other liabilities	185,408	-	5,000	190,408
Unearned revenue	-	2,155,135	-	2,155,135
TOTAL LIABILITIES	1,126,997	2,208,843	260,187	3,596,027
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,190,291	-	21,031	1,211,322
FUND BALANCES				
Nonspendable	-	-	690,785	690,785
Restricted	-	-	4,436,403	4,436,403
Committed	468,714	-	-	468,714
Assigned	1,077,415	-	-	1,077,415
Unassigned	8,223,210	-	-	8,223,210
TOTAL FUND BALANCES	9,769,339	-	5,127,188	14,896,527
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 12,086,627	$ 2,208,843	$ 5,408,406	$ 19,703,876

See notes to basic financial statements.

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

JUNE 30, 2022

Total governmental fund balances		$	14,896,527
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds			118,378,267
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds			1,211,322
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred			(20,752,493)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due			(390,338)
Long-term liabilities/assets are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Bonds payable	(43,119,870)		
Net pension asset	11,656,000		
Net other postemployment benefits liability	(98,109,319)		
Compensated absences	(462,000)		
Net effect of reporting long-term liabilities			(130,035,189)
Net position of governmental activities		$	(16,691,904)

See notes to basic financial statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

	General	COVID Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes,				
net of tax refunds	$ 35,504,636	$ -	$ -	$ 35,504,636
Tax liens	49,022	-	-	49,022
Motor vehicle and boat excise taxes	2,287,014	-	-	2,287,014
Hotel/motel tax	63,285	-	-	63,285
Meals tax	232,961	-	-	232,961
Charges for services	-	-	1,485,671	1,485,671
Penalties and interest on taxes	136,621	-	-	136,621
Fees and rentals	348,285	-	18,085	366,370
Licenses and permits	547,692	-	-	547,692
Fines and forfeitures	151,937	-	-	151,937
Intergovernmental - Teachers Retirement	3,459,482	-	-	3,459,482
Intergovernmental - other	15,141,222	3,995,995	4,969,494	24,106,711
Departmental and other	107,806	-	581,589	689,395
Contributions and donations	-	-	52,085	52,085
Investment income	24,868	-	2,520	27,388
TOTAL REVENUES	58,054,831	3,995,995	7,109,444	69,160,270
EXPENDITURES:				
Current:				
General government	2,250,826	160,460	866,192	3,277,478
Public safety	7,525,548	1,772	1,196,435	8,723,755
Education	23,251,897	1,404,891	4,625,807	29,282,595
Public works	3,308,274	2,109,395	587,747	6,005,416
Human services	491,942	52,699	397,573	942,214
Library	552,444	-	204,889	757,333
Pension benefits	3,470,977	-	-	3,470,977
Pension benefits - Teachers Retirement	3,459,482	-	-	3,459,482
Employee benefits	6,688,227	-	-	6,688,227
State and county charges	933,250	-	-	933,250
Capital outlay	570,722	-	-	570,722
Debt service:				
Principal	2,344,174	-	-	2,344,174
Interest	1,642,818	-	-	1,642,818
TOTAL EXPENDITURES	56,490,581	3,729,217	7,878,643	68,098,441
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,564,250	266,778	(769,199)	1,061,829
OTHER FINANCING SOURCES (USES):				
Transfers in	250,714	-	477,595	728,309
Transfers out	(1,491,854)	(400,000)	(250,714)	(2,142,568)
TOTAL OTHER FINANCING SOURCES (USES)	(1,241,140)	(400,000)	226,881	(1,414,259)
NET CHANGE IN FUND BALANCES	323,110	(133,222)	(542,318)	(352,430)
FUND BALANCES AT BEGINNING OF YEAR	9,446,229	133,222	5,669,506	15,248,957
FUND BALANCES AT END OF YEAR	$ 9,769,339	$ -	$ 5,127,188	$ 14,896,527

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds		$ (352,430)
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	4,287,766	
Depreciation expense	(4,310,995)	
Net effect of reporting capital assets		(23,229)
Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue		(97,759)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.		
Debt service principal payments		2,344,174
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	19,000	
Net change in accrued interest on long-term debt	16,492	
Net amortization of premium from issuance of bonds	155,634	
Net change in deferred outflow/(inflow) of resources related to pensions	(6,191,000)	
Net change in net pension liability/(asset)	12,091,000	
Net change in deferred outflow/(inflow) of resources related to OPEB	(26,934,308)	
Net change in net other postemployment benefits liability	22,501,633	
Net effect of recording long-term liabilities		1,658,451
Change in net position of governmental activities		$ 3,529,207

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-type Activities - Enterprise Funds						
	Water and Sewer	Skating Rink	Trash	Harbor/ Waterways	Recreation	Ferry, Tourism and Culture	Total
ASSETS							
CURRENT:							
Cash and cash equivalents	$ 2,003,216	$ 94,416	$ 653,418	$ 250,370	$ 79,934	$ -	$ 3,081,354
Receivables, net of allowance for uncollectibles:							
Boat excise tax	-	-		43,697	-	-	43,697
User charges	3,600,105	-	83,719	-	-	-	3,683,824
Intergovernmental - other	-	-	-	-	-	60,000	60,000
Special assessments	388	-	-	-	-	-	388
Total current assets	5,603,709	94,416	737,137	294,067	79,934	60,000	6,869,263
NONCURRENT:							
Net pension asset	694,000	115,000	-	-	177,000	-	986,000
Capital assets, non depreciable	13,339,492	-	-	-	-	-	13,339,492
Capital assets, net of accumulated depreciation	15,911,091	1,347,366	-	3,490,361	369,370	349,854	21,468,042
Total noncurrent assets	29,944,583	1,462,366	-	3,490,361	546,370	349,854	35,793,534
TOTAL ASSETS	35,548,292	1,556,782	737,137	3,784,428	626,304	409,854	42,662,797
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	78,000	12,000	-	-	20,000	-	110,000
Deferred outflows related to other postemployment benefits	214,736	52,169	-	-	71,947	-	338,852
TOTAL DEFERRED OUTFLOWS OF RESOURCES	292,736	64,169	-	-	91,947	-	448,852
LIABILITIES							
CURRENT:							
Warrants payable	1,486,648	12,359	120,831	1,872	326	18,165	1,640,201
Accrued payroll	27,221	3,261	2,496	11,051	6,296	3,456	53,781
Due to other funds	-	-	-	-	-	3,419	3,419
Accrued interest	1,967	-	-	-	-	-	1,967
Notes payable	4,491,863	-	-	-	-	-	4,491,863
Bonds payable	1,199,560	-	-	-	-	-	1,199,560
Total current liabilities	7,207,259	15,620	123,327	12,923	6,622	25,040	7,390,791
NONCURRENT:							
Net other postemployment benefits liability	1,310,394	318,356	-	-	439,045	-	2,067,795
Bonds payable	5,550,666	-	-	-	-	-	5,550,666
Total noncurrent liabilities	6,861,060	318,356	-	-	439,045	-	7,618,461
TOTAL LIABILITIES	14,068,319	333,976	123,327	12,923	445,667	25,040	15,009,252
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	795,000	132,000	-	-	203,000	-	1,130,000
Deferred inflows related to other postemployment benefits	330,878	80,386	-	-	110,860	-	522,124
TOTAL DEFERRED INFLOWS OF RESOURCES	1,125,878	212,386	-	-	313,860	-	1,652,124
NET POSITION							
Net investment in capital assets	18,008,494	1,347,366	-	3,490,361	369,370	349,854	23,565,445
Unrestricted	2,638,337	(272,777)	613,810	281,144	(410,646)	34,960	2,884,828
TOTAL NET POSITION	$ 20,646,831	$ 1,074,589	$ 613,810	$ 3,771,505	$ (41,276)	$ 384,814	$ 26,450,273

See notes to basic financial statements.

