

**OFFICIAL STATEMENT DATED SEPTEMBER 15, 2021**

Rating: See "Rating" herein.  
 Moody's Investors Service: Aa1

**New Issue**

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

**TOWN OF MEDFIELD, MASSACHUSETTS**  
**\$12,685,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2021 BONDS**

**DATED**  
 Date of Delivery

**DUE**  
 June 1  
 (as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000, or any integral multiple thereof. (See "THE BONDS- Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable June 1 of the years in which the Bonds mature. Interest on the Bonds will be payable June 1 and December 1, commencing June 1, 2022. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds will be subject to redemption prior to their stated maturity dates as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Medfield, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property within the territorial limits of the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to the portion of the Bonds that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to the portion of the Bonds that the Town has not voted to exempt from that limit.

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**MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS**

Due June 1	Principal Amount	Inerest Rate	Yield	CUSIP 584122	Due June 1	Principal Amount	Inerest Rate	Yield	CUSIP 584122
2022	\$ 995,000	5.00 %	0.10 %	XA8	2032	\$ 520,000	3.00 %	1.13 %	XL4
2023	940,000	5.00	0.15	XB6	2033	520,000	2.00	1.43	XM2
2024	940,000	5.00	0.15	XC4	2034	520,000	2.00	1.53	XN0
2025	940,000	5.00	0.25	XD2	2035	520,000	2.00	1.62	XP5
2026	640,000	5.00	0.45	XE0	2036	520,000	2.00	1.70	XQ3
2027	640,000	5.00	0.56	XF7	2037	520,000	2.00	1.78	XR1
2028	640,000	5.00	0.68	XG5	2038	515,000	2.00	1.87	XS9
2029	590,000	5.00	0.79	XH3	2039	515,000	2.00	1.96	XT7
2030	590,000	5.00	0.89	XJ9	2040	515,000	2.00	2.00	XJ4
2031	590,000	3.00	0.97	XK6	2041	515,000	2.00	2.03	XV2

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The Bonds are offered subject to the final approving opinion of Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the Town of Medfield, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about September 29, 2021, against payment to the Town in federal funds.

**PIPER SANDLER & CO.**

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The information set forth herein has been obtained from the Town and from other sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of Medfield, since the date hereof.

## SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Wednesday, September 15, 2021, 11:00 A.M. (Eastern Time).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Medfield, Massachusetts.
Issue:	\$12,685,000 General Obligation Municipal Purpose Loan of 2021 Bonds, see "THE BONDS Book-Entry Transfer System" herein.
Official Statement Dated:	September 15, 2021.
Dated Date of the Bonds:	As of their date of delivery.
Principal Due:	Serially June 1, 2022 through June 1, 2041 as detailed herein.
Interest Payable:	Semi-annually June 1 and December 1, commencing June 1, 2022.
Purpose and Authority:	The Bonds are authorized by the Town for various municipal purposes under provisions of the Massachusetts General Laws as detailed herein.
Redemption:	The Bonds will be subject to redemption prior to their stated maturity dates as detailed herein.
Security:	The Bonds are valid and binding general obligations of the Town, and are payable from taxes that may be levied upon all taxable property within the territorial limits of the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to the portion of the Bonds that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to the portion of the Bonds that the Town has not voted to exempt from that limit.
Credit Rating:	Moody's Investors Service has assigned a rating of Aa1 to the Bonds.
Bond Insurance:	The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. <b><u>BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$105,000.</u></b>
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."
Bank Qualification:	The Bonds will <u>not</u> be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying/Escrow Agent:	U.S. Bank National Association, Boston, Massachusetts.
Legal Opinion:	Hinckley, Allen & Snyder LLP, Boston, Massachusetts.
Financial Advisor:	Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about September 29, 2021, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Ms. Georgia K. Colivas, Treasurer, Town of Medfield, Massachusetts telephone (508) 906-3017 or Cinder McNerney, Regional Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

## NOTICE OF SALE

### TOWN OF MEDFIELD, MASSACHUSETTS \$13,975,000\* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2021 BONDS

The Town of Medfield, Massachusetts (the "Town") will receive electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Wednesday, September 15, 2021, for the purchase of the following described General Obligation Municipal Purpose Loan of 2021 Bonds of the Town (the "Bonds"):

\$13,975,000\* General Obligation Municipal Purpose Loan of 2021 Bonds payable June 1 of the years and in the amounts as follows:

Due June 1	Principal Amount*	Due June 1	Principal Amount*
2022	\$ 1,080,000	2032	** \$ 575,000
2023	1,025,000	2033	** 575,000
2024	1,020,000	2034	** 575,000
2025	1,020,000	2035	** 575,000
2026	715,000	2036	** 575,000
2027	715,000	2037	** 575,000
2028	715,000	2038	** 575,000
2029	645,000	2039	** 575,000
2030	645,000	2040	** 575,000
2031	** 645,000	2041	** 575,000

\*Preliminary, subject to change.

\*\*Callable maturities. May be combined into not more than three Term Bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on June 1 of the years in which the Bonds mature. Interest will be payable on June 1 and December 1, until maturity or redemption prior to maturity, commencing June 1, 2022.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

The original Bonds to be immobilized at DTC will be approved by Hinckley, Allen & Snyder LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

The Bonds maturing on and before June 1, 2030 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after June 1, 2031 are subject to redemption prior to their stated maturity dates, at the option of the Town, on and after June 1, 2030 either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

For Bonds maturing on and after June 1, 2031, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise a maturity of term bonds, and shall be subject to mandatory redemption or mature at par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three term bonds.

Term bonds, if any, shall be subject to mandatory redemption on June 1 of the year or years immediately prior to the stated maturity of such term bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

### **Bidding Parameters**

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) **any coupon in excess of 5.0%. NO BID OF LESS THAN PAR PLUS A PREMIUM OF AT LEAST \$105,000 WILL BE CONSIDERED.**

**The current bond structure does not reflect the receipt of any premium. The Town reserves the right to decrease the aggregate principal amount of the Bonds after determination of the winning bid by reducing the par amount by the actual amount of net premium to be received and to restructure on a prorata basis the amortization schedules of the bonds payable from a like source of funds, to essentially mirror the current structure, after reducing and/or eliminating the shortest purpose bonds within each category. It is likely the maturity amounts in excess of \$1 million in the upfront years of the structure will decrease below \$1 million in the process, depending upon the size of the premium. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for the Bonds by the successful bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the successful bidder for the Bonds by local time 4 p.m. on the day of the sale.**

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Board of Selectmen of the Town.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Medfield has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Moody's Investors Service for a rating on the Bonds. Any such fee paid to Moody's Investors Service would be borne by the Town.

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the "Code").

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Hinckley, Allen & Snyder, LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated September 2, 2021, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

### **Establishment of Issue Price**

The successful bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on the Closing Date an "issue price" or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by Hilltop Securities Inc. (the "Financial Advisor") and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by contacting the Financial Advisor (telephone: (617) 619-4400) and affirming in writing via email (email: [cinder.mcnerney@hilltopsecurities.com](mailto:cinder.mcnerney@hilltopsecurities.com)), or in its bid submitted via Parity, that it will NOT be an "underwriter" (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an "underwriter" (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Bonds to the public.**

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the successful bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so. If the successful bidder uses Option A the successful bidder shall provide to the Town on or before the Closing Date, the certificate attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 P.M. Eastern Time on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Town on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

The Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the successful bidder has purchased the Bonds for its own account and will not distribute, resell or reoffer the Bonds to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto, shall constitute a cause for failure or refusal by the purchaser thereof to accept delivery and pay for the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

Additional information concerning the Town of Medfield and the Bonds is contained in the Preliminary Official Statement dated September 2, 2021, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from the Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about September 29, 2021 for settlement in federal funds.

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TOWN OF MEDFIELD, MASSACHUSETTS  
/s/ Ms. Georgia K. Colivas, Treasurer

September 2, 2021

**Issue Price Certificate for Use If the Competitive  
Sale Requirements Are Met  
\$13,975,000\*  
Town of Medfield, Massachusetts  
General Obligation Municipal Purpose Loan of 2021 Bonds Dated September 29, 2021**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") by the Town of Medfield, Massachusetts (the "Issuer").

**1. Reasonably Expected Initial Offering Prices.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 15, 2021.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.**

The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Hinckley, Allen & Snyder LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2021

Successful Bidder

By: \_\_\_\_\_

Name:

Title:

\*Preliminary, subject to change.

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
**(To be Attached)**

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**SCHEDULE B**  
**COPY OF SUCCESSFUL BIDDER'S BID**  
**(To Be Attached)**

**Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the 10% Test to Apply  
\$13,975,000\*  
Town of Medfield, Massachusetts  
General Obligation Municipal Purpose Loan of 2021 Bonds Dated September 29, 2021  
ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the [Successful Bidder][Representative], on behalf of itself and [NAMES OF OTHER UNDERWRITERS]) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) by the Town of Medfield, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% Test”) or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative] that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Hinckley, Allen & Snyder LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_ 2021

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_

Name:

Title:

\*Preliminary, subject to change.

SALE PRICES  
[(To be Attached)]

SCHEDULE A

**Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the Hold the Price Rule Is Used**  
**\$13,975,000\***  
**TOWN OF MEDFIELD, MASSACHUSETTS**  
**GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2021 BONDS**

**DATED SEPTEMBER 29, 2021**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the (“[Successful Bidder][Representative]”), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) by the Town of Medfield, Massachusetts (the “Issuer).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public until the earlier of (i) \_\_\_\_\_, 2021 or (ii) the date on which the “Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Underwriter means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder's][Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Hinckley, Allen & Snyder LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2021

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: \_\_\_\_\_

Name:

Title:

\*Preliminary, subject to change.

**[SCHEDULE A**  
**SALE PRICES**  
**(To be Attached)]**

## **OFFICIAL STATEMENT**

### **TOWN OF MEDFIELD, MASSACHUSETTS**

#### **\$12,685,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2021 BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Medfield, Massachusetts (the "Town") in connection with the sale of \$12,685,000 stated principal amount of its General Obligation Municipal Purpose Loan of 2021 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another source.

### **THE BONDS**

#### **Description of the Bonds**

The Bonds will be dated their date of delivery and will bear interest payable semiannually on June 1 and December 1, until maturity or redemption prior to maturity, commencing June 1, 2022. The Bonds shall mature on June 1 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts or its successor as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

#### **Redemption Provisions**

##### **Optional Redemption**

Bonds maturing on or prior to June 1, 2030 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after June 1, 2031 shall be subject to redemption prior to maturity, at the option of the Town, on or after June 1, 2030, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

##### **Notice of Redemption**

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed or sent in such other manner acceptable to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

#### **Record Date**

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date, provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

## Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held

for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

### Authorization of the Bonds and Use of Proceeds

The following table sets forth the purposes, principal amounts, total original authorizations, statutory references, and dates of approval for the current issue of Bonds.

This Issue	Purpose	Total Amount Authorized	Bond Anticipation Notes Outstanding (1)	Statutory Reference	Date Approved
\$ 205,000	Mount Nebo Water Tower Improvement	\$ 850,000	\$ 205,000	Ch. 44, s. 8(4)	4/30/2018
500,000	Fire Engine	500,000	-	Ch. 44, s. 7(1)	5/17/2021
41,000	DPW Dump Truck	188,000	-	Ch. 44, s. 7(1)	5/17/2021
180,000	DPW Sidewalk Tractor	180,000	-	Ch. 44, s. 7(1)	5/17/2021
150,000	Road Reconstruction	150,000	-	Ch. 44, s. 7(1)	5/17/2021
10,383,800	Water Wells & Treatment Facility	12,000,000	-	Ch. 44, s. 8(4) & 8(5)	5/17/2021
1,225,200	Refunding (2)		-	Ch. 44, s. 21A	
<u>\$ 12,685,000</u>			<u>\$ 205,000</u>		

(1) Payable September 30, 2021. To be retired with Bond proceeds.

(2) The Town voted to exempt a portion of the debt service on the Bonds issued for refunding purposes from the tax limitations of Proposition 2 ½.