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds						
	Water and Sewer	Skating Rink	Trash	Harbor/ Waterways	Recreation	Ferry, Tourism and Culture	Total
OPERATING REVENUES:							
Charges for services	$ 10,421,989	$ 350,624	$ 969,594	$ 247,018	$ 290,416	$ 58,495	$ 12,338,136
Boat excise revenue	-	-		37,268	-	-	37,268
Intergovernmental	-	-	-	27,500	-	201,771	229,271
TOTAL OPERATING REVENUES	10,421,989	350,624	969,594	311,786	290,416	260,266	12,604,675
OPERATING EXPENSES:							
Cost of services and administration	1,912,330	407,512	1,620,085	225,922	312,721	245,452	4,724,022
MWRA assessment	5,905,901	-	-	-	-	-	5,905,901
Depreciation	504,154	56,971	-	158,534	12,126	99,958	831,743
TOTAL OPERATING EXPENSES	8,322,385	464,483	1,620,085	384,456	324,847	345,410	11,461,666
OPERATING INCOME (LOSS)	2,099,604	(113,859)	(650,491)	(72,670)	(34,431)	(85,144)	1,143,009
NONOPERATING REVENUES (EXPENSES):							
Investment income	11,105	-	-	-	-	-	11,105
Interest expense	(14,973)	-	-	-	-	-	(14,973)
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(3,868)	-	-	-	-	-	(3,868)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	2,095,736	(113,859)	(650,491)	(72,670)	(34,431)	(85,144)	1,139,141
CAPITAL CONTRIBUTIONS	1,500,416	-	-	-	-	-	1,500,416
TRANSFERS:							
Transfers in	-	-	1,264,301	-	149,958	-	1,414,259
CHANGE IN NET POSITION	3,596,152	(113,859)	613,810	(72,670)	115,527	(85,144)	4,053,816
NET POSITION AT BEGINNING OF YEAR	17,050,679	1,188,448	-	3,844,175	(156,803)	469,958	22,396,457
NET POSITION AT END OF YEAR	$ 20,646,831	$ 1,074,589	$ 613,810	$ 3,771,505	$ (41,276)	$ 384,814	$ 26,450,273

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds						
	Water and Sewer	Skating Rink	Trash	Harbor/ Waterways	Recreation	Ferry, Tourism and Culture	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and users	$ 10,410,304	$ 350,624	$ 885,875	$ 290,271	$ 257,497	$ 1,914	$ 12,196,485
Receipts from other governments	-	-	-	27,500	-	201,771	229,271
Payments to vendors	(7,568,355)	(193,340)	120,831	(94,606)	(114,285)	(130,468)	(7,980,223)
Payments to employees	(919,503)	(123,546)	(1,617,589)	(122,781)	(213,236)	(102,798)	(3,099,453)
NET CASH FROM OPERATING ACTIVITIES	1,922,446	33,738	(610,883)	100,384	(70,024)	(29,581)	1,346,080
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers in	-	-	-	-	149,958	-	149,958
Transfers out	-	-	1,264,301	-	-	-	1,264,301
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	-	-	1,264,301	-	149,958	-	1,414,259
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from the issuance of bonds and notes	3,377,237	-	-	-	-	-	3,377,237
Capital contributions	1,500,416	-	-	-	-	-	1,500,416
Acquisition and construction of capital assets	(5,954,125)	-	-	(29,722)	-	-	(5,983,847)
Principal payments on bonds and notes	(1,212,020)	-	-	-	-	-	(1,212,020)
Interest expense	(16,475)	-	-	-	-	-	(16,475)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(2,304,967)	-	-	(29,722)	-	-	(2,334,689)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	11,105	-	-	-	-	-	11,105
NET CHANGE IN CASH AND CASH EQUIVALENTS	(371,416)	33,738	653,418	70,662	79,934	(29,581)	436,755
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,374,632	60,678	-	179,708	-	29,581	2,644,599
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,003,216	$ 94,416	$ 653,418	$ 250,370	$ 79,934	$ -	$ 3,081,354
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:							
Operating income (loss)	$ 2,099,604	$ (113,859)	$ (650,491)	$ (72,670)	$ (34,431)	$ (85,144)	$ 1,143,009
Adjustments to reconcile operating income to net cash from operating activities:							
Depreciation	504,154	56,971	-	158,534	12,126	99,958	831,743
Deferred (outflows)/inflows related to pensions	304,000	64,000	-	-	106,000	-	474,000
Deferred (outflows)/inflows related to OPEB	383,304	66,095	-	-	112,850	-	562,249
User charges	(11,685)	-	(83,719)	-	-	-	(95,404)
Boat excise receivable	-	-	-	5,985	-	-	5,985
Intergovernmental	-	-	-	-	-	(60,000)	(60,000)
Warrants payable	(183,995)	11,150	120,831	1,068	326	14,702	(35,918)
Accrued payroll	7,375	508	2,496	7,467	(84)	(2,516)	15,246
Due to other funds	-	-	-	-	(32,919)	3,419	(29,500)
Net pension liability/(asset)	(724,000)	(119,000)	-	-	(184,000)	-	(1,027,000)
Net OPEB liability	(456,311)	67,873	-	-	(49,892)	-	(438,330)
Total adjustments	(177,158)	147,597	39,608	173,054	(35,593)	55,563	203,071
NET CASH FROM OPERATING ACTIVITIES	$ 1,922,446	$ 33,738	$ (610,883)	$ 100,384	$ (70,024)	$ (29,581)	$ 1,346,080
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:							
Acquisition of capital assets on account	$ 111,605	$ -	$ -	$ -	$ -	$ -	$ 111,605

See notes to basic financial statements.

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents	$ 1,101,879	$ 808,780
Investments:		
Pension Reserve Investment Trust	105,420,390	-
Receivables, net of allowance for uncollectibles:		
Departmental and other	7,519	-
TOTAL ASSETS	106,529,788	808,780
NET POSITION		
Restricted for pensions	106,185,501	-
Restricted for other postemployment benefits	344,287	-
Held in trust for other purposes	-	808,780
TOTAL NET POSITION	$ 106,529,788	$ 808,780

See notes to basic financial statements.

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions	$ 3,948,325	$ -
Employer contributions for other postemployment benefit payments	3,062,317	-
Employee contributions	1,345,587	-
Employee contributions - transfers from other systems	184,578	-
3(8)c contributions from other systems	97,455	-
Member makeup payments and redeposits	50,648	-
Private donations	31,906	77,428
Total contributions	8,720,816	77,428
Net investment income:		
Investment income	17,900,226	1,172
Less: investment expense	(478,450)	-
Net investment income (loss)	17,421,776	1,172
TOTAL ADDITIONS	26,142,592	78,600
DEDUCTIONS:		
Administration	152,334	-
Transfers to other systems	433,062	-
3(8)c transfer to other systems	436,750	-
Retirement benefits and refunds	4,893,397	-
Other postemployment benefit payments	3,062,317	-
Educational scholarships	-	77,522
TOTAL DEDUCTIONS	8,977,860	77,522
NET INCREASE (DECREASE) IN NET POSITION	17,164,732	1,078
NET POSITION AT BEGINNING OF YEAR	89,365,056	807,702
NET POSITION AT END OF YEAR	$ 106,529,788	$ 808,780

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of relationship between the Town and the component unit.

The Winthrop Contributory Retirement System (the System) was established to provide retirement benefits to Town employees and their beneficiaries. The System is governed by a five-member board comprised of the CFO of the Town (ex-officio), two members elected by the System's participants, one member appointed by the Town Council and one member appointed by the other board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 1 Metcalf Square, Winthrop, Massachusetts, 02152.

Joint Ventures

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

The Town has entered into a joint venture with the Cities of Woburn, Chelsea, Malden, and Revere and the Towns of Melrose, North Reading, Saugus, Stoneham, Wakefield and Winchester to pool resources and share the costs, risks and rewards of providing vocational education through the Northeast Metropolitan Regional Vocational School District (NMRS). The Town's assessment for 2022 was $891,675. Stand-alone financial statements for the year ended June 30, 2022, are available at Northeast Metropolitan Regional Vocational School District, 100 Hemlock Road, Wakefield, Massachusetts 01880.

The Town is a member of the Metro North Regional Emergency Communications Center that provides for the operations and maintenance of a regional public safety communications and dispatch center. The members share in the operations of the Center and each member is responsible for its proportionate share of the operational and capital cost of the Center, which are paid in the form of assessments. The Town does not have an equity interest in the Center and the 2022 assessment was $361,993. The Center does not issue a publicly available financial report.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *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

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

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

- If the total assets, deferred outflows of resources, liabilities, 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 year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Taxes and other items not identifiable as program revenues are reported as general revenues. For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the net effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *COVID grants fund* is used to account for and report the proceeds of COVID-19 related grants that are restricted for expenditures related to the COVID-19 pandemic.

The nonmajor governmental funds consist of 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 s*pecial revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital project.

The *capital projects fund* is used to account for financial and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

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

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

The water & sewer, skating rink, trash, harbor/waterways, recreation, and ferry, tourism and culture enterprise funds are utilized to account for user fees/charges collected to finance costs associated with the respective activities.

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

The following fiduciary fund types are reported:

The *pension and other employee benefits trust fund* is used to account for retirement resources held in trust for members of the Winthrop Contributory Retirement System, as well as resources held in trust for future costs associated with other postemployment benefits.

The *private purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate tax liens are processed by the last day in September following the last billing cycle on delinquent properties. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

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

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

Motor Vehicle and Boat Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by $25 per $1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by $10 per $1,000 of value.

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

Water and Sewer and Trash Fees

User fees are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the year of the levy. Trash fees are assessed each year for each resident that has a Town barrel.

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

Departmental and Other

Departmental and other receivables consist of receivables related to the System and are recorded as receivables in the year accrued.

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land and other improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity 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.

All purchases and construction costs in excess of $5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

Capital Asset Type	Estimated Useful Life (in years)
Buildings and improvements	20-40
Machinery and equipment	5-10
Vehicles	5-15
Infrastructure	20-50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

In addition to liabilities, the statement of net 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and OPEB in this category.

Governmental Fund Financial Statements

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

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as “Transfers, net.”

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been “restricted for” the following:

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of town meeting. Town meeting can, by adoption of a Town Council Meeting warrant article, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s Chief Financial Officer is authorized to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

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

M. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Pensions

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

O. Investment Income

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

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

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

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

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

The Retirement System participates, as a Participating member, in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT’s fixed income portfolio had an effective weighted duration rate ranging from 1.33 to 15.12 years.

MMDT maintains a cash portfolio and a short-term bond portfolio with combined average maturities of approximately 3 months.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At year-end, the carrying amount of deposits totaled $12,940,329 and the bank balance totaled $14,187,056. Of the bank balance, $500,000 was covered by Federal Depository Insurance and $13,687,056 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town has not adopted a formal investment policy related to custodial credit risk of deposits.

The Town maintains a policy that addresses the custodial credit risk of deposits. The Town Treasurer performs a quarterly analysis, using a commercially available bank rating service, of the performance of banking institutions that have custody of Town deposits. The Town will only utilize banks that maintain the highest possible performance rating; however, additional factors such as yield, liquidity and safety of principle may cause the Town to deposit funds with institutions that have not achieved the highest possible performance rating. In those instances, the Town Treasurer will obtain appropriate account collateralization to ensure the safety of Town funds. In lieu of obtaining account collateralization, the Town Treasurer may opt to move Town deposits to an institution that has achieved the highest possible performance rating.

At December 31, 2021, the carrying amount of deposits for the System totaled $757,592 and the bank balance totaled $827,138 all of which was covered by Federal Depository Insurance.

Investments

As of June 30, 2022, the Town had $8,636,034 invested in MMDT.

As of December 31, 2021, the System had the $105,420,390 invested in the PRIT fund.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

Neither the Town nor the System is subject to custodial credit risk exposure for investments at year end.

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

The System has not adopted a formal investment policy related to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in 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 for most investment types; however, at June 30, 2022, the Town did not have any investments that were subject to interest rate risk.

The System does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate. However, when managing assets the System at all times must be in accordance with the provisions of the Public Employee Retirement Administration Commission (PERAC), the Employee Retirement Income Security Act (ERISA), and the Department of Labor regulations.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations.

The Town does not have a formal investment policy regarding credit risk. The Town's investment is MMDT is unrated.

The System has not adopted a formal policy related to credit risk. At December 31, 2021 the System does not have any investments that are subject to credit risk.

Concentration of Credit Risk

The Town has not adopted a policy on the amount that may be invested in any one issuer.

The System has not adopted a formal policy related to the amount that may be invested in any one issuer.

Fair Value Measurement

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

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

As of June 30, 2022, the Town had a balance in the MMDT cash portfolio of $8,636,034. 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.

Retirement System

At December 31, 2021, the System's investments in PRIT totaled $105,420,390. PRIT investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 3 – RECEIVABLES

At June 30, 2022, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	$ 788,671	$ -	$ 788,671
Tax liens	269,428	-	269,428
Motor vehicle and boat excise taxes	481,099	(170,940)	310,159
Intergovernmental	990,257	-	990,257
Total	$ 2,529,455	$ (170,940)	$ 2,358,515

At June 30, 2022, receivables for the enterprise funds consisted of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water and sewer	$ 3,600,493	$ -	$ 3,600,493
Trash user charges	83,719	-	83,719
Harbor/Waterways	43,697	-	43,697
Total	$ 3,727,909	$ -	$ 3,727,909

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

	General Fund	Other Governmental Funds	Total
Receivables:			
Real estate and personal property taxes	$ 610,704	$ -	$ 610,704
Tax liens	269,428	-	269,428
Motor vehicle and boat excise taxes	310,159	-	310,159
Intergovernmental	-	21,031	21,031
Total	$ 1,190,291	$ 21,031	$ 1,211,322

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 4,694,967	$ -	$ -	$ 4,694,967
Construction in progress	10,465,026	1,061,745	(80,422)	11,446,349
Total capital assets not being depreciated	15,159,993	1,061,745	(80,422)	16,141,316
Capital assets being depreciated:				
Buildings and improvements	118,249,136	1,615,585	-	119,864,721
Machinery and equipment	2,211,172	546,954	-	2,758,126
Vehicles	5,155,671	46,486	-	5,202,157
Infrastructure	23,656,741	1,097,418	-	24,754,159
Total capital assets being depreciated	149,272,720	3,306,443	-	152,579,163
Less accumulated depreciation for:				
Buildings and improvements	(29,953,040)	(3,212,522)	-	(33,165,562)
Machinery and equipment	(1,525,143)	(266,111)	-	(1,791,254)
Vehicles	(3,223,483)	(466,082)	-	(3,689,565)
Infrastructure	(11,329,551)	(366,280)	-	(11,695,831)
Total accumulated depreciation	(46,031,217)	(4,310,995)	-	(50,342,212)
Total capital assets being depreciated, net	103,241,503	(1,004,552)	-	102,236,951
Total governmental activities capital assets, net	$ 118,401,496	$ 57,193	$ (80,422)	$ 118,378,267

Water and Sewer:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 50,882	$ -	$ -	$ 50,882
Construction in progress	8,942,264	5,707,052	(1,360,706)	13,288,610
Total capital assets not being depreciated	8,993,146	5,707,052	(1,360,706)	13,339,492
Capital assets being depreciated:				
Machinery and equipment	1,236,797	80,000	-	1,316,797
Vehicles	300,592	-	-	300,592
Infrastructure	18,622,495	1,639,384	-	20,261,879
Total capital assets being depreciated	20,159,884	1,719,384	-	21,879,268
Less accumulated depreciation for:				
Machinery and equipment	(702,451)	(125,680)	-	(828,131)
Vehicles	(219,757)	(33,678)	-	(253,435)
Infrastructure	(4,541,815)	(344,796)	-	(4,886,611)
Total accumulated depreciation	(5,464,023)	(504,154)	-	(5,968,177)
Total capital assets being depreciated, net	14,695,861	1,215,230	-	15,911,091
Total water and sewer activities capital assets, net	$ 23,689,007	$ 6,922,282	$ (1,360,706)	$ 29,250,583