As described above, it is anticipated that Bond proceeds will be used to current refund a portion of the Town's \$4,230,000 General Obligation Municipal Purpose Loan of 2007 Bonds dated June 1, 2007 maturing in the years 2022 through 2025, inclusive, in the aggregate principal amount of \$815,000 and \$1,950,000 General Obligation Municipal Purpose Loan of 2010 Bonds dated June 15, 2010 maturing in the years 2022 through 2025, inclusive, in the aggregate principal amount of \$500,000 (the "Refunded Bonds") including the payment of interest thereon to the date of redemption, and to pay costs of issuing the Refunding Bonds.

## Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

### SOURCES:

Par Amount of the Bonds	\$ 12,685,000.00
Original Issue Premium	1,518,298.22
Unamortized Bond Premium	3,579.21
Total Sources	<u>\$ 14,206,877.43</u>

### USES:

Deposit to Refunding Escrow Fund	\$ 1,338,246.32
Project Fund Deposit	12,723,000.00
Cost of Issuance	104,152.00
Underwriter's Discount	38,535.00
Rounding Amount	2,944.11
Total Uses	<u>\$ 14,206,877.43</u>

## Plan of Refunding

Upon delivery of the Bonds, the Town will enter into a Refunding Escrow Agreement (the "Refunding Escrow Agreement") with U.S. Bank National Association, as Refunding Escrow Agent, to provide for the refunding of the Refunded Bonds. Upon receipt of the portion of the proceeds of the Bonds necessary to refund the Refunded Bonds, the Refunding Escrow Agent will deposit in the Refunding Escrow Fund established under the Refunding Escrow Agreement an amount which will be held in cash to pay when due, interest on, and upon redemption, the outstanding principal of the Refunded Bonds, including accrued interest thereon.

## Tax Exemption

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. In general, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition

(including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the issue price established therefor.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

On December 22, 2017, H.R. 1 (Public Law 115-97), commonly referred to as the Tax Cuts and Jobs Act (the "2017 Tax Act"), was enacted into law. The 2017 Tax Act does not adversely affect the exclusion from gross income of interest on the Bonds. Among other things, however, Section 13532 of the 2017 Tax Act amends Section 149(d)(1) of the Code to provide that nothing in federal law shall be construed to provide an exemption from federal income tax for any bond issued after December 31, 2017 to advance refund another bond. The 2017 Tax Act also contains provisions lowering the income tax rates applicable to many corporations and individuals and repealing the alternative minimum tax on corporations for their tax years beginning after December 31, 2017.

Prospective Bondholders should be aware that from time to time legislation, apart from the 2017 Tax Act, is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

## **Security and Remedies**

***Full Faith and Credit.*** General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "*Serial Bonds and Notes*" under "INDEBTEDNESS-TYPES OF OBLIGATIONS" below) and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

***Tax Levy.*** The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

*No Lien.* Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “INDEBTEDNESS-Authorization Procedures and Limitations” below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

*Court Proceedings.* Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

*Restricted Funds.* Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

*State Distributions.* State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to The Commonwealth of Massachusetts (“the Commonwealth”) or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the

certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

**Bankruptcy.** Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

### **Opinion of Bond Counsel**

The purchaser will be furnished the legal opinion of the firm of Hinckley, Allen & Snyder LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

### **Rating**

Moody's Investors Service has assigned a rating of Aa1 to the Bonds. The rating only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

### **Financial Advisory Services of Hilltop Securities Inc.**

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town of Medfield, Massachusetts.

### **Continuing Disclosure**

In order to assist the underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

**In the last five years, the Town believes that it has complied, in all material respects, with its previous undertakings to provide annual reports and notices of material events in accordance with the Rule. The Town has implemented procedures to assist in complying with its continuing disclosure obligations, including the additional significant events added to SEC Rule 15c2-12 that became effective on February 27, 2019.**

## TOWN OF MEDFIELD, MASSACHUSETTS

### General

The Town of Medfield is located in Norfolk County, approximately 20 miles southwest of Boston and approximately 30 miles north of Providence, Rhode Island. It is bordered by Millis on the west, Sherborn on the northwest, Dover on the north and northeast, Walpole on the east and southeast and Norfolk on the south. Established as a town in 1651, Medfield has a population of 12,024 (2010 Federal Census) and occupies a land area of 14.43 square miles. Government is by town meeting and a three-member board of selectmen.

### PRINCIPAL TOWN OFFICIALS

Title	Name	Manner of Selection	Term Expires
Selectman	Osler L. Peterson	Elected	2024
Selectman, Chair	Michael Marcucci	Elected	2022
Selectman, Clerk	Gus Murby	Elected	2023
Town Administrator	Kristine Trierweiler	Appointed	2024
Treasurer/Collector	Georgia K. Colivas	Appointed	2022
Town Accountant	Joy A. Ricciuto	Appointed	2022
Town Clerk	Marion Bonoldi	Elected	2024
Town Counsel	Mark G. Cerel	Appointed	2023

### Corona Virus (COVID-19) Disclosure

COVID-19 is a new respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. On March 15, 2020, the Governor announced emergency actions to help address the spread of the virus, and as a result the Town closed all municipal buildings to the public until at least September 1, 2021. The Town is adhering to these actions by strictly following the public health recommendations of social distancing guidelines and limiting public gatherings to 25 people or less. Town employees are currently reporting to work as directed and under the discretion of management. The Town continues to and expects to continue to maintain all essential functions and services.

Pursuant to M.G.L. Chapter 44, Section 31, the Town can set up a fund specifically related to COVID-19 expenses. This fund can be used to capture all unbudgeted costs related to the COVID-19 pandemic and deficit spending for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment would be allowed, with the approval of the Commonwealth's Department of Revenue. In response to the COVID-19 pandemic and the guidance issued by the Division of Local Services, Bureau of Accounts, the Town has set up separate funds for the accounting treatment of emergency expenditures related to COVID-19 Federal Grants, specifically, a FEMA COVID-19 grant, a CARES Act Coronavirus Relief Funds (CARES ACT CvRF) grant, and an American Rescue Plan Act of 2021 (ARPA) grant.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the Town. These negative impacts are likely to include reduced collections of property taxes and other revenues, including local meals and rooms tax revenue, motor vehicle excise taxes and other fees and charges collected by the Town. Additionally, state aid payments to the Town, which are dependent upon collections by the Commonwealth of income, sales, capital gains and other similar taxes, may be adversely impacted by reduced or delayed collections of those revenue streams. The rapid economic changes associated with the COVID-19 pandemic are likely to have negatively impacted the employment, income, and related statistics presented herein.

The COVID-19 pandemic had a minimal impact on fiscal 2021 year-end operating results. The Town's property tax collections remained consistent throughout the COVID-19 pandemic. Commercial values, which comprise a small percentage of the Town's total taxable property value, remained stable. Residential property values maintained the same strong growth as seen in recent years. Preliminary numbers show no impact to real estate and motor vehicle excise tax collections, building inspection license and permit fees, and departmental revenue. The impact of COVID-19 on the greater financial economy has resulted in lower interest rates, which is reflected in the Town's investment earning loss

of 71% below projection, amounting to a loss of approximately \$102,700. Additionally, meals tax has been recovering but when compared to 2019 pre-COVID numbers are down 23%. However, investment income and meals taxes are a small component of the Town's total revenues.

The Town continues to maximize federal funding to offset costs related to COVID-19 through FEMA and the Towns' CARES Act Grant of \$1.1 million of which 99% was expended by June 30, 2021. The Town received 50% of its dedicated \$1.355 million in ARPA funds in the final week of fiscal 2021. Much of the funding received to date will be used on capital budget items to invest in the Town's capital assets. Other ARPA spending is still to be determined by the Board of Selectmen and will be spent in accordance with ARPA guidelines. In addition, like other municipalities in Norfolk County, the Town's balance of ARPA funding (\$2.516 million) was sent to the Norfolk County government by the US Treasury. The Town is working with other municipalities in Norfolk County to receive these funds.

## **Municipal Services**

The Town provides governmental services for the territory within its boundaries, including police and fire protection, public education in grades K-12, water and sewer services, street maintenance and recreational facilities. The Town provides its water service with four Town wells. 98% of the population of the Town is on the Town's well water system. The remaining 2% provide their own water through private wells. The daily capacity of the system is approximately 3.7 million gallons. The Town currently consumes approximately 1.45 million gallons a day. The Town provides sewer services to 40% of the residents and the balance have private septic systems. The Town also operates its own advanced waste water treatment plant for the Town use.

The principal services provided by the County are a hospital, a jail and house of correction, and a registry of deeds. See "Overlapping Debt" for additional information on counties.

The Tri-County Regional Vocational-Technical School District provides vocational education for students in grades 9-12 and the Accept Educational Collaborative provides education for special needs students from ages 6-18. The Medfield Housing Authority provides housing for the elderly.

## **Education**

The Town operates three elementary schools (K-5), one middle school (6-8) and one senior high school (9-12). Total capacity in the Medfield K-12 schools is estimated at 3,680. The Town completed reconstruction and additions to several school buildings over the last several years.

The following sets forth the trend in public school enrollments as of October 1 of the following years.

	Actual				
	2016	2017	2018	2019	2020
Elementary(K-5)	1,078	1,113	1,152	1,172	1,141
Middle School	627	622	599	573	560
Senior High	843	829	796	804	773
Total	<u>2,548</u>	<u>2,564</u>	<u>2,547</u>	<u>2,549</u>	<u>2,474</u>

The Town of Medfield is one of eleven members of the Tri-County Regional Vocational-Technical School District. Other member towns are Franklin, Medway, Millis, Norfolk, North Attleborough, Plainville, Seekonk, Sherborn, Walpole and Wrentham. The Regional School has a total enrollment of approximately 850 students with a capacity of approximately 950 students. Medfield's enrollment in the school typically ranges between 9 and 10 students.

The Town is also one of seven member communities of the Accept Educational Collaborative which provides education in its members' public schools for special needs students in grades 1-12. Other member communities are Dover, Framingham, Sherborn, Wayland, Weston and Westwood.

## Labor Force, Employment and Unemployment

As indicated in the following table, unemployment in Medfield has consistently been well below the national and state averages.

According to the Massachusetts Department of Employment and Training preliminary data, as of June 2021, the Town had a total labor force of 6,850 of which 6,569 were employed and 281 or 4.1% were unemployed as compared with 5.4% for the Commonwealth.

The following table sets forth the Town's average labor force and unemployment rates for each of the calendar years 2016 through 2020 and the unemployment rate for the Commonwealth and country as a whole for the same period.

### UNEMPLOYMENT RATES

Year	Town of Medfield		Massachusetts Unemployment Rate	United States Unemployment Rate
	Labor Force	Unemployment Rate		
2020	6,647	6.5 %	8.9 %	8.1 %
2019	7,016	2.2	2.8	3.7
2018	6,989	2.5	3.3	3.9
2017	6,766	2.8	3.7	4.4
2016	6,543	2.8	3.7	4.9

SOURCE: Mass. Department of Employment and Training, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment.

## Industry and Commerce

Medfield is primarily a residential town with some industrial development. As indicated below, the service industry accounts for a major portion of the Town's economy. In 2019, 387 firms located in Medfield reported to the Massachusetts Department of Employment and Training.

Due to reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year Average				
	2015	2016	2017	2018	2019
Construction	184	201	184	189	230
Manufacturing	41	40	40	38	45
Trade, Transportation & Utilities	529	652	644	623	603
Information	70	69	66	71	77
Financial Activities	105	104	98	97	88
Professional and Business Services	352	337	327	370	344
Education and Health Services	921	972	1,012	1,043	1,123
Leisure and Hospitality	339	399	446	465	507
Other Services	146	159	161	152	145
Total Employment	2,687	2,933	2,978	3,048	3,162
Number of Establishments	364	378	376	388	387
Average Weekly Wages	\$ 927	\$ 888	\$ 906	\$ 966	\$ 959
Total Wages	\$ 138,282,758	\$ 139,106,055	\$ 143,995,012	\$ 157,037,548	\$ 158,745,503

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence.

Medfield is a residential suburb of Boston. There are a number of small establishments in Town but only the local supermarket employs more than 100 people. The following table sets forth the 2 largest employers in Medfield, exclusive of the Town itself.