Skating Rink:		Beginning Balance		Increases		Decreases		Ending Balance
Capital assets being depreciated:								
Buildings and improvements	$	2,524,483	$	-	$	-	$	2,524,483
Machinery and equipment		127,838		-		-		127,838
Total capital assets being depreciated		2,652,321		-		-		2,652,321
Less accumulated depreciation for:								
Buildings and improvements		(1,159,970)		(49,717)		-		(1,209,687)
Machinery and equipment		(88,014)		(7,254)		-		(95,268)
Total accumulated depreciation		(1,247,984)		(56,971)		-		(1,304,955)
Total skating rink activities capital assets, net	$	1,404,337	$	(56,971)	$	-	$	1,347,366

Harbor/Waterways:		Beginning Balance		Increases		Decreases		Ending Balance
Capital assets being depreciated:								
Buildings and improvements	$	709,952	$	-	$	-	$	709,952
Machinery and equipment		136,011		29,722		-		165,733
Vehicles		297,409		-		-		297,409
Infrastructure		4,119,684		-		-		4,119,684
Total capital assets being depreciated		5,263,056		29,722		-		5,292,778
Less accumulated depreciation for:								
Buildings and improvements		(168,415)		(17,749)		-		(186,164)
Machinery and equipment		(80,010)		(13,194)		-		(93,204)
Vehicles		(195,158)		(33,707)		-		(228,865)
Infrastructure		(1,200,300)		(93,884)		-		(1,294,184)
Total accumulated depreciation		(1,643,883)		(158,534)		-		(1,802,417)
Total harbor/waterways activities capital assets, net	$	3,619,173	$	(128,812)	$	-	$	3,490,361

Recreation:		Beginning Balance		Increases		Decreases		Ending Balance
Capital assets being depreciated:								
Other improvements	$	558,622	$	-	$	-	$	558,622
Vehicles		23,689		-		-		23,689
Total capital assets being depreciated		582,311		-		-		582,311
Less accumulated depreciation for:								
Other improvements		(177,126)		(12,126)		-		(189,252)
Vehicles		(23,689)		-		-		(23,689)
Total accumulated depreciation		(200,815)		(12,126)		-		(212,941)
Total recreation activities capital assets, net	$	381,496	$	(12,126)	$	-	$	369,370

Ferry, Tourism and Culture:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Machinery and equipment	$ 999,583	$ -	$ -	$ 999,583
Less accumulated depreciation for:				
Machinery and equipment	(549,771)	(99,958)	-	(649,729)
Total ferry, tourism and culture activities capital assets, net	$ 449,812	$ (99,958)	$ -	$ 349,854

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

Governmental Activities:	
General government	$ 58,656
Public safety	244,440
Education	3,042,485
Public works	918,290
Human services	19,607
Library	27,517
Total depreciation expense - governmental activities	$ 4,310,995
Business-Type Activities:	
Water and sewer	$ 504,154
Rink	56,971
Harbor/Waterways	158,534
Recreation	12,126
Ferry, tourism and culture	99,958
Total depreciation expense - business-type activities	$ 831,743

NOTE 5 – TRANSFERS

Interfund transfers for the year ended June 30, 2022, are summarized as follows:

	Transfers In:					
Transfers Out:	General Fund	Nonmajor Governmental Funds	Trash	Recreation Enterprise fund	Total	
General Fund	$ -	$ 77,595	$ 1,264,301	$ 149,958	$ 1,491,854	(1)
COVID Grants Fund	-	400,000	-	-	400,000	(2)
Nonmajor Governmental Funds	250,714	-	-	-	250,714	(2)
Total	$ 250,714	$ 477,595	$ 1,264,301	$ 149,958	$ 2,142,568	

(1) Budgeted transfers from the general fund to the nonmajor governmental funds, the trash and recreation enterprise funds.

(2) Represents a transfer from the COVID grants fund to a nonmajor governmental fund and budgeted transfer from the nonmajor governmental funds to the general fund.

NOTE 6 – SHORT-TERM FINANCING

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

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).

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

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

The Town had the following short-term debt outstanding at year end:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
Enterprise Funds:							
ILN	MCWT Interim Loan...........	0.00%	On Demand	$ 2,114,626	$ 2,377,237	$ -	$ 4,491,863

The Town entered into an interim loan with the Massachusetts Clean Water Trust (MCWT) in 2021 totaling $7,786,451. In 2022, the Town incurred $5,005,769 of eligible construction costs related to the project and has received interim loan proceeds in the amount of $4,491,863. The drawdowns of the interim loan proceeds have been classified as a short term note in the proprietary fund financial statements. Upon conclusion of the related construction project, the MCWT will finalize the loan and will issue a new note on a long-term basis.

NOTE 7 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements are on the following pages.

The Town implemented GASB Statement #87, *Leases* in the year ended June 30, 2022. Therefore the Town's agreement to finance the acquisition of a lighting system previously reported as a lease, has been reclassified as capital financing long-term debt in the current year.

Long-Term Debt Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Capital Financing:				
Lighting System Capital Financing..................	2025	$ 654,894	3.10	$ 212,622
General Obligation Bonds:				
Municipal Purpose Bonds of 2015..................	2040	36,033,000	2.00-5.00	29,415,000
Municipal Purpose Refunding Bonds of 2015.....	2025	2,903,000	2.00-4.00	965,000
Municipal Purpose Bonds of 2017..................	2031	13,445,000	2.00-4.00	10,460,000
Municipal Purpose Bonds of 2020..................	2030	1,098,000	4.00	1,015,000
Total General Obligation Bonds Payable..........				41,855,000
Add: Unamortized premium on bonds..........				1,052,248
Total Long-term Debt, net..........				$ 43,119,870

Debt service requirements for principal and interest for governmental general obligation bonds and capital financing payable in future years are as follows:

Year	General Obligation Bonds Principal	General Obligation Bonds Interest	General Obligation Bonds Total	Capital Financing Payable Principal	Capital Financing Payable Interest	Capital Financing Payable Total
2023.............	$ 2,315,000	$ 1,521,804	$ 3,836,804	$ 71,234	$ 5,769	$ 77,003
2024.............	2,410,000	1,420,028	3,830,028	73,469	3,534	77,003
2025.............	2,505,000	1,324,777	3,829,777	67,919	1,230	69,149
2026.............	2,290,000	1,213,952	3,503,952	-	-	-
2027.............	2,380,000	1,111,677	3,491,677	-	-	-
2028.............	2,475,000	1,015,152	3,490,152	-	-	-
2029.............	2,555,000	929,502	3,484,502	-	-	-
2030.............	2,635,000	839,827	3,474,827	-	-	-
2031.............	2,595,000	748,508	3,343,508	-	-	-
2032.............	2,620,000	657,251	3,277,251	-	-	-
2033.............	1,890,000	580,853	2,470,853	-	-	-
2034.............	1,950,000	518,814	2,468,814	-	-	-
2035.............	2,020,000	452,246	2,472,246	-	-	-
2036.............	2,085,000	381,864	2,466,864	-	-	-
2037.............	2,160,000	307,989	2,467,989	-	-	-
2038.............	2,240,000	230,968	2,470,968	-	-	-
2039.............	2,320,000	147,700	2,467,700	-	-	-
2040.............	2,410,000	57,688	2,467,688	-	-	-
Total.............	$ 41,855,000	$ 13,460,600	$ 55,315,600	212,622	$ 10,533	$ 223,155

Long-term Debt Schedule – Enterprise Funds

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The majority of the Town's Water & Sewer Enterprise Fund debt is issued through this program. The interest imputed on the remaining life of the 0% MWRA bonds is immaterial to the financial statements and therefore no adjustments have been made to recognize the imputed interest.

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant, a loan and a grant to forgive interest on the loan. The loan portion is payable in either five or ten equal annual installments. At June 30, 2022, the outstanding principal amount of these loans totaled $6,440,226.

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Direct Borrowings:				
MWRA Water Bonds of 2013	2023	$ 750,000	0.00	$ 75,000
MWRA Water Bonds of 2014	2024	275,000	0.00	55,000
MWRA Water Bonds of 2015	2025	2,287,000	0.00	686,100
MWRA Water Bonds of 2017	2028	2,159,000	0.00	1,295,400
MWRA Water Bonds of 2018	2028	2,244,000	0.00	1,346,400
MWRA Water Bonds of 2019	2029	487,850	0.00	341,495
MWRA Water Bonds of 2020	2030	690,000	0.00	552,000
MWRA Water Bonds of 2021	2031	750,000	0.00	675,000
MWRA Water Bonds of 2022	2032	750,000	0.00	750,000
MWRA Sewer Bonds of 2016	2026	106,750	0.00	42,700
MWRA Sewer Bonds of 2019	2023	64,875	0.00	25,950
MWRA Sewer Bonds of 2020	2030	373,563	0.00	283,926
MWRA Sewer Bonds of 2021	2031	68,063	0.00	61,255
MWRA Sewer Bonds of 2022	2027	250,000	0.00	250,000
Total Direct Borrowings				6,440,226
General Obligations:				
Municipal Purpose Bonds of 2020	2031	312,000	3.00-4.00	310,000
Total Long-term Debt, net				$ 6,750,226

Debt service requirements for principal and interest for Enterprise general obligation bonds and direct borrowings payable in future years are as follows:

Year	General Obligation Bonds Payable: Principal	Interest	Total
2023	$ 35,000	$ 11,100	$ 46,100
2024	35,000	9,700	44,700
2025	30,000	8,400	38,400
2026	35,000	7,200	42,200
2027	35,000	6,000	41,000
2028	35,000	4,800	39,800
2029	35,000	3,600	38,600
2030	35,000	2,400	37,400
2031	35,000	1,350	36,350
2032	-	450	450
Total	$ 310,000	$ 55,000	$ 365,000

Year	Direct Borrowings: Principal	Interest	Total
2023	$ 1,164,560	$ -	$ 1,164,560
2024	1,089,560	-	1,089,560
2025	1,049,085	-	1,049,085
2026	805,461	-	805,461
2027	794,785	-	794,785
2028	744,785	-	744,785
2029	304,484	-	304,484
2030	255,700	-	255,700
2031	156,806	-	156,806
2032	75,000	-	75,000
Total	$ 6,440,226	$ -	$ 6,440,226

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2022, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer mains	$ 252,495
Middle/high school building	945,011
Water mains	3,425,000
Sewer	20,920
Rink renovations	600,000
Water pump station and equipment	1,633,750
Winthrop center business district water/sewer	2,668,408
Total	$ 9,545,584

Changes in Long-term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Long-term Debt Issued	Long-term Debt Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable	$ 44,048,000	$ -	$ (2,193,000)	$ -	$ -	$ 41,855,000	$ 2,317,235
Long-term capital financing	363,796	-	(151,174)	-	-	212,622	71,234
Add: Unamortized premium on bonds	1,207,882	-	(155,634)	-	-	1,052,248	142,484
Total long-term debt	45,619,678	-	(2,499,808)	-	-	43,119,870	2,530,953
Compensated absences	481,000	-	-	52,000	(71,000)	462,000	62,000
Net pension liability/(asset)	435,000	-	-	2,399,000	(14,490,000)	(11,656,000)	-
Net OPEB liability	120,610,952	-	-	4,432,675	(26,934,308)	98,109,319	-
Total governmental activity long-term liabilities	$ 167,146,630	$ -	$ (2,499,808)	$ 6,883,675	$ (41,495,308)	$ 130,035,189	$ 2,592,953
Business-Type Activities:							
General Obligation Bonds	$ 312,000	$ -	$ (2,000)	$ -	$ -	$ 310,000	$ 35,000
Direct Borrowings	6,650,246	1,000,000	(1,210,020)	-	-	6,440,226	1,164,560
Total long-term debt	6,962,246	1,000,000	(1,212,020)	-	-	6,750,226	1,199,560
Net pension liability/(asset)	41,000	-	-	656,000	(1,683,000)	(986,000)	-
Net OPEB liability	2,506,125	-	-	123,919	(562,249)	2,067,795	-
Total business-type activity long-term liabilities	$ 9,509,371	$ 1,000,000	$ (1,212,020)	$ 779,919	$ (2,245,249)	$ 7,832,021	$ 1,199,560

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to constraints imposed on the uses of those resources.

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

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. The Town's highest level of decision-making authority is the Town Council.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

As of June 30, 2022, the governmental fund balances consisted of the following:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:			
Nonspendable:			
Permanent fund principal	$ -	$ 690,785	$ 690,785
Restricted for:			
Middle/High School Project	-	102,834	102,834
Town revolving fund	-	1,005,771	1,005,771
Town grant fund	-	600,243	600,243
Town gift and grant fund	-	589,626	589,626
School revolving fund	-	1,291,013	1,291,013
School gift and grant fund	-	450,082	450,082
Other special revenue fund	-	147,564	147,564
Miller Field construction project	-	17,245	17,245
Other capital projects fund	-	56,500	56,500
Lewis Lake Challenge	-	18,918	18,918
Cemetery perpetual care	-	20,075	20,075
Permanent fund	-	136,532	136,532
Committed to:			
Capital outlay	468,714	-	468,714
Assigned to:			
General government	209,209	-	209,209
Public safety	184,228	-	184,228
Education	663,724	-	663,724
Public works	18,089	-	18,089
Human services	1,363	-	1,363
Culture and recreation	802	-	802
Unassigned	8,223,210	-	8,223,210
Total Fund Balances	$ 9,769,339	$ 5,127,188	$ 14,896,527

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints. Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any changes to the purpose of the fund along with any additions to or appropriations from the fund required a two-thirds vote of the legislative body. At year end the balance of the General Stabilization fund is $2,877,064, the Capital Stabilization fund is $3,241,599, and the Building Maintenance Stabilization fund is $300,472. The balance of all three stabilization funds is reported as unassigned fund balance within the general fund.

NOTE 9 – PENSION PLAN

Plan Descriptions

The Town is a member of the Winthrop Contributory Retirement System (WCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the two member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

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 https://mtrs.state.ma.us/service/financial-reports/.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement #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, 2021. The Town portion of the collective pension expense, contributed by the Commonwealth, of $3,459,482 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability/(asset) associated with the Town is $43,111,042 as of the measurement date.

Benefits Provided

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2021, the WCRS membership consists of the following:

Active members	251
Inactive members	68
Retirees and beneficiaries currently receiving benefits	193
Total	512

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding $30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the WCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2021 was $3,948,000 or 30.37% 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. The Town's proportionate share of the required contribution was $3,722,000 which equaled its actual contribution.

Pension Liabilities/(Assets)

The components of the net pension liability/(asset) of the participating member units at June 30, 2022, were as follows:

Total pension liability	$	92,777,000
Total pension plan's fiduciary net position		(106,186,000)
Total net pension liability/(asset)	$	(13,409,000)
The pension plan's fiduciary net position as a percentage of the total pension liability		114.45%

At June 30, 2022, the Town reported an asset of $12,642,000 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of January 1, 2021. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability/(asset) 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. At December 31, 2021, the Town's proportion was 94.28%, which changed from its proportion measured at December 31, 2020 of 94.24%.

Pension Expense

For the year ended June 30, 2022, the Town recognized pension expense of ($2,731,000). At June 30, 2022, the Town reported the following deferred outflows of resources and deferred inflows of resources related to pensions:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$ -	$ (2,627,000)	$ (2,627,000)
Difference between projected and actual earnings, net	-	(11,849,000)	(11,849,000)
Changes in assumptions	1,407,000	-	1,407,000
Changes in proportion and proportionate share of contributions	6,000	(14,000)	(8,000)
Total deferred outflows/(inflows) of resources	$ 1,413,000	$ (14,490,000)	$ (13,077,000)

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

Year ended June 30:		
2023	$	(2,956,000)
2024		(4,660,000)
2025		(3,308,000)
2026		(2,153,000)
Total	$	(13,077,000)

Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2021:

Valuation date	January 1, 2021
Actuarial cost method	Entry Age Normal Cost Method.
Amortization method - UAAL	Total payments level until FY25 with a final amortization payment in FY26.
Remaining amortization period	4 years from July 1, 2022.
Asset valuation method	Fair value for GASB 67/68. For funding purposes, gains and losses each year are recognized over 5 years.
Investment rate of return	6.75% net of pension plan investment expense, including inflation.
Discount rate	6.75%
Inflation rate	2.50%
Projected salary increases	Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.
Cost of living adjustments	3% of first $12,000.
Mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 (gender distinct). Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender district). For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2020 (gender district).