### LARGEST EMPLOYERS

<u>Name</u>	<u>Approx. No. of Product/Function</u>	<u>Employees</u>
Shaw's	Food Market	125
Montrose School	Independent Girls School	58

SOURCE: The Town of Medfield.

### Building Permits

The following table sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for calendar years 2016 through 2020 and 2021 (through July 31, 2021). Permits are filed for both private construction and Town projects.

### BUILDING PERMITS

Calendar Year	New Construction				Additions/Alterations				Totals	
	Residential		Non-Residential		Residential		Non-Residential			
	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>
2021 (2)	17	\$ 7,676,070	1	\$ 11,088,000 (1)	404	\$ 12,497,872	23	\$ 2,434,436	445	\$ 33,696,378
2020	12	5,591,704	4	2,500,000	538	17,633,075	45	1,340,401	599	27,065,180
2019	18	6,870,000	3	1,604,000	524	17,455,401	34	2,785,175	579	28,714,576
2018	31	13,486,257	1	1,600,000	485	15,855,791	22	4,820,674	539	35,762,722
2017	18	6,498,790	-	-	505	22,134,339	40	1,735,441	563	30,368,570
2016	10	3,913,650	2	936,400	554	15,546,378	24	1,364,337	590	21,760,765

(1) Includes non-residential permit issued for \$11.1 million 40b housing development.

(2) Issued through July 31, 2021.

### Transportation and Utilities

The principal highways serving the Town are State Routes 27 and 109. Rail freight service is provided by Conrail. Located only 20 miles southwest of Boston; rail, harbor and airport facilities are within commuting distance. Norwood Municipal Airport, with two 4,000 ft. runways is located in the neighboring Town of Norwood. Commuter bus service is available to Boston via the Brush Hill Lines. Established truck lines provide competitive service to local and long distance points. Commuter rail service is available in the neighboring Town of Walpole.

Gas and telephone services are provided by established private utilities.

## Population and Income

The following table compares population and income averages for the Town, the Commonwealth, and the United States.

### POPULATION AND INCOME

	<u>Medfield</u>	<u>Massachusetts</u>	<u>United States</u>
<b>Median Age:</b>			
2010	42.5	39.1	37.2
2000	38.0	36.5	35.3
1990	35.0	33.6	32.9
1980	31.4	31.2	30.0
<b>Median Family Income:</b>			
2010	\$145,060	\$81,165	\$51,144
2000	108,926	61,664	50,046
1990	73,524	44,367	35,225
1980	31,362	21,166	19,908
<b>Per Capita Income:</b>			
2010	\$55,786	\$33,966	\$27,334
2000	42,891	25,952	21,587
1990	26,103	17,224	14,420
1980	9,750	7,459	7,313

SOURCE: Federal Bureau of the Census.

On the basis of the 2010 Federal Census, the Town has a population density of approximately 828 persons per square mile.

### POPULATION TRENDS

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
12,024	12,273	10,531	10,220

SOURCE: Federal Bureau of the Census.

## PROPERTY TAXATION

### Tax Levy Computation

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. As to the inclusion of debt service and final judgments see "Securities and Remedies" above. The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years. Although an allowance is made in the tax levy for abatements (see "Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (See "Taxation to Meet Deficits").

The table below illustrates the manner in which the tax levy was determined for the following fiscal years.

	2017	2018	2019	2020	2021
Total Appropriations(1)	\$61,122,834	\$62,159,314	\$68,848,771	\$69,217,311	\$68,969,040
Additions:					
Other Additions	15,422	86,033	139,566	83,398	17,373
State and County Assessments	833,454	875,522	858,574	850,098	842,313
Overlay Reserve	251,092	203,838	223,481	188,579	198,486
Total Additions	1,099,968	1,165,393	1,221,621	1,122,075	1,058,172
Gross Amount to be Raised	62,222,802	63,324,707	70,070,392	70,339,386	70,027,212
Deductions:					
State Aid(2):	7,551,933	7,695,291	7,822,174	7,952,648	7,262,845
Local Estimated Receipts	7,974,044	8,181,254	8,809,131	8,852,640	8,219,225
Available Funds:					
Free Cash	500,000	200,000	225,000	300,000	-
Other Available Funds	2,753,230	2,173,679	3,835,224	3,135,508	2,996,115
Free Cash Appropriated to Reduce Tax Rate	720,000	1,092,000	1,450,000	500,000	792,597
Total Deductions	19,499,207	19,342,224	22,141,529	20,740,796	19,270,782
Net Amount to be Raised (Tax Levy)	\$ 42,723,595	\$ 43,982,483	\$ 47,928,863	\$ 49,598,590	\$ 50,756,430

(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.

(2) Estimated by the State Department of Revenue and required by law to be used in setting the tax rate. Actual State aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments. See ("TOWN FINANCES - Revenues - State Aid").

### Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created five classes of taxable property: (1) residential real property, (2) open space land, (3) commercial, (4) industrial, and (5) personal property. Within limits, the Board of Selectmen are given the option of determining the share of the annual levy to be borne by each of the five categories by splitting the tax rate. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Medfield does not split the rate and does not grant residential or small commercial exemptions. Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre. Medfield has less than 10 property owners who participate in these programs.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". See "DEBT LIMITS" above.

The following table sets forth the trend in the Town's assessed valuations, tax rates, tax levies, and tax levies per capita.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate Per \$1,000 Valuation	Tax Levy	Tax Levy Per Capita (1)
2021	\$2,822,665,554	\$35,241,550	\$2,857,907,104	\$17.76	\$50,756,430	\$4,221
2020	2,746,680,670	35,068,620	2,781,749,290	17.83	49,598,590	4,125
2019	2,647,071,261	35,013,950	2,682,085,211	17.37	47,928,863	3,986
2018	2,547,641,234	35,006,020	2,582,647,254	17.03	43,982,483	3,658
2017	2,497,039,601	32,480,540	2,529,520,141	16.89	42,723,595	3,553

(1) 2010 Federal Census (12,024).

(2) Revaluation year.

### Classification of Property

The following is a breakdown of the Town's total assessed valuation for fiscal years 2019, 2020 and 2021.

Property Type	2019		2020		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 2,535,390,312	94.5 %	\$ 2,625,162,353	94.4 %	\$ 2,698,257,760	94.4 %
Commercial	84,172,249	3.1	92,256,017	3.3	95,301,494	3.3
Industrial	27,508,700	1.0	29,262,300	1.1	29,106,300	1.0
Personal	35,013,950	1.3	35,068,620	1.3	35,241,550	1.2
Total	\$ 2,682,085,211	100.0 %	\$ 2,781,749,290	100.0 %	\$ 2,857,907,104	100.0 %

### Largest Taxpayers

The following table lists the ten largest taxpayers in the Town based upon assessed valuations for fiscal 2021. The taxpayers listed below are all current with their taxes.

Name	Nature of Business	Total Assessed Valuation for Fiscal 2021	% of Total Assessed Valuation
NSTAR Electric	Utility	\$14,489,660	0.51 %
RK Medfield	Real Estate	11,717,000	0.41
The Parc at Medfield Ltd.	Real Estate	8,344,100	0.29
BC Wilkens Glen Ltd.	Real Estate	8,198,800	0.29
Columbia Gas of MA	Utility	7,787,950	0.27
Kingsbury Club	Real Estate	6,078,900	0.21
Verizon New England	Utility	5,014,600	0.18
MacCready, David	Real Estate	4,600,100	0.16
Delcor Apartments	Real Estate	4,591,300	0.16
Medfield Meadows LLC	Real Estate	4,514,100	0.16
		<u>\$75,336,510</u>	<u>2.64 %</u>

## State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue bi-annually makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". The following table sets forth the trend in equalized valuations of the Town.

<u>January 1,</u>	<u>State Equalized Valuations</u>	<u>Percent Increase</u>
2020	\$ 2,985,655,000	0.07 %
2018	2,801,486,200	0.06
2016	2,639,413,000	0.10
2014	2,399,518,500	1.06
2012	2,374,272,700	(2.55)

## Abatements and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements and exemptions. If abatements are granted in excess of the overlay balance, the excess is required to be added to the next tax levy. The overlay balance as of June 30, 2021 was \$469,042.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

Exemptions are granted for those persons who qualify by state law. Examples include disabled veterans, disabled veterans' spouses, the blind, elderly with income restrictions, and participants in the senior tax work off program.

The following table sets forth the amount of the overlay for the last five fiscal years and actual abatements and exemptions granted as of June 30, 2021.

<u>Fiscal Year</u>	<u>Net Tax Levy (1)</u>	<u>Overlay Reserve</u>		<u>Abatements &amp; Exemptions Granted Through June 30, 2021</u>
		<u>Dollar Amount</u>	<u>As a % of Net Levy</u>	
2021	\$ 50,557,944	\$ 198,486	0.4 %	\$ 159,428
2020	49,410,011	188,579	0.4	159,073
2019	47,705,382	223,481	0.5	146,728
2018	43,778,645	203,838	0.5	118,877
2017	42,472,504	251,092	0.6	116,883

(1) Tax levy prior to addition of overlay reserve.

## Tax Collections

Taxes in each fiscal year are payable August 1, November 1, February 1, and May 1. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum retroactive to the due date. Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). If the property has been transferred, an unenforced lien expires on the third October 1 after the first year. If the property has not been transferred by the third October 1, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the Town's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the following fiscal years.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable(1)		Collections as of June 30, 2021 (1)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2021	\$ 50,756,430	\$ 198,486	\$ 50,557,944	\$ 50,304,995	99.5 %	\$ 50,304,995	99.5 %
2020	49,598,590	188,579	49,410,011	49,090,658	99.4	49,388,691	100.0
2019	47,928,863	223,481	47,705,382	47,451,137	99.5	47,724,699	100.0
2018	43,982,483	203,838	43,778,645	43,038,284	98.3	43,215,617	98.7
2017	42,723,596	251,092	42,472,504	41,790,581	98.4	41,981,447	98.8

(1) Actual dollar collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

### Tax Titles and Possessions

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property.

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

The table below sets forth the amount of tax titles and possessions outstanding at the end of the following fiscal years.

Fiscal Year	Tax Titles and Possessions
2021	\$ 291,664
2020	383,266
2019	225,843
2018	121,174
2017	61,400

### Taxation to Meet Deficits

As noted elsewhere (see "Overlay," above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits; i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates; and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

### **Sale of Tax Receivables**

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, with individually or in bulk. The Town does not expect to utilize this option at the present time.

### **Tax Limitations**

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town. The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member

districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

#### TAX LEVIES AND TAX LEVY LIMITS

	2017	2018	2019	2020	2021
Primary Levy Limit (1)	\$ 63,238,004	\$ 64,566,181	\$ 67,052,130	\$ 69,543,732	\$ 71,447,676
Prior Fiscal Year Levy Limit	36,864,093	38,219,322	39,559,733	42,835,123	44,458,802
2.5% Levy Growth	921,602	955,483	988,993	1,070,878	1,111,470
New Growth (2)	433,627	384,928	373,294	552,801	477,469
Overrides	-	-	1,913,103	-	-
Growth Levy Limit	38,219,322	39,559,733	42,835,123	44,458,802	46,047,741
Debt Exclusions	4,579,964	4,454,135	4,311,328	4,140,274	3,674,665
Capital Expenditure Exclusions	-	-	300,000	-	-
Other Adjustments	-	-	1,000,000	1,025,000	1,050,625
Tax Levy Limit	42,799,286	44,013,868	48,446,451	49,624,076	50,773,031
Tax Levy	42,723,595	43,982,483	47,928,863	49,598,590	50,756,430
Unused Levy Capacity (3)	75,691	31,385	517,588	25,486	16,601
Unused Primary Levy Capacity (4)	\$ 25,018,682	\$ 25,006,448	\$ 24,217,007	\$ 25,084,930	\$ 25,399,935

(1) 2.5% of assessed valuation.

(2) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(3) Tax Levy Limit less Tax Levy.

(4) Primary Levy Limit less Growth Levy Limit.

#### Community Preservation Act

The Massachusetts Community Preservation Act (the “CPA”) permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “*Tax Limitations*” under “PROPERTY TAX” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

### **The Town has not adopted the Community Preservation Act.**

#### **Pledged Taxes**

Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" below).

#### **Initiative Petitions**

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted, such amendments must be approved by two successive legislatures and then by the voters at a state election.

## TOWN FINANCES

### Budget and Appropriation Process

Town Meeting: The annual appropriations of the Town are ordinarily made at the annual meeting which takes place in April. Appropriations may also be voted at special meetings. The Town has a warrant committee, which submits reports and recommendations on proposed expenditures at town meetings.

As a result of an initiative law adopted in November 1980, school committees are no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

Enterprises: Since July 1, 1991, the Town's Water and Sewer Departments have been operated as Enterprise Funds. As such, the Town accounts for the full cost of these services, including indirect costs. The Town sets rates in order to fully recover costs of service.

Mandatory Items: Mandatory items, such as state and county assessments, the overlay for abatements, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget.

Revenues: Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION--Tax Levy Computation".)

### Budget Trends

The following table sets forth the trend in operating budgets for fiscal years 2018 through 2022, as voted at annual town meeting. As such, said budgets reflect neither revenues nor state and county assessments and other mandatory items. Also said budgets do not reflect expenditures authorized for non-recurring purposes under "special" warrant articles or transfers occurring subsequent to the annual town meeting.

#### BUDGET COMPARISON

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
General Government	\$ 2,467,839	\$ 2,698,249	\$ 2,671,344	\$ 2,577,552	\$ 2,709,420
Highw ay	2,317,664	2,381,331	2,394,498	2,429,566	2,522,292
Public Safety	4,029,659	4,398,422	4,603,125	4,481,867	4,647,492
Sew er	1,095,606	1,155,375	1,231,297	1,307,872	1,347,177
Water	959,805	982,196	998,098	1,059,039	1,087,720
Solid Waste Disposal	590,106	632,008	642,670	575,172	609,179
Education	33,035,766	35,070,769	36,471,454	36,877,290	38,348,229
Insurance	4,999,065	5,464,436	5,584,799	5,707,035	5,524,049
Retirement	2,354,129	2,578,193	2,826,048	3,026,978	3,162,435
Debt & Interest	6,663,803	6,460,516	6,233,525	5,604,822	6,238,001
Other(1)	1,956,691	2,001,430	2,040,346	2,311,642	3,028,610
Total Operating Budget	60,470,133	63,822,925	65,697,204	65,958,835	69,224,604
Capital Budget	472,623	394,491	-	1,545,750	3,503,826
Total Budget	\$ 60,942,756	\$ 64,217,416	\$ 65,697,204	\$ 67,504,585	\$ 72,728,430

(1) Includes various small departments and the vocational school assessment.

### Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since its passage, the Town has complied with the Act and appropriations for education have equaled or exceeded the minimum required level.

## Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION-- Tax Limitations" above. In fiscal 2020 property taxes totaled \$49,364,631 or 80% of General Fund revenues.

State Aid: The Town's state aid entitlement is based upon a number of different formulas, and while said formulas might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid but actual payments may vary from the estimate. In fiscal 2020, distributions from the state totaled \$7,914,103 on the Cherry Sheet, \$158,844 for Meals Tax, and \$28,902 for School Medicaid reimbursements for a total of \$7,949,365 in State Distributions or 13.14% of General Fund revenues.

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In each fiscal year the Town has appropriated at least the minimum expenditure requirement imposed by the Act.

State Distributions: In addition to grants for specified capital purposes (some of which are payable over the life of bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are most important. Both of the major formulas tend to provide more state aid to poorer communities. None of the major local aid programs has a termination date under existing law and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the state legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

State School Building Assistance Program: Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the

Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

At the end of calendar year 2021, the voters of the Town will be asked to approve the \$82 million Dale Street School renovation project. The net project amount to be paid by taxpayers is estimated to be approximately \$63 million. The MSBA has approved the statement of interest and the Town was invited into the school building program in 2014.

**Motor Vehicle Excise:** An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected and kept by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made for the non-renewal of registration and operating license by the registrar of motor vehicles. In fiscal 2021, motor vehicle excise receipts totaled \$2,445,739.

**Water Rates and Services:** As of fiscal 1992, it became the policy of the Town that the water utilities in the Town be self-sufficient and free from dependence on property tax dollars for their capital cost, operating expense, treatment expense and debt service. Enterprise funds were authorized at the April 1990 Town Meeting to help implement this policy. The water rate currently ranges from \$5.64 to \$12.72 per thousand gallons depending upon usage. Water revenues were \$2.77 million for fiscal 2021, and expenses including debt of \$616,000 covered by fees for fiscal 2021 were \$3.06 million.

**Sewer Rates and Services:** It also became the policy that the sewer utilities in the Town be self-sufficient and free from dependence on property tax dollars for their capital cost, operating expense, debt service and treatment expense. Enterprise Funds were authorized at the April 1990 Town Meeting to help implement this policy. Sewer rates are now \$10.54 per thousand gallons. Sewer revenues totaled \$2.1 million for fiscal 2021 and expenses including debt of \$262,000 covered by fees were \$1.76 million.

**Other:** Additional sources of revenue in fiscal 2021 include \$142,000 in penalties and interest, \$864,000 in income from licenses and permits, special betterment revenue of \$229,000, rental income of \$257,000, other departmental income of \$543,000, and one-time MSBA reimbursements of \$183,000.

## **Investment of Town Funds**

All funds of the Town, except for trust funds and funds of the Norfolk County Retirement System, are invested in accordance with Section 55 of Chapter 44 of the Massachusetts General Laws (MGL). This section permits investment of available funds and bond and note proceeds, in term deposits and Certificates of Deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of one year or less, in repurchase agreements secured by federal or federal agency securities with a maturity of 90 days or less, in participation units in the Massachusetts Municipal Depository Trust (MMDT), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44 of the MGL, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to town retirement systems.

Breakdown of above investments may be obtained from the Town Treasurer.

## **Annual Audits**

The Town has financial audits prepared annually. The audit for fiscal year ended June 30, 2020 was prepared by Powers & Sullivan, LLC, Certified Public Accountants, Wakefield, Massachusetts. Prior audits are available upon request from the Town.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

## **Financial Statements**

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years 2020, 2019 and 2018, a Statement of Revenues, Expenditures and Changes in Fund Balances for fiscal year 2020, 2019, 2018, 2017 and 2016. Said statements have been extracted from the Town's audited financial statements and then combined for purposes of this presentation.

## **Estimated Fiscal 2021 Year End Results**

During the fiscal 2021 budget process the Town projected revenue conservatively due to the ongoing and unsure COVID-19 financial environments in order to mitigate potential revenue loss. Cherry sheet (state aid) revenue was projected at a 10% reduction, but actuals were level funded from the prior fiscal year. The Town's projections for state aid revenue were impacted by the delayed state budget which was not signed by the Governor until December 2020. Local receipts were also estimated conservatively, particularly motor vehicle excise, meals tax, and licenses and permits. Actual results demonstrate a mostly recovered economy with meals tax recovering slowly, and investment income coming in below projections.

The COVID-19 related Federal grant money in the form of \$87,000 FEMA funds received in fiscal 2021 and the promise of \$1,100,000 CARES (CvRF) grant has supported the Town in getting through unanticipated and unbudgeted COVID-19 related expenses, such as school remote learning and additional staffing, school reopening, COVID-19 cleaning in all Town buildings, plexiglass, air filtration systems, and PPE for all staff. Additional Federal COVID-19 related grants were awarded to the School Department for \$841,500 by the Department of Elementary and Secondary Education (DESE), and the Fire and Rescue Department was awarded \$167,000 for PPE and COVID-19 related equipment purchases, plus COVID-19 related overtime.

These factors along with strong unexpended appropriation turnbacks will help the Town to show a surplus at the end of fiscal year 2021.

**TOWN OF MEDFIELD, MASSACHUSETTS**

**Balance Sheet  
Governmental Funds  
June 30, 2020 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 14,812,509	\$ 5,486,154	\$ 20,298,663
Investments	4,818,769	1,934,845	6,753,614
Receivables, net of uncollectibles:			
Real estate and personal property taxes	391,894	-	391,894
Tax liens	641,248	-	641,248
Motor vehicle and other excise taxes	301,545	-	301,545
Departmental and other	116,981	-	116,981
Intergovernmental - other	-	403,687	403,687
Special assessments	642,453	-	642,453
<b>Total Assets</b>	<u>\$ 21,725,399</u>	<u>\$ 7,824,686</u>	<u>\$ 29,550,085</u>
<b>Liabilities</b>			
Warrants payable	\$ 371,558	\$ -	\$ 371,558
Accrued payroll	2,471,228	9,651	2,480,879
Other liabilities	323,415	468,005	791,420
<b>Total Liabilities</b>	<u>3,166,201</u>	<u>477,656</u>	<u>3,643,857</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	1,973,089	247,084	2,220,173
<b>Fund Balances</b>			
Restricted	6,657,132	7,099,946	13,757,078
Committed	1,777,811	-	1,777,811
Assigned	2,014,872	-	2,014,872
Unassigned	6,136,294	-	6,136,294
<b>Total Fund Balances</b>	<u>16,586,109</u>	<u>7,099,946</u>	<u>23,686,055</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 21,725,399</u>	<u>\$ 7,824,686</u>	<u>\$ 29,550,085</u>

(1) Extracted from the Town's audited Financial Statements.

**TOWN OF MEDFIELD, MASSACHUSETTS**

**Balance Sheet**

**Governmental Funds**

**June 30, 2019 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 11,172,584	\$ 5,016,487	\$ 16,189,071
Investments	7,480,927	1,985,505	9,466,432
Receivables, net of uncollectibles:			
Real estate and personal property taxes	329,667	-	329,667
Tax liens	580,841	-	580,841
Motor vehicle and other excise taxes	67,161	-	67,161
Departmental and other	187,533	-	187,533
Intergovernmental - other	583,222	267,570	850,792
Special assessments	910,065	-	910,065
<b>Total Assets</b>	<b>\$ 21,312,000</b>	<b>\$ 7,269,562</b>	<b>\$ 28,581,562</b>
<b>Liabilities</b>			
Warrants payable	\$ 1,122,575	\$ 112,955	\$ 1,235,530
Accrued payroll	2,129,322	32,871	2,162,193
Other liabilities	190,494	404,850	595,344
<b>Total Liabilities</b>	<b>3,442,391</b>	<b>550,676</b>	<b>3,993,067</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	1,948,945	267,570	2,216,515
<b>Fund Balances</b>			
Restricted	7,786,198	6,496,618	14,282,816
Committed	2,021,731	-	2,021,731
Assigned	1,127,837	-	1,127,837
Unassigned	4,984,898	(45,302)	4,939,596
<b>Total Fund Balances</b>	<b>15,920,664</b>	<b>6,451,316</b>	<b>22,371,980</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 21,312,000</b>	<b>\$ 7,269,562</b>	<b>\$ 28,581,562</b>

(1) Extracted from the Town's audited Financial Statements.

**TOWN OF MEDFIELD, MASSACHUSETTS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018 (1)**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 12,492,013	\$ 968,878	\$ 4,064,909	\$ 17,525,800
Investments	7,491,761	-	1,646,180	9,137,941
Receivables, net of uncollectibles:				
Real estate and personal property taxes	89,468	-	-	89,468
Tax liens	491,766	-	-	491,766
Motor vehicle and other excise taxes	96,675	-	-	96,675
Departmental and other	100,219	-	-	100,219
Intergovernmental - other	38,606	-	423,914	462,520
Special assessments	1,241,749	-	-	1,241,749
<b>Total Assets</b>	<b>\$ 22,042,257</b>	<b>\$ 968,878</b>	<b>\$ 6,135,003</b>	<b>\$ 29,146,138</b>
<b>Liabilities</b>				
Warrants payable	\$ 1,528,923	\$ -	\$ 426,099	\$ 1,955,022
Accrued payroll	2,038,317	-	41,492	2,079,809
Other liabilities	220,488	-	331,958	552,446
<b>Total Liabilities</b>	<b>3,787,728</b>	<b>-</b>	<b>799,549</b>	<b>4,587,277</b>
<b>Deferred Inflows of Resources</b>				
Taxes paid in advance	184,850	-	-	184,850
Unavailable revenue	1,980,233	-	423,914	2,404,147
<b>Total Deferred Inflow of Resources</b>	<b>2,165,083</b>	<b>-</b>	<b>423,914</b>	<b>2,588,997</b>
<b>Fund Balances</b>				
Restricted	10,574,079	968,878	5,321,945	16,864,902
Committed	327,540	-	-	327,540
Assigned	139,528	-	-	139,528
Unassigned	5,048,299	-	(410,405)	4,637,894
<b>Total Fund Balances</b>	<b>16,089,446</b>	<b>968,878</b>	<b>4,911,540</b>	<b>21,969,864</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 22,042,257</b>	<b>\$ 968,878</b>	<b>\$ 6,135,003</b>	<b>\$ 29,146,138</b>

(1) Extracted from the Town's audited Financial Statements.