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.00%	6.30%
International equities	12.70%	6.40%
Emerging international equities	5.00%	8.70%
Core fixed income	15.10%	3.10%
Value added fixed income	6.50%	6.40%
Private equity	16.60%	10.10%
Real estate	8.70%	6.00%
Timberland	2.90%	6.60%
Hedge Fund | PCS	7.80%	5.40%
Overlay	0.70%	0.00%
Total	100.00%	

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset), calculated using the discount rate of 6.75%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
	December 31, 2021 Measurement Date		
The Town's proportionate share of the net pension liability/(asset)...............	$ (2,843,000)	$ (12,642,000)	$ (20,954,000)
WCRS total net pension liability/(asset)....	$ (3,015,000)	$ (13,409,000)	$ (22,225,000)

Changes of Assumptions

None.

Changes in Plan Provisions

None.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active members and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report. All active and retired members receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC).

Funding Policy

Contribution requirements are established through agreements with Town employee unions, and in accordance with overall Town policy. Retirees contribute 10%-35% of the calculated contribution for health insurance and the remainder of the cost is funded by the Town. Retirees contribute 50% of the premiums for life insurance and the remainder of the cost is funded by the Town. For the year ended June 30, 2022, the Town’s average contribution rate was 9.57% of covered-employee payroll.

The Commonwealth of Massachusetts passed legislation that has allowed the Town to establish the postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2022, the Town has pre-funded future OPEB liabilities 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, 2022, the balance of this fund totaled $344,287. The Town has not formally adopted a policy of pre-funding future OPEB liabilities.

Plan Membership

The following table represents the Plan's membership at June 30, 2022:

Active members	472
Inactive members currently receiving benefits	389
Total	861

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2022:

Total OPEB liability	$ 100,521,401
Less: OPEB plan's fiduciary net position	(344,287)
Net OPEB liability	$ 100,177,114
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	0.34%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined by using the following actuarial assumptions actuarial, applied to all periods including the measurement date that was updated to June 30, 2022:

Valuation date	July 1, 2021
Actuarial cost method	Individual Entry Age Normal.
Asset valuation method	Fair Value of Assets as of the Measurement Date, June 30, 2022.
Investment rate of return	2.50%, net of OPEB plan investment expense, including inflation.
Discount rate	4.09%, net of OPEB plan investment expense, including inflation.
Inflation rate	2.50% as of June 30, 2022 and for future periods.
Payroll growth	3.00% annually as of June 30, 2022 and for future periods.
Pre-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 0.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation as of June 30, 2022, and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap	0.00%	4.42%
Domestic equity - small/mid cap	0.00%	4.81%
International equity - developed market	0.00%	4.91%
International equity - emerging market	0.00%	5.58%
Domestic fixed income	0.00%	1.00%
International fixed income	0.00%	1.04%
Alternatives	0.00%	5.98%
Real estate	0.00%	6.25%
Cash and cash equivalents	100.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets is applied to the projected benefit payments which the fiduciary net position is expected to be sufficient to cover and the municipal bond rate is applied thereafter. The municipal bond rate is based on the S&P Municipal Bond 20 – Year High Grade Index ("SAPIHG"), which was 4.09% as of June 30, 2022. The S&P Municipal Bond 20 – Year High Grade Index is the index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	$ 123,460,813	$ 343,736	$ 123,117,077
Changes for the year:			
Service cost	4,759,126	-	4,759,126
Interest	2,850,689	-	2,850,689
Differences between expected and actual experience	(2,314,883)	-	(2,314,883)
Changes of assumptions	(25,172,027)	-	(25,172,027)
Benefit payments	(3,062,317)	(3,062,317)	-
Employer contributions	-	3,062,317	(3,062,317)
Net investment income	-	551	(551)
Net change	(22,939,412)	551	(22,939,963)
Balances at June 30, 2022	$ 100,521,401	$ 344,287	$ 100,177,114

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

The following table presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate.

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Net OPEB liability	$ 117,469,713	$ 100,177,114	$ 86,476,352

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net OPEB liability, calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability	$ 85,240,047	$ 100,177,114	$ 119,426,010

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the financial reporting year ended June 30, 2022, the Town recognized OPEB expense of $7,618,911 and reported deferred outflows/(inflows) of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience................	$ 1,025,935	$ (4,043,778)	$ (3,017,843)
Difference between projected and actual earnings, net..............	11,583	-	11,583
Changes of assumptions..	15,378,646	(21,251,151)	(5,872,505)
Total deferred outflows/(inflows) of resources...........................	$ 16,416,164	$ (25,294,929)	$ (8,878,765)

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

Reporting year ended June 30:	
2023..................................	18,223
2024..................................	18,366
2025..................................	(763,726)
2026..................................	(2,382,089)
2027..................................	(3,971,323)
Thereafter...........................	(1,798,216)
Total..................................	$ (8,878,765)

Changes of Assumptions

The discount rate has been changed from 2.25% to 4.09%.

Changes in Plan Provisions

None.

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for workers compensation related to the police and fire departments and has a premium based plan for all other departments. The estimated future workers' compensation liability is based on history and injury type. At June 30, 2022, the amount of the liability of the workers' compensation claims is immaterial and is therefore not reported.

NOTE 12 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided on the following page are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents	$ 757,592	$ 344,287	$ 1,101,879
Investments:			
Pension Reserve Investment Trust	105,420,390	-	105,420,390
Receivables, net of allowance for uncollectibles:			
Departmental and other	7,519	-	7,519
TOTAL ASSETS	106,185,501	344,287	106,529,788
NET POSITION			
Restricted for pensions	106,185,501	-	106,185,501
Restricted for other postemployment benefits	-	344,287	344,287
TOTAL NET POSITION	$ 106,185,501	$ 344,287	$ 106,529,788

	Pension Trust Fund	Other Postemployment Benefit Trust Fund	Total
ADDITIONS:			
Contributions:			
Employer contributions	$ 3,948,325	$ -	$ 3,948,325
Employer contributions for OPEB payments	-	3,062,317	3,062,317
Member contributions	1,345,587	-	1,345,587
Transfers from other systems	184,578	-	184,578
3(8)c contributions from other systems	97,455	-	97,455
Member makeup payments and redeposits	50,648	-	50,648
Private donations	31,906	-	31,906
Total contributions	5,658,499	3,062,317	8,720,816
Net investment income:			
Investment income	17,899,675	551	17,900,226
Less: investment expense	(478,450)	-	(478,450)
Net investment income (loss)	17,421,225	551	17,421,776
TOTAL ADDITIONS	23,079,724	3,062,868	26,142,592
DEDUCTIONS:			
Administration	152,334	-	152,334
Transfers to other systems	433,062	-	433,062
3(8)c transfer to other systems	436,750	-	436,750
Retirement benefits and refunds	4,893,397	-	4,893,397
Other postemployment benefit payments	-	3,062,317	3,062,317
TOTAL DEDUCTIONS	5,915,543	3,062,317	8,977,860
NET INCREASE (DECREASE) IN NET POSITION	17,164,181	551	17,164,732
NET POSITION AT BEGINNING OF YEAR	89,021,320	343,736	89,365,056
NET POSITION AT END OF YEAR	$ 106,185,501	$ 344,287	$ 106,529,788

NOTE 13 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 25, 2023, which is the date the financial statements were available to be issued.