**TOWN OF MEDFIELD, MASSACHUSETTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real Estate and personal property taxes			
net of tax refunds	\$ 49,322,391	\$ -	\$ 49,322,391
Tax liens	42,075	-	42,075
Motor vehicle and other excises	2,063,218	-	2,063,218
Meals tax	158,844	-	158,844
Charges for services	-	2,802,088	2,802,088
Penalties and interest on taxes	71,668	-	71,668
Fees and rentals	308,251	-	308,251
Payments in lieu of taxes	2,240	-	2,240
Licenses and permits	692,452	-	692,452
Fines and forfeitures	12,011	17,349	29,360
Intergovernmental - teachers retirement	10,120,770	-	10,120,770
Intergovernmental - other	7,989,383	1,723,482	9,712,865
Intergovernmental - COVID-19 relief	-	157,354	157,354
Departmental and other	464,276	664,913	1,129,189
Special assessments	257,929	-	257,929
Contributions and donations	-	313,615	313,615
Investment income	426,391	70,755	497,146
Miscellaneous	-	25,473	25,473
Total Revenues	<u>71,931,899</u>	<u>5,775,029</u>	<u>77,706,928</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	2,579,457	392,103	2,971,560
Public Safety	4,103,939	201,446	4,305,385
Education	36,850,749	3,135,638	39,986,387
Public works	2,744,081	200,280	2,944,361
Health and human services	477,984	309,659	787,643
Culture and recreation	1,091,866	523,771	1,615,637
COVID-19	-	157,354	157,354
Pension benefits	2,614,313	-	2,614,313
Pension benefits - teachers retirement	10,120,770	-	10,120,770
Property and liability insurance	204,184	-	204,184
Employee benefits	4,560,872	-	4,560,872
State and County Charges	525,148	-	525,148
Debt service:			
Principal	4,403,300	-	4,403,300
Interest	1,195,939	-	1,195,939
Total Expenditures	<u>71,472,602</u>	<u>4,920,251</u>	<u>76,392,853</u>
Excess of Revenues Over Expenditures	459,297	854,778	1,314,075
<b>OTHER FINANCING (USES) SOURCES:</b>			
Transfers In	251,448	78,900	330,348
Transfers Out	(45,300)	(285,048)	(330,348)
Total Other Financing (Uses) Sources, Net	<u>206,148</u>	<u>(206,148)</u>	<u>-</u>
Net Change in Fund Balances	665,445	648,630	1,314,075
Fund Balances - Beginning of Year	15,920,664	6,451,316	22,371,980
Fund Balances - End of Year	<u>\$ 16,586,109</u>	<u>\$ 7,099,946</u>	<u>\$ 23,686,055</u>

(1) Extracted from the Town's audited financial statements.

**TOWN OF MEDFIELD, MASSACHUSETTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real Estate and personal property taxes			
net of tax refunds	\$ 47,730,513	\$ -	\$ 47,730,513
Tax liens	59,596	-	59,596
Motor vehicle and other excises	2,186,090	-	2,186,090
Meals tax	175,517	-	175,517
Charges for services	-	3,158,972	3,158,972
Penalties and interest on taxes	73,231	-	73,231
Fees and rentals	371,420	-	371,420
Payments in lieu of taxes	3,529	-	3,529
Licenses and permits	564,806	-	564,806
Fines and forfeitures	18,417	97,153	115,570
Intergovernmental - teachers retirement	7,884,451	-	7,884,451
Intergovernmental - other	7,942,826	2,015,861	9,958,687
Departmental and other	508,672	503,509	1,012,181
Special assessments	332,607	-	332,607
Contributions and donations		423,010	423,010
Investment income	541,154	88,749	629,903
Miscellaneous	-	107,751	107,751
Total Revenues	<u>68,392,829</u>	<u>6,395,005</u>	<u>74,787,834</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	2,545,351	288,677	2,834,028
Public Safety	4,470,021	495,620	4,965,641
Education	35,108,914	3,701,921	38,810,835
Public works	3,183,331	185,623	3,368,954
Health and human services	501,371	383,655	885,026
Culture and recreation	1,186,980	639,181	1,826,161
Pension benefits	2,383,760	-	2,383,760
Pension benefits - teachers retirement	7,884,451	-	7,884,451
Property and liability insurance	191,348	-	191,348
Employee benefits	4,882,254	-	4,882,254
State and County Charges	538,612	-	538,612
Debt service:			
Principal	4,471,400	-	4,471,400
Interest	1,343,248	-	1,343,248
Total Expenditures	<u>68,691,041</u>	<u>5,694,677</u>	<u>74,385,718</u>
Excess of Revenues Over Expenditures	(298,212)	700,328	402,116
<b>OTHER FINANCING (USES) SOURCES:</b>			
Transfers In	1,164,430	1,093,800	2,258,230
Transfers Out	(1,035,000)	(1,223,230)	(2,258,230)
Total Other Financing (Uses) Sources, Net	<u>646,972</u>	<u>(129,430)</u>	<u>-</u>
Net Change in Fund Balances	348,760	570,898	402,116
Fund Balances - Beginning of Year	16,089,446	5,880,418	21,969,864
Fund Balances - End of Year	<u>\$ 16,438,206</u>	<u>\$ 6,451,316</u>	<u>\$ 22,371,980</u>

(1) Extracted from the Town's audited financial statements.

**TOWN OF MEDFIELD, MASSACHUSETTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018 (1)**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real Estate and personal property taxes				
net of tax refunds	\$ 43,818,458	\$ -	\$ -	\$ 43,818,458
Motor vehicle and other excises	2,217,913	-	-	2,217,913
Meals tax	153,408	-	-	153,408
Charges for services	-	-	3,359,767	3,359,767
Penalties and interest on taxes	61,434	-	-	61,434
Fees and rentals	351,895	-	-	351,895
Payments in lieu of taxes	3,396	-	-	3,396
Licenses and permits	741,039	-	-	741,039
Fines and forfeitures	23,431	-	150,232	
Intergovernmental - other	15,446,993	-	1,621,025	17,068,018
Departmental and other	571,512	-	365,653	937,165
Special assessments	340,430	-	-	340,430
Contributions and donations	-	-	251,774	251,774
Investment income	212,479	-	(8,040)	204,439
Miscellaneous	-	-	53,916	53,916
Total Revenues	63,942,388	-	5,794,327	69,736,715
<b>EXPENDITURES:</b>				
Current:				
General Government	2,943,070	-	213,765	3,156,835
Public Safety	4,185,280	50,478	255,157	4,490,915
Education	33,372,319	-	3,785,700	37,158,019
Public works	2,991,383	-	686,128	3,677,511
Health and human services	491,457	7,440	279,072	777,969
Culture and recreation	1,137,051	-	635,464	1,772,515
Pension benefits	2,309,695	-	-	2,309,695
Pension benefits - Teachers Retirement	7,638,658	-	-	7,638,658
Property and liability insurance	166,735	-	-	166,735
Employee benefits	4,809,808	-	-	4,809,808
State and County Charges	534,733	-	-	534,733
Debt service:				
Principal	4,510,300	-	-	
Interest	1,537,630	-	-	1,537,630
Total Expenditures	66,628,119	57,918	5,855,286	68,031,023
Excess of Revenues Over Expenditures	(2,685,731)	(57,918)	(60,959)	(2,804,608)
<b>OTHER FINANCING (USES) SOURCES:</b>				
Transfers In	867,696	-	78,650	946,346
Transfers Out	(35,000)	-	(269,890)	(304,890)
Total Other Financing (Uses) Sources, Net	832,696	-	(191,240)	641,456
Net Change in Fund Balances	(1,853,035)	(57,918)	(252,199)	(2,163,152)
Fund Balances - Beginning of Year	17,942,481	1,026,796	5,163,739	24,133,016
Fund Balances - End of Year	\$ 16,089,446	\$ 968,878	\$ 4,911,540	\$ 21,969,864

(1) Extracted from the Town's audited financial statements.

**TOWN OF MEDFIELD, MASSACHUSETTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017 (1)**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real Estate and personal property taxes				
net of tax refunds	\$ 42,533,471	\$ -	\$ -	\$ 42,533,471
Tax liens	152,764	-	-	152,764
Motor vehicle and other excises	2,131,133	-	-	2,131,133
Meals tax	149,685	-	-	149,685
Charges for services	-	-	3,194,674	3,194,674
Penalties and interest on taxes	118,857	-	-	118,857
Fees	76,116	-	-	76,116
Rentals	296,399	-	-	296,399
Payments in lieu of taxes	3,352	-	-	3,352
Licenses and permits	579,796	-	-	579,796
Fines and forfeitures	21,347	-	153,711	
Intergovernmental	14,632,865	-	2,036,856	16,669,721
Departmental and other	608,393	-	120,312	728,705
Special assessments	384,174	-	-	384,174
Contributions	-	-	340,138	340,138
Investment income	296,978	-	6,897	303,875
Miscellaneous	-	-	11,693	11,693
Total Revenues	61,985,330	-	5,864,281	67,849,611
<b>EXPENDITURES:</b>				
Current:				
General Government	2,304,822	-	240,882	2,545,704
Public Safety	4,548,828	3,944,413	222,336	8,715,577
Education	39,390,668	1,500,000	3,500,811	44,391,479
Public works	2,812,629	10,201	743,381	3,566,211
Human services	509,753	-	137,888	647,641
Culture and recreation	1,174,966	-	681,897	1,856,863
Pension benefits	2,084,180	-	-	2,084,180
Property and liability insurance	166,684	-	-	166,684
Employee benefits	6,442,546	-	-	6,442,546
State and County Charges	550,074	-	-	550,074
Debt service:				
Principal	4,429,300	-	-	
Interest	1,667,594	-	-	1,667,594
Total Expenditures	66,082,044	5,454,614	5,527,195	72,634,553
Excess of Revenues Over Expenditures	(4,096,714)	(5,454,614)	337,086	(9,214,242)
<b>OTHER FINANCING (USES) SOURCES:</b>				
Issuance of bonds and notes	-	1,500,000	-	1,500,000
Premium from issuance of bonds	-	45,000	-	45,000
Transfers In	864,017	240,000	123,950	1,227,967
Transfers Out	(35,000)	-	(371,161)	(406,161)
Total Other Financing (Uses) Sources, Net	829,017	1,785,000	(247,211)	2,366,806
Net Change in Fund Balances	(3,267,697)	(3,669,614)	89,875	(6,847,436)
Fund Balances - Beginning of Year	21,210,178	4,696,410	5,073,864	30,980,452
Fund Balances - End of Year	\$ 17,942,481	\$ 1,026,796	\$ 5,163,739	\$ 24,133,016

(1) Extracted from the Town's audited financial statements.

**TOWN OF MEDFIELD, MASSACHUSETTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016 (1)**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real Estate and personal property taxes				
net of tax refunds	\$ 41,439,080	\$ -	\$ -	\$ 41,439,080
Tax liens	43,935	-	-	43,935
Motor vehicle and other excises	2,181,832	-	-	2,181,832
Meals tax	131,154	-	-	131,154
Charges for services	-	-	3,191,620	3,191,620
Penalties and interest on taxes	91,872	-	-	91,872
Fees	77,712	-	-	77,712
Rentals	315,121	-	-	315,121
Payments in lieu of taxes	3,401	-	-	3,401
Licenses and permits	637,483	-	-	637,483
Fines and forfeitures	11,303	-	106,941	
Intergovernmental	12,731,408	-	2,625,117	15,356,525
Departmental and other	588,162	-	(25,388)	562,774
Special assessments	478,279	-	-	478,279
Contributions	-	-	272,511	272,511
Investment income	403,524	-	60,645	464,169
Miscellaneous	-	-	12,932	12,932
Total Revenues	59,134,266	-	6,244,378	65,378,644
<b>EXPENDITURES:</b>				
Current:				
General Government	2,325,839	-	212,215	2,538,054
Public Safety	4,034,334	12,789,388	307,502	17,131,224
Education	35,523,710	172,791	3,008,976	38,705,477
Public works	3,059,347	12,898	1,256,127	4,328,372
Human services	487,362	-	116,473	603,835
Culture and recreation	1,044,918	-	580,147	1,625,065
Pension benefits	1,889,872	-	-	1,889,872
Property and liability insurance	137,558	-	-	137,558
Employee benefits	4,313,139	-	-	4,313,139
State and County Charges	523,581	-	-	523,581
Debt service:				
Principal	4,778,200	-	-	4,778,200
Interest	1,716,882	-	-	1,716,882
Total Expenditures	59,834,742	12,975,077	5,481,440	78,291,259
Excess of Revenues Over Expenditures	(700,476)	(12,975,077)	762,938	(12,912,615)
<b>OTHER FINANCING (USES) SOURCES:</b>				
Transfers In	667,978	-	56,250	724,228
Transfers Out	(30,000)	-	(177,239)	(207,239)
Total Other Financing (Uses) Sources, Net	637,978	-	(120,989)	516,989
Net Change in Fund Balances	(62,498)	(12,975,077)	641,949	(12,395,626)
Fund Balances - Beginning of Year	21,272,676	17,671,487	4,431,915	43,376,078
Fund Balances - End of Year	\$ 21,210,178	\$ 4,696,410	\$ 5,073,864	\$ 30,980,452

(1) Extracted from the Town's audited financial statements.

## Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue (or, in the Town's case, Unreserved Fund Balance) less uncollected and overdue property taxes from prior years.

The following table sets forth the trend in free cash as certified by the Bureau of Accounts.

<u>Year</u>	<u>Free Cash July 1</u>
2021 (est.)	\$ 3,900,000
2020	3,357,124
2019	2,234,402
2018	2,072,340
2017	2,885,994
2016	2,755,731

## Stabilization Fund

The Town maintains a stabilization fund, which is accounted for in the Trust Funds. Funded by an appropriation, the Stabilization Fund plus interest income may be appropriated at an annual or special town meeting for any purpose.

<u>Fiscal Year</u>	<u>Stabilization Fund Balance (June 30)</u>
2021	\$ 1,729,819
2020	1,682,507
2019	1,480,822
2018	1,135,525
2017	883,836

## Sewer Betterment Stabilization Fund

The Town maintains a separate sewer betterment stabilization fund, which was established at the 2004 annual meeting. The fund was established by transferring prepaid sewer betterment revenue from the general fund to this newly established stabilization fund. The fund balance as of June 30, 2017 was \$1,049,294. The fund balance as of June 30, 2018 was \$811,983. The balance in the fund as of June 30, 2019 was \$541,163. The balance in the fund as of June 30, 2020 was \$234,999. The balance in the fund as of June 30, 2021 was \$39,833.

## Municipal Buildings Capital Stabilization Fund

During the Annual Town Meeting of 2018 and the subsequent override in June of 2018, the Town created a Municipal Buildings Capital Stabilization Fund that was funded with \$1,000,000 for fiscal year 2019. The approved creation and funding for a special purpose stabilization fund is to fund new construction, capital repairs and improvements to municipal buildings and structural components thereof. At the same Town Meeting in 2018, the \$1,000,000 was appropriated out to fund the Dale Street School Feasibility Study. In FY 2020, the Board of Selectmen voted to increase the fund by \$1,025,000 and during the Annual Town Meeting of 2019, voters approved \$782,125 of expenses from this fund, leaving a balance of \$242,875. In FY2021, the Board of Selectmen voted to increase the fund by \$1,050,625 and during the Annual Town Meeting of 2020, voters approved \$779,500 of expenses from this fund. In FY2022, the Board of Selectmen voted to increase the fund by \$1,076,890 and during the Annual Town Meeting of 2021, voters approved \$1,090,500 of expenses from this fund. As of 6/30/2021 the balance in said fund is \$547,085.

## Capital Stabilization Fund

During the Annual Town Meeting of 2021 for fiscal year 2022, the Town voted to establish a Capital Stabilization Fund which can only be used to fund capital projects and the debt service related to those capital projects including equipment, vehicles, repairs to equipment and vehicles, public works improvements, and other non-municipal building and non-school building capital projects. The Town's financial policies adopted in 2018, outline the capital plan process and the

adoption of a 5-year capital improvement plan. The first year of this capital improvement plan is being funded with \$751,000 of free cash and \$21,112 in unexpended appropriations from prior years. During this same 2021 Annual Town Meeting, voters approved \$587,686 of expenses from this fund for purchase and \$163,000 in debt service payments, with a net balance at the beginning of fiscal year 2022 of \$21,426.

### **Tax Increment Financing for Development Districts**

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAXATION" above.) The Town has not established any development districts.

## INDEBTEDNESS

### Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of the Town Meeting. Refunding bonds and notes are authorized by the Selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Revenue anticipation notes and temporary notes in anticipation of authorized federal and state aid generally may be issued by the Treasurer with the approval of the Selectmen.

### Debt Limits

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit of the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the Municipal Finance Oversight Board.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year, to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAXATION" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

### Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of the following types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

**Bond Anticipation Notes.** These generally must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds has been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

**Revenue Anticipation Notes.** These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

**Grant Anticipation Notes.** These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years, but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

**Revenue Bonds.** Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Clean Water Revolving Loan Programs and for certain economic development projects supported by tax increment financings. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**TOWN OF MEDFIELD  
DIRECT DEBT SUMMARY (1)  
As of June 30, 2021,  
Excludes the Effects of the Refunding**

**General Obligation Bonds Outstanding:**

Sewer (2)	\$ 315,000	
School (3)	2,510,000	
General (4)	21,690,000	
MCWT	711,238	
Water (5)	<u>4,840,000</u>	
Long-Term Indebtedness		\$ 30,066,238
This Issue of New Money Bonds to be dated September 29, 2021		11,459,800
Short-Term Debt Outstanding:		
Bond Anticipation Notes (6)	205,000	
Less:		
To Be Retired with Bond Proceeds	<u>(205,000)</u>	
Short-Term Indebtedness after This Issue		-
<b>Total Direct Debt after This Issue</b>		<b><u><u>\$ 41,526,038</u></u></b>

(1) Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

(2) \$75,000 has been excluded from the limits of Proposition 2 ½.

(3) Excluded from the limits of Proposition 2 1/2.

(4) \$400,000 is outside the Town's debt limit. \$20,315,000 has been exempted from the limits of Proposition 2 ½.

(5) Excluded from the Town's debt limit.

(6) Payable September 30, 2021.

## Debt Ratios

The following table sets forth debt as a percentage of assessed valuation and per capita debt at the end of the five most recent fiscal years. The table considers the principal amount of general obligation bonds of the Town of Medfield only and does not reflect the issuance of the Bonds. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues.

Fiscal Year End	General Obligation Bonds Outstanding	2010 Federal Consensus Population	State Equalized Valuation	Per Capita Debt	Debt as a % of Assessed Valuation
2021	\$ 30,066,238	12,023	\$ 2,985,655,000	\$ 2,501	1.01 %
2020	34,406,511	12,023	2,801,486,200	2,862	1.23
2019	39,209,465	12,023	2,801,486,200	3,261	1.40
2018	44,084,129	12,023	2,639,413,000	3,667	1.67
2017	48,996,331	12,024	2,639,413,000	4,075	1.86

## Principal Payments by Purpose (1)

The following table sets forth the principal payments by purpose on outstanding bonds of the Town.

### GENERAL OBLIGATION BONDS PRINCIPAL PAYMENTS BY PURPOSE As of June 30, 2021 (1)

Fiscal Year	Sewer (2)	School (3)	General (4)	MCWT	Water (5)	Total Principal
2022	\$ 195,000	\$ 1,465,000	\$ 1,795,000	\$ 71,722	\$ 445,000	\$ 3,971,722
2023	20,000	1,045,000	1,790,000	73,200	415,000	3,343,200
2024	20,000	-	1,800,000	74,709	405,000	2,299,709
2025	20,000	-	1,815,000	76,249	405,000	2,316,249
2026	20,000	-	1,470,000	77,821	380,000	1,947,821
2027	20,000	-	1,485,000	79,425	380,000	1,964,425
2028	20,000	-	1,495,000	81,062	380,000	1,976,062
2029	-	-	1,510,000	82,734	290,000	1,882,734
2030	-	-	1,530,000	22,824	290,000	1,842,824
2031	-	-	1,545,000	23,320	290,000	1,858,320
2032	-	-	1,570,000	23,827	290,000	1,883,827
2033	-	-	1,490,000	24,345	290,000	1,804,345
2034	-	-	1,515,000	-	290,000	1,805,000
2035	-	-	880,000	-	290,000	1,170,000
Total	\$ 315,000	\$ 2,510,000	\$ 21,690,000	\$ 711,238	\$ 4,840,000	\$ 30,066,238

(1) Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

(2) \$75,000 has been excluded from the limits of Proposition 2 ½.

(3) Excluded from the limits of Proposition 2 1/2.

(4) \$400,000 is outside the Town's debt limit. \$20,315,000 has been exempted from the limits of Proposition 2 ½.

(5) Excluded from the Town's debt limit.

## Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds, as of June 30, 2021 of the Town of Medfield.

### GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS As of June 30, 2021

Fiscal Year	Outstanding Principal	Outstanding Interest	Total Debt Service
2022	\$ 3,971,722	\$ 1,094,171	\$ 5,065,893
2023	3,343,200	928,265	4,271,465
2024	2,299,709	810,779	3,110,488
2025	2,316,249	720,051	3,036,300
2026	1,947,821	631,223	2,579,044
2027	1,964,425	561,175	2,525,600
2028	1,976,062	497,752	2,473,814
2029	1,882,734	432,632	2,315,366
2030	1,842,824	358,521	2,201,345
2031	1,858,320	298,972	2,157,292
2032	1,883,827	231,594	2,115,421
2033	1,804,345	163,600	1,967,945
2034	1,805,000	94,984	1,899,984
2035	1,170,000	38,369	1,208,369
Total	<u>\$ 30,066,238</u>	<u>\$ 6,862,087</u>	<u>\$ 36,928,325</u>

(1) Principal totaling \$22,900,000 and interest totaling \$5,696,337 has been exempted from the provisions of Proposition 2 ½.

## Authorized Unissued Debt

Following delivery of the Bonds, the Town will have approximately \$2,145,000 of authorized unissued debt for affordable public housing design and water improvements.

## Overlapping Debt

The Town of Medfield is located in Norfolk County, is a member of the Massachusetts Bay Transportation Authority and is one of eleven members of the Tri-County Regional Vocational-Technical School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue of Norfolk County, the Massachusetts Bay Transportation Authority and the Tri-County Regional Vocational-Technical School District and the Town of Medfield's estimated gross share of such debt and the estimated fiscal 2022 dollar assessment for each.

<u>Overlapping Entity</u>	<u>Outstanding Debt</u>	<u>Medfield's Estimated Share (1)</u>	<u>2022 Dollar Assessment (2)</u>
Norfolk County(3)	\$15,505,000	2.25%	\$118,275
Massachusetts Bay Transportation Authority(4)	5,475,549,153	0.16	293,408
Tri-County Regional Vocational Technical School District (5)	0	1.20	155,240

(1) Estimated share based on debt service.

(2) Estimated dollar assessment based upon total net operating expenses, inclusive of debt service.

(3) SOURCE: Norfolk County Treasurer. Debt as of June 30, 2021. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. (The expenses of Suffolk County are borne by the City of Boston alone.) Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of general obligation notes of the county. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex county) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties.

(4) SOURCE: M.B.T.A. Debt as of June 30, 2020. The Massachusetts Bay Transportation Authority (the "MBTA") was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "*Tax Limitations*" under "PROPERTY TAX" above.)