The Retirement System carries its investments at fair (market) value in accordance with Generally Accepted Accounting Principles (GAAP). Market value adjustments are recorded monthly. Subsequent to year end, the System's investments had declined in value. The market value decline is consistent with recent trends in the overall financial securities market. In accordance with GAAP, the System has not recorded the losses in its financial statements as the impairments were not known as of December 31, 2021. The System has recorded the losses associated with the change in fair value in 2022.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the basic financial statements.
- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

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

Required Supplementary Information

GENERAL FUND

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Real estate and personal property taxes,					
net of tax refunds	$ 35,495,233	$ 35,491,478	$ 35,469,468	$ -	$ (22,010)
Tax liens	-	-	49,022	-	49,022
Motor vehicle and boat excise taxes	2,035,538	2,035,538	2,287,014	-	251,476
Hotel/motel tax	27,000	27,000	63,285	-	36,285
Meals tax	166,000	166,000	232,961	-	66,961
Penalties and interest on taxes	116,017	116,017	136,621	-	20,604
Fees and rentals	341,530	341,530	348,285	-	6,755
Licenses and permits	410,000	410,000	547,692	-	137,692
Fines and forfeitures	136,688	136,688	151,937	-	15,249
Intergovernmental	14,783,536	14,783,536	15,141,222	-	357,686
Departmental and other	47,118	47,118	107,806	-	60,688
Investment income	25,000	25,000	8,883	-	(16,117)
TOTAL REVENUES	53,583,660	53,579,905	54,544,196	-	964,291
EXPENDITURES:					
Current:					
General government	2,916,389	2,564,810	2,250,827	209,209	104,774
Public safety	7,776,868	7,842,212	7,609,781	184,228	48,203
Education	23,897,107	23,915,621	23,251,897	663,724	-
Public works	2,843,994	3,456,085	3,385,277	18,089	52,719
Health and human services	560,030	537,551	491,942	1,363	44,246
Culture and recreation	594,416	596,716	552,444	802	43,470
Pension benefits	3,470,977	3,470,977	3,470,977	-	-
Employee benefits	7,187,031	7,307,231	7,267,239	-	39,992
State and county charges	879,435	879,435	933,250	-	(53,815)
Capital outlay	549,306	1,039,436	570,722	468,714	-
Debt service:					
Principal	2,193,000	2,193,000	2,193,000	-	-
Interest	1,632,756	1,632,756	1,632,756	-	-
TOTAL EXPENDITURES	54,501,309	55,435,830	53,610,112	1,546,129	279,589
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(917,649)	(1,855,925)	934,084	(1,546,129)	1,243,880
OTHER FINANCING SOURCES (USES):					
Use of fund balance to fund prior year carryforwards	1,305,416	1,305,416	-	-	(1,305,416)
Free cash to fund supplemental appropriations	-	2,201,916	-	-	(2,201,916)
Transfers in	876,534	1,459,768	1,459,768	-	-
Transfers out	(1,264,301)	(3,111,175)	(3,111,175)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	917,649	1,855,925	(1,651,407)	-	(3,507,332)
NET CHANGE IN FUND BALANCE	-	-	(717,323)	(1,546,129)	(2,263,452)
BUDGETARY FUND BALANCE, Beginning of year	3,874,754	3,874,754	3,874,754	-	-
BUDGETARY FUND BALANCE, End of year	$ 3,874,754	$ 3,874,754	$ 3,157,431	$ (1,546,129)	$ (2,263,452)

See notes to required supplementary information.

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Retirement Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios presents multi-year trend information on the Plan's net pension liability/(asset) and related ratios.

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

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

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

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

WINTHROP CONTRIBUTORY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost	$ 1,539,000	$ 1,897,000	$ 1,982,000	$ 2,123,000
Interest	5,054,000	5,127,000	5,460,000	5,545,000
Differences between expected and actual experience	-	(2,295,000)	-	(2,683,000)
Changes in assumptions	-	3,500,000	-	1,850,000
Benefit payments	(3,825,000)	(3,903,000)	(3,738,000)	(4,048,000)
Net change in total pension liability	2,768,000	4,326,000	3,704,000	2,787,000
Total pension liability - beginning	65,585,000	68,353,000	72,679,000	76,383,000
Total pension liability - ending (a)	$ 68,353,000	$ 72,679,000	$ 76,383,000	$ 79,170,000
Plan fiduciary net position:				
Employer contributions	$ 3,061,000	$ 3,120,000	$ 3,245,000	$ 3,375,000
Member contributions	893,000	1,068,000	1,035,000	1,359,000
Net investment income (loss)	3,827,000	454,000	4,080,000	10,198,000
Administrative expenses	(94,000)	(103,000)	(127,000)	(127,000)
Retirement benefits and refunds	(3,825,000)	(3,903,000)	(3,738,000)	(4,048,000)
Net increase (decrease) in fiduciary net position	3,862,000	636,000	4,495,000	10,757,000
Fiduciary net position - beginning of year	50,934,000	54,796,000	55,432,000	59,927,000
Fiduciary net position - end of year (b)	$ 54,796,000	$ 55,432,000	$ 59,927,000	$ 70,684,000
Net pension liability/(asset) - ending (a)-(b)	$ 13,557,000	$ 17,247,000	$ 16,456,000	$ 8,486,000
Plan fiduciary net position as a percentage of the total pension liability	80.17%	76.27%	78.46%	89.28%
Covered payroll	$ 10,189,000	$ 11,695,000	$ 11,695,000	$ 12,853,000
Net pension liability/(asset) as a percentage of covered payroll	133.06%	147.47%	140.71%	66.02%

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.

December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
$ 2,219,000	$ 2,356,000	$ 2,462,000	$ 2,452,000
5,742,000	5,974,000	6,219,000	6,032,000
(435,000)	-	(4,726,000)	-
3,100,000	-	1,700,000	-
(4,385,000)	(4,861,000)	(5,009,000)	(5,233,000)
6,241,000	3,469,000	646,000	3,251,000
79,170,000	85,411,000	88,880,000	89,526,000
$ 85,411,000	$ 88,880,000	$ 89,526,000	$ 92,777,000
$ 3,510,000	$ 3,650,000	$ 3,796,000	$ 3,948,000
1,073,000	1,004,000	1,219,000	1,181,000
(1,673,000)	11,017,000	9,430,000	17,421,000
(133,000)	(145,000)	(156,000)	(152,000)
(4,385,000)	(4,861,000)	(5,009,000)	(5,233,000)
(1,608,000)	10,665,000	9,280,000	17,165,000
70,684,000	69,076,000	79,741,000	89,021,000
$ 69,076,000	$ 79,741,000	$ 89,021,000	$ 106,186,000
$ 16,335,000	$ 9,139,000	$ 505,000	$ (13,409,000)
80.87%	89.72%	99.44%	114.45%
$ 13,204,000	$ 13,204,000	$ 13,001,000	$ 13,001,000
123.71%	69.21%	3.88%	-103.14%

SCHEDULE OF CONTRIBUTIONS
WINTHROP CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2021………	$ 3,948,000	$ (3,948,000)	$ -	$ 13,001,000	30.37%
December 31, 2020………	3,796,000	(3,796,000)	-	13,001,000	29.20%
December 31, 2019………	3,650,000	(3,650,000)	-	13,204,000	27.64%
December 31, 2018………	3,510,000	(3,510,000)	-	13,204,000	26.58%
December 31, 2017………	3,375,000	(3,375,000)	-	12,853,000	26.26%
December 31, 2016………	3,245,000	(3,245,000)	-	11,695,000	27.75%
December 31, 2015………	3,120,000	(3,120,000)	-	11,695,000	26.68%
December 31, 2014………	3,061,000	(3,061,000)	-	10,189,000	30.04%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
WINTHROP CONTRIBUTORY RETIREMENT SYSTEM

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2021........................	19.93%
December 31, 2020........................	12.08%
December 31, 2019........................	16.30%
December 31, 2018........................	-2.43%
December 31, 2017........................	17.30%
December 31, 2016........................	7.49%
December 31, 2015........................	0.82%
December 31, 2014........................	7.57%

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

See notes to required supplementary information.