(5) SOURCE: Tri-County Regional Vocational-Technical School District. Debt as of June 30, 2021. The operating expenses and debt service of the regional school district is apportioned among the member municipalities based on the ratio of that member's pupil enrollment to the total pupil enrollment from all the member municipalities in the regional school district as of October 1 of the year preceding the year for which the apportionment is being determined.

## **Contractual Obligations**

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases for long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There is implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric light department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town of Medfield has several such long-term contractual obligations. The Town has a contract with Michael J. Connolly & Sons, Inc. for bus school transportation expires on June 30, 2024. The fiscal 2021 cost was \$1,352,667. The Town budgeted \$1,429,404 for this contract in fiscal 2022. The Town also has an incineration contract with Wheelabrator Millbury, Inc. The solid waste incineration contract handling approximately 3,207 tons per fiscal year, currently costs \$68.77 per ton, however provisions of the contract provide for escalation if operating costs increase. This twenty-year contract expires in the year 2023. The School department has a two year agreement expiring in 2023 with Lawrence Waste Services for pick-up and disposal of trash and recyclables from its five schools. The cost of the service is approximately \$44,406 annually.

In addition, the Town has agreed with The Commonwealth of Massachusetts to purchase the former Medfield State Hospital site. In consideration for \$3,100,000 the Town has contractually agreed to pay 10 annual payments of \$310,000 which will be deducted monthly from the Town's cherry sheet reimbursement payments as a multi-year payment plan that began in 2015. Since purchasing the property, the Town has maintained the campus and buildings and conducted a thorough planning process to prepare for a potential redevelopment of the site. In April 2021, the Town released a Request for Proposals for the 87-acre Medfield State Hospital campus and buildings. In August 2021, the Town received two proposals (Trinity Financial and Pulte Homes) and is currently evaluating the two proposals prior to a potential Town Meeting vote in Fall or Winter 2021/ 2022 to authorize sale of the property.

The Town has a lease purchase agreement with TD Equipment Finance Inc. for the lease purchase of three police vehicles (3-year term) and one fire engine (10-year term). The Town made its second payment in Fiscal Year 2022 and will make its final payment on the police vehicles in FY2023. The final payment for the Fire Engine will be made in FY2030. The annual payment for the three police vehicles is \$52,590. The annual payment for the fire engine is \$48,095.

## **RETIREMENT PLAN**

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be

set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town established a Pension Reserve Fund in fiscal 1980. The pension reserve fund balance at June 30, 2021 was \$3,657,683.

The Town participates in the contributory retirement system of Norfolk County that is partially funded by employee contributions. The Town meets its share of retirement system costs on a pay-as-you-go basis by contributing annually (to the County) the amounts determined by the Public Employee Retirement Administration. Such amounts are legal obligations of the municipality and are required to be included in its annual tax levy. The retirement system covers substantially all municipal employees except school teachers, whose pensions are paid by the Commonwealth.

The annual required contributions of the Town to the Norfolk County retirement system for the following fiscal years are as follows:

		Town
<u>Year</u>		<u>Contributions</u>
2022	(budgeted)	\$ 3,162,435
2021		3,026,978
2020		2,826,048
2019		2,578,193
2018		2,354,129
2017		2,125,479

As of January 1, 2020, the date of the latest actuarial valuation, the total pension benefit obligation of the Norfolk County contributory retirement system was \$1,657,574,687 and the net assets available for benefits totaled \$1,052,289,789, leaving an unfunded pension benefit obligation of \$605,284,898. The Town's share of the unfunded pension benefit obligation is estimated to be approximately 3.59% or \$21,746,679.

# **Norfolk County Contributory Retirement System Funding Schedule**

Fiscal Year <u>Ending</u>	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**	Unfunded Accrued Laibility
2021	\$27,958,727	\$10,620,371	\$70,931,914	\$81,552,285	26.1	63.5	\$605,284,898
2022	\$29,472,503	\$10,827,982	\$76,411,340	\$87,239,322	26.7	66.1	\$569,176,315
2023	\$31,065,902	\$11,032,772	\$82,503,551	\$93,536,323	27.4	69.5	\$526,940,109
2024	\$32,743,026	\$11,234,067	\$89,048,972	\$100,283,039	28.1	73.1	\$477,967,839
2025	\$34,508,182	\$11,431,136	\$96,084,730	\$107,515,866	28.8	77.0	\$421,598,551
2026	\$36,365,898	\$11,623,193	\$103,646,619	\$115,269,812	29.6	81.0	\$357,114,494
2027	\$38,320,929	\$11,809,387	\$111,773,018	\$123,582,405	30.3	85.3	\$283,736,490
2028	\$40,378,272	\$11,988,801	\$120,505,073	\$132,493,874	31.1	89.9	\$200,618,947
2029	\$42,543,176	\$12,160,449	\$124,156,596	\$136,317,045	30.6	94.8	\$106,844,464
2030	\$44,821,155	\$12,323,268	\$2,060,901	\$14,384,169	3.1	99.8	\$3,830,240
2031	\$47,218,002	\$12,476,115	\$2,143,337	\$14,619,452	3.0	99.9	\$2,026,997
2032	\$49,739,803	\$12,617,764	\$0	\$12,617,764	2.5	100.0	(\$0)
2033	\$52,392,950	\$12,746,898	\$0	\$12,746,898	2.4	100.0	(\$0)
2034	\$55,184,156	\$12,862,102	\$0	\$12,862,102	2.3	100.0	(\$0)
2035	\$58,120,475	\$12,961,862	\$0	\$12,961,862	2.2	100.0	(\$0)
2036	\$61,209,316	\$13,044,555	\$0	\$13,044,555	2.2	100.0	(\$0)
2037	\$64,458,457	\$13,108,443	\$0	\$13,108,443	2.1	100.0	(\$0)
2038	\$67,876,073	\$13,151,665	\$0	\$13,151,665	2.0	100.0	(\$0)
2039	\$71,470,746	\$13,172,233	\$0	\$13,172,233	1.9	100.0	(\$0)
2040	\$75,251,490	\$13,168,020	\$0	\$13,168,020	1.8	100.0	(\$0)
2041	\$79,227,773	\$13,136,753	\$0	\$13,136,753	1.7	100.0	(\$0)
2042	\$82,793,023	\$13,727,907	\$0	\$13,727,907	1.7	100.0	(\$0)
2043	\$86,518,709	\$14,345,663	\$0	\$14,345,663	1.7	100.0	(\$0)
2044	\$90,412,051	\$14,991,218	\$0	\$14,991,218	1.7	100.0	(\$0)
2045	\$94,480,593	\$15,665,823	\$0	\$15,665,823	1.7	100.0	(\$0)
2046	\$98,732,220	\$16,370,785	\$0	\$16,370,785	1.7	100.0	(\$0)
2047	\$103,175,170	\$17,107,470	\$0	\$17,107,470	1.7	100.0	(\$0)
2048	\$107,818,053	\$17,877,306	\$0	\$17,877,306	1.7	100.0	(\$0)
2049	\$112,669,865	\$18,681,785	\$0	\$18,681,785	1.7	100.0	(\$0)
2050	\$117,740,009	\$19,522,465	\$0	\$19,522,465	1.7	100.0	(\$0)
2051	\$123,038,309	\$20,400,976	\$0	\$20,400,976	1.7	100.0	(\$0)
2052	\$128,575,033	\$21,319,020	\$0	\$21,319,020	1.7	100.0	(\$0)

**\*\* Beginning of Fiscal Year**

For additional information see retirement section of accompanying financial statements in Appendix A.

## Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities and towns is generally provided on a pay-as-you-go basis. The table below includes these benefits paid during the following fiscal years:

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2022 (budgeted)	\$ 767,084
2021	811,416
2020	821,451
2019	826,488
2018	820,182
2017	795,426

The Governmental Accounting Standards Board ("GASB") promulgated its Statement Nos. 43 and 45, which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town has had an actuarial valuation study of its other post-employment benefits performed. As of June 30, 2020, the Town's total liability for benefits was \$36,664,211 and the plan fiduciary net position was \$3,972,467, resulting in a net OPEB liability of \$32,691,744 assuming a 7.25% investment rate of return.

At its April 2014 Town Meeting, the Town voted to accept MGL, Chapter 32B, Section 20, authorizing an establishment of an Other Post-Employment Benefits Liability Trust Fund. In fiscal 2016, the Town appropriated \$400,000 to the OPEB Trust Fund. The trustees of the fund voted to invest in the PRIT Fund as of July 1, 2016. In fiscal 2020, the Town appropriated \$425,000 to the OPEB Trust Fund. In fiscal 2021, the Town appropriated \$425,000 to the OPEB Trust Fund. The balance of the OPEB Trust Fund was \$5,674,058 as of June 30, 2021. The Town appropriated an additional \$467,500 to this fund in fiscal 2022. Per the Town's financial policy, the Town should continue to annually appropriate not less than \$425,000 with the goal of increasing that amount by 10% annually.

## EMPLOYEE RELATIONS

The Town presently employs approximately 940 full-time and part-time workers, 620 of whom are employed by the school department, 25 by the fire department, 25 by the police department and the balance of persons by various other departments of the Town. City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

Approximately 393 Town employees are represented by the following unions:

<u>Title of Union Contract</u>	<u>Department</u>	<u>No. of Union Members</u>	<u>Contract Expiration Date</u>
AFL-CIO, Council 93, Local 1298	School Secretaries	15	06-30-20 (1)
Cafeteria Workers of Town of Medfield	School Cafeteria Workers	9	06-30-20 (1)
AFL-CIO, Council 93, Local 1298	School Custodians	20	06-30-20 (1)
Medfield Teachers Association	Teachers	257	06-30-22
Medfield Teachers Association	Teachers Asst. & Aides	60	08-31-21
Medfield Permanent Firefighters	Fire	12	06-30-22
Medfield Police League	Police	20	06-30-22

(1) Currently in negotiations.

## LITIGATION

At present there are various cases pending in various courts throughout the Commonwealth where the Town of Medfield is a defendant. In the opinion of the Town, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial position or its ability to pay its obligations.

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TOWN OF MEDFIELD, MASSACHUSETTS  
/s/ Ms. Georgia K. Colivas, Treasurer

September 15, 2021

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***TOWN OF MEDFIELD, MASSACHUSETTS***

***REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS***

***YEAR ENDED JUNE 30, 2020***

TOWN OF MEDFIELD, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Medfield, Massachusetts

## **Report on the Financial Statements**

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

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

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

## **Auditor's Responsibility**

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 February 24, 2021, on our consideration of the Town of Medfield, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Medfield, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Powers + Juliani, LLC". The signature is written in a cursive, flowing style.

February 24, 2021

## ***Management's Discussion and Analysis***

## Management's Discussion and Analysis

As management of the Town of Medfield (Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. We encourage readers to consider the information presented in this report in conjunction with 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 assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$66.2 million (net position).
- The Town's long-term debt was \$35.9 million at year end, a net decrease of \$5.2 million. This net decrease was due to current year principal payments and amortization of bond premiums.
- As of the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$23.7 million, an increase of \$1.3 million in comparison with the prior year.
- The Town's net pension liability decreased by \$1.8 million and totals \$21.7 million as of June 30, 2020.
- The Town's net OPEB liability decreased by \$2.8 million and totals \$32.7 million as of June 30, 2020.
- In 2020, the Town incurred \$157,000 of expenses related to the COVID-19 Pandemic, which were funded by grants received from the State and Federal governments (See Note 15).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Medfield'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, deferred outflows of resources and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in

this statement for some items that will only result in cash flows in future periods (i.e. uncollected taxes and earned but unused vacation leave).

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, culture and recreation, COVID-19 and interest.

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

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

In accordance with accounting standards, the Town reports fund balance components as nonspendable, restricted, committed, assigned and unassigned. Additionally, the Town's stabilization funds are reported within the general fund.

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

**Proprietary funds.** The Town of Medfield 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 Town uses enterprise funds to account for its water and sewer operations.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town maintains three different fiduciary funds. The other postemployment benefit trust fund is used to account for the activities of the Town's OPEB trust fund. The private purpose trust fund is used to account for resources held in trust which principal and investment income exclusively benefit individuals, private organizations, or other governments. The agency fund is used to account for assets held in a purely custodial capacity.