Pension Plan Schedules – Town

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

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

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

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

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY/(ASSET)
WINTHROP CONTRIBUTORY RETIREMENT SYSTEM

Year	Proportion of the net pension liability/(asset)	Proportionate share of the net pension liability/(asset)	Covered payroll	Net pension liability/(asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2021……….	94.28%	$ (12,642,000)	$ 12,257,000	-103.14%	114.45%
December 31, 2020……….	94.24%	476,000	12,252,000	3.89%	99.44%
December 31, 2019……….	94.36%	8,624,000	12,459,000	69.22%	89.72%
December 31, 2018……….	94.45%	15,428,000	12,471,000	123.71%	80.87%
December 31, 2017……….	94.27%	8,000,000	12,117,000	66.02%	89.28%
December 31, 2016……….	94.71%	15,585,000	11,076,000	140.71%	78.46%
December 31, 2015……….	94.29%	16,262,196	11,027,000	147.48%	76.27%
December 31, 2014……….	94.08%	12,724,601	9,586,000	132.74%	80.17%

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

WINTHROP CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2022…………………	$ 3,722,000	$ (3,722,000)	$ -	$ 12,380,000	30.06%
June 30, 2021…………………	3,578,000	(3,578,000)	-	12,375,000	28.91%
June 30, 2020…………………	3,436,000	(3,436,000)	-	12,584,000	27.30%
June 30, 2019…………………	3,307,000	(3,307,000)	-	12,596,000	26.25%
June 30, 2018…………………	3,173,000	(3,173,000)	-	12,238,000	25.93%
June 30, 2017…………………	3,065,000	(3,065,000)	-	11,187,000	27.40%
June 30, 2016…………………	2,941,848	(2,941,848)	-	11,137,000	26.42%
June 30, 2015…………………	2,844,787	(2,844,787)	-	9,682,000	29.38%

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2022………………	$ 43,111,042	$ 3,459,482	62.03%
2021………………	54,489,484	6,730,232	50.67%
2020………………	46,607,555	5,651,975	53.95%
2019………………	44,608,468	4,520,422	54.84%
2018………………	43,658,136	4,556,727	54.25%
2017………………	41,044,640	4,186,822	52.73%
2016………………	37,298,768	3,025,262	55.38%
2015………………	29,818,728	2,071,650	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service cost……	$ 3,972,892	$ 3,299,685	$ 3,149,426	$ 3,744,326	$ 3,919,801	$ 4,759,126
Interest……	2,511,486	2,888,437	3,503,277	3,540,646	3,072,576	2,850,689
Differences between expected and actual experience…	-	3,468,635	-	(4,054,480)	-	(2,314,883)
Changes of assumptions……	(11,146,618)	2,696,789	5,968,515	9,965,987	10,103,566	(25,172,027)
Benefit payments……	(1,934,575)	(2,273,963)	(2,449,855)	(2,731,160)	(2,871,278)	(3,062,317)
Net change in total OPEB liability……	(6,596,815)	10,079,583	10,171,363	10,465,319	14,224,665	(22,939,412)
Total OPEB liability - beginning……	85,116,698	78,519,883	88,599,466	98,770,829	109,236,148	123,460,813
Total OPEB liability - ending (a)……	$ 78,519,883	$ 88,599,466	$ 98,770,829	$ 109,236,148	$ 123,460,813	$ 100,521,401
Plan fiduciary net position						
Employer contributions……	$ 150,000	$ 75,000	$ -	$ -	$ -	$ -
Employer contributions for OPEB payments……	1,934,575	2,273,963	2,449,855	2,731,160	2,871,278	3,062,317
Net investment income……	521	3,730	7,008	5,597	1,613	551
Benefit payments……	(1,934,575)	(2,273,963)	(2,449,855)	(2,731,160)	(2,871,278)	(3,062,317)
Net change in plan fiduciary net position……	150,521	78,730	7,008	5,597	1,613	551
Plan fiduciary net position - beginning of year……	100,267	250,788	329,518	336,526	342,123	343,736
Plan fiduciary net position - end of year (b)……	$ 250,788	$ 329,518	$ 336,526	$ 342,123	$ 343,736	$ 344,287
Net OPEB liability - ending (a)-(b)……	$ 78,269,095	$ 88,269,948	$ 98,434,303	$ 108,894,025	$ 123,117,077	$ 100,177,114
Plan fiduciary net position as a percentage of the total OPEB liability……	0.32%	0.37%	0.34%	0.31%	0.28%	0.34%
Covered-employee payroll……	$ 23,956,755	$ 25,274,967	$ 27,877,569	$ 28,838,356	$ 29,703,507	$ 31,986,991
Net OPEB liability as a percentage of covered-employee payroll……	326.71%	349.24%	353.10%	377.60%	414.49%	313.18%

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.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2022…………….	$ 8,632,923	$ (3,062,317)	$ 5,570,606	$ 31,986,991	9.57%
June 30, 2021…………….	7,603,693	(2,871,278)	4,732,415	29,703,507	9.67%
June 30, 2020…………….	7,247,676	(2,731,160)	4,516,516	28,838,356	9.47%
June 30, 2019…………….	8,295,198	(2,449,855)	5,845,343	27,877,569	8.79%
June 30, 2018…………….	7,720,508	(2,423,963)	5,296,545	25,274,967	9.59%
June 30, 2017…………….	6,531,965	(2,059,575)	4,472,390	23,956,755	8.60%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2022……………………………	0.16%
June 30, 2021……………………………	0.47%
June 30, 2020……………………………	1.66%
June 30, 2019……………………………	2.13%
June 30, 2018……………………………	1.27%
June 30, 2017……………………………	0.44%

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.

NOTE A – BUDGETARY BASIS OF ACCOUNTING

Budgetary Information

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

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Town Council approval at a regular Council meeting.

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

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Town Council.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2022 approved budget authorized $54.5 million in appropriations and other amounts to be raised, as well as $1.3 million of carryforwards from the prior year. During 2022, the Town Council approved $2.8 million of supplemental appropriations for a variety of capital purchases, as well as transfers to Town stabilization funds.

The Finance Department has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2022, is presented below:

Net change in fund balance - budgetary basis	$	(717,323)
Perspective differences:		
Activity of the stabilization fund recorded in the general fund for GAAP		1,005,265
Basis of accounting differences:		
Net change in recording 60 day receipts		35,168
Recognition of revenue for on-behalf payments		3,459,482
Recognition of expenditures for on-behalf payments		(3,459,482)
Net change in fund balance - GAAP basis	$	323,110

Appropriation Deficits

During 2022, actual expenditures exceeded appropriations for State and County charges. State and County charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the State. The Town is not required to raise the State and County assessment deficit.

NOTE B – PENSION PLAN

Pension Plan Schedules – Retirement System

Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios

The Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability/(asset). It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability/(asset) as a percentage of covered payroll.

Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total 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 total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

Schedule of Investment Returns

The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

Pension Plan Schedules – Town of Winthrop

Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset)

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

Schedule of the Town's Contributions

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

Schedule of the Special Funding Amounts of the Net Pension 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/(asset) to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability/(asset) 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 the total liability.

Changes of Assumptions

None.

Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

Schedule of the Town’s Contributions

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

Valuation date………………………………	July 1, 2021
Actuarial cost method………………………	Individual Entry Age Normal.
Asset valuation method……………………	Fair Value of Assets as of the Measurement Date, June 30, 2022.
Investment rate of return……………………	2.50%, net of OPEB plan investment expense, including inflation.
Discount rate…………………………………	4.09%, net of OPEB plan investment expense, including inflation.
Inflation rate…………………………………	2.50% as of June 30, 2022 and for future periods.
Payroll growth………………………………	3.00% annually as of June 30, 2022 and for future periods.
Pre-Retirement Mortality……………………	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement Mortality…………………	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality……………………………	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.

Schedule of Investment Returns

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

Changes of Assumptions

The discount rate has been changed from 2.25% to 4.09%.

Change in Plan Provisions

None.