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

### **Government-wide Financial Analysis**

As noted earlier net position may serve, over time, as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$66.2 million at the close of 2020. Key components of the Town's governmental and business-type financial position follow.

A significant portion of the Town's net position, \$98.8 million, reflects its investment in capital assets (i.e. land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$10.0 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals a deficit of \$42.6 million, primarily related to the recognition of \$21.7 million and \$32.7 million of net pension and net OPEB liabilities, respectively.

**Governmental Activities.** For the Town's governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53.9 million at the close of 2020.

	2020	2019
<b>Assets:</b>		
Current assets.....	\$ 29,109,798	\$ 27,876,331
Noncurrent assets (excluding capital).....	440,287	705,231
Capital assets, nondepreciable.....	21,872,426	21,757,280
Capital assets, net of accumulated depreciation....	97,082,548	100,919,881
<b>Total assets.....</b>	<b>148,505,059</b>	<b>151,258,723</b>
<b>Deferred outflows of resources.....</b>	<b>2,789,100</b>	<b>6,334,312</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	4,466,772	4,748,854
Noncurrent liabilities (excluding debt).....	53,640,963	58,042,745
Current debt.....	4,026,233	4,506,127
Noncurrent debt.....	25,180,062	29,206,295
<b>Total liabilities.....</b>	<b>87,314,030</b>	<b>96,504,021</b>
<b>Deferred inflows of resources.....</b>	<b>10,084,349</b>	<b>8,616,330</b>
<b>Net position:</b>		
Net investment in capital assets.....	90,502,867	89,717,498
Restricted.....	10,019,589	10,093,513
Unrestricted.....	(46,626,676)	(47,338,327)
<b>Total net position.....</b>	<b>\$ 53,895,780</b>	<b>\$ 52,472,684</b>

The governmental activities net position increased by \$1.4 million during the current year, compared to a decrease of \$273,000 in the prior year. Total revenues increased by approximately \$3.1 million (4.2%), while total expenses increased \$1.4 million (1.9%). Revenue gains were realized mainly from operating grants and real estate taxes.

	2020	2019
<b>Program Revenues:</b>		
Charges for services..... \$	4,746,662	\$ 5,180,319
Operating grants and contributions.....	18,460,070	16,092,367
Capital grants and contributions.....	245,305	461,369
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	49,389,906	47,884,037
Tax and other liens.....	102,482	148,671
Motor vehicle and other excise taxes.....	2,297,603	2,156,574
Meals tax.....	158,844	175,517
Penalties and interest on taxes.....	71,668	73,231
Payments in lieu of taxes.....	2,240	3,529
Grants and contributions not restricted to specific programs.....	1,704,360	1,667,378
Unrestricted investment income.....	497,146	629,903
Miscellaneous.....	34,300	127,307
<b>Total revenues.....</b>	<b>77,710,586</b>	<b>74,600,202</b>
<b>Expenses:</b>		
General government.....	4,013,841	3,781,967
Public safety.....	6,049,360	6,858,678
Education.....	57,105,582	54,728,174
Public works.....	4,863,985	5,125,349
Health and human services.....	1,050,625	1,052,710
Culture and recreation.....	1,929,182	2,078,508
COVID-19.....	157,354	-
Interest.....	1,117,561	1,247,522
<b>Total expenses.....</b>	<b>76,287,490</b>	<b>74,872,908</b>
<b>Change in net position.....</b>	<b>1,423,096</b>	<b>(272,706)</b>
<b>Net position, beginning of year.....</b>	<b>52,472,684</b>	<b>52,745,390</b>
<b>Net position, end of year..... \$</b>	<b>53,895,780</b>	<b>52,472,684</b>

Governmental expenses totaled \$76.3 million, of which \$23.5 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$54.3 million, primarily coming from real estate and personal property taxes, excise taxes, and grants not restricted to specific programs. Real estate and personal property taxes are the most significant revenue source for the Town's governmental activities. They comprise 91.0% of all general revenues. Other taxes comprise 4.9% of the governmental activity's general revenues.

Charges for services represent 20.2% of governmental program revenues. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered are set by Town Meeting and Town boards. Operating and capital grants and contributions account for 79.8% of the governmental program revenues. Most of these resources apply to education operations. These resources offset costs of the school department over and above the general fund operating budget.

Education is the largest governmental activity of the Town. A total of \$57.1 million was expended for education, of which \$19.7 million was funded by program revenues. The remaining \$37.4 million was funded by taxes and other revenue. There was an increase in education expense of \$2.4 million, which mainly related to the increase in the required recognition of expenses for payments made by the Massachusetts Teacher's Retirement System on behalf of the Town.

**Business-type Activities.** Business-type activities increased the Town's net position by \$744,000. Key elements of these activities are as follows:

	2020	2019
<b>Assets:</b>		
Current assets.....	\$ 5,716,025	\$ 5,474,325
Capital assets, nondepreciable.....	1,462,243	1,331,893
Capital assets.....	13,545,501	13,949,197
<b>Total assets.....</b>	<b>20,723,769</b>	<b>20,755,415</b>
<b>Deferred outflows of resources.....</b>	<b>96,604</b>	<b>246,552</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	131,636	152,130
Noncurrent liabilities (excluding debt).....	1,401,260	1,599,196
Current debt.....	710,173	709,654
Noncurrent debt.....	6,031,238	6,741,411
<b>Total liabilities.....</b>	<b>8,274,307</b>	<b>9,202,391</b>
<b>Deferred inflows of resources.....</b>	<b>212,643</b>	<b>209,724</b>
<b>Net position:</b>		
Net investment in capital assets.....	8,281,447	7,629,247
Unrestricted.....	4,051,976	3,960,605
<b>Total net position.....</b>	<b>\$ 12,333,423</b>	<b>\$ 11,589,852</b>
	2020	2019
<b>Program Revenues:</b>		
Charges for services.....	\$ 4,323,252	\$ 3,842,215
<b>Expenses:</b>		
Water.....	1,941,607	1,836,962
Sewer.....	1,638,074	1,716,913
<b>Total expenses.....</b>	<b>3,579,681</b>	<b>3,553,875</b>
<b>Change in net position.....</b>	<b>743,571</b>	<b>288,340</b>
<b>Net position, beginning of year.....</b>	<b>11,589,852</b>	<b>11,301,512</b>
<b>Net position, end of year.....</b>	<b>\$ 12,333,423</b>	<b>\$ 11,589,852</b>

Business-type net position of \$8.3 million (67%) represents investments in capital assets net of related debt. The remaining \$4.1 million (33%) is available to be used for the ongoing operation of the Town's sewer and water enterprises.

Net position of the water enterprise fund increased \$499,000 during 2020. This increase is primarily due to the fact that rates are designed to cover debt service principal and capital costs.

Net position of the sewer enterprise fund increased \$244,000 during 2020. Again, this increase is consistent with rates that are designed to cover all of the department's operating costs.

### **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 totaling \$23.7 million. Of this amount \$16.6 million is for the general fund and \$7.1 million is comprised of the nonmajor funds. Cumulatively there was an increase of \$1.3 million in fund balances from the prior year.

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 \$6.1 million while total fund balance was \$16.6 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 8.6% of the total general fund budgetary expenditures while total fund balance represents 23.2% of that same amount. Unassigned fund balance includes \$1.7 million of the general stabilization fund, \$255,000 of the municipal building capital stabilization fund, and \$244,000 of the betterment stabilization fund.

The general fund balance increased by \$665,000 during the current year. The increase in fund balance was mainly attributable to positive budgetary results.

Restricted fund balance includes \$3.7 million of reserves for pension and \$3.0 million for future debt service.

Assigned fund balance includes \$793,000 of free cash used to balance the 2021 budget, and \$1.2 million of encumbrances.

The nonmajor funds increased by \$649,000 during the current year, which is due to the timing differences between the receipt and expenditure of state and federal grant funds and other special revenues.

In 2020, the Federal Government approved the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provides federal funding to assist communities in paying costs incurred between March 1, 2020, and December 31, 2021, that are directly related to the COVID-19 pandemic. The Commonwealth of Massachusetts was awarded \$2.7 billion which is to be allocated amongst local governments based on population. The State has made a portion of these funds available as of June 30, 2020. In 2020, the Town incurred \$157,000 of COVID related expenditures. The Town plans to submit for reimbursements to the Federal Emergency Management Agency (FEMA), apply for funding from the CARES Act, and use other local grant receipts to cover these costs (See Note 15 for further information).

## **General Fund Budgetary Highlights**

The initial budget and the encumbrances and continuing appropriations (original budget) totaled \$68.4 million. Changes during the year consisted largely of allocations between and among departments.

General fund revenues came in \$79,000 less than budgeted while general fund expenditures came in \$2.2 million less than budgeted.

## **Capital Asset and Debt Administration**

In conjunction with the annual operating budget, the Town of Medfield annually prepares a capital budget for the upcoming year.

**Capital Assets.** The Town of Medfield's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$134.0 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, vehicles, textbooks and software and infrastructure.

**Debt Administration.** Outstanding long-term debt of the general government, as of June 30, 2020, totaled \$29.2 million. During 2020, the Town paid down \$4.5 million in debt principal expense.

The sewer enterprise fund has outstanding long-term debt totaling \$1.4 million. During 2020, the Town paid down \$249,000 in debt principal expense.

The water enterprise fund has outstanding long-term debt totaling \$5.3 million. During 2020, the Town paid down \$461,000 in debt principal expense.

The Town maintains an "Aa1" bond rating from Moody's.

Please refer to notes 4, 6 and 7 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 Medfield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 459 Main Street, Medfield, MA 02052.

# ***Basic Financial Statements***

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## STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 20,298,663	\$ 3,843,112	\$ 24,141,775
Investments.....	6,753,614	-	6,753,614
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	391,894	-	391,894
Tax liens.....	641,248	-	641,248
Motor vehicle and other excise taxes.....	301,545	-	301,545
User charges.....	-	1,872,913	1,872,913
Departmental and other.....	116,981	-	116,981
Intergovernmental.....	403,687	-	403,687
Special assessments.....	202,166	-	202,166
Total current assets.....	<u>29,109,798</u>	<u>5,716,025</u>	<u>34,825,823</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	440,287	-	440,287
Capital assets, nondepreciable.....	21,872,426	1,462,243	23,334,669
Capital assets, net of accumulated depreciation.....	<u>97,082,548</u>	<u>13,545,501</u>	<u>110,628,049</u>
Total noncurrent assets.....	<u>119,395,261</u>	<u>15,007,744</u>	<u>134,403,005</u>
TOTAL ASSETS.....	<u>148,505,059</u>	<u>20,723,769</u>	<u>169,228,828</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	84,660	-	84,660
Deferred outflows related to pensions.....	2,650,922	95,536	2,746,458
Deferred outflows related to other postemployment benefits.....	53,518	1,068	54,586
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>2,789,100</u>	<u>96,604</u>	<u>2,885,704</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	371,558	33,150	404,708
Accrued payroll.....	2,480,879	18,230	2,499,109
Accrued interest.....	190,715	47,256	237,971
Other liabilities.....	791,420	-	791,420
Landfill closure.....	23,000	-	23,000
Compensated absences.....	609,200	33,000	642,200
Bonds payable.....	4,026,233	710,173	4,736,406
Total current liabilities.....	<u>8,493,005</u>	<u>841,809</u>	<u>9,334,814</u>
<b>NONCURRENT:</b>			
Landfill closure.....	23,000	-	23,000
Compensated absences.....	575,800	5,000	580,800
Net pension liability.....	20,990,209	756,470	21,746,679
Net other postemployment benefits liability.....	32,051,954	639,790	32,691,744
Bonds payable.....	25,180,062	6,031,238	31,211,300
Total noncurrent liabilities.....	<u>78,821,025</u>	<u>7,432,498</u>	<u>86,253,523</u>
TOTAL LIABILITIES.....	<u>87,314,030</u>	<u>8,274,307</u>	<u>95,588,337</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	705,849	25,438	731,287
Deferred inflows related to other postemployment benefits.....	9,378,500	187,205	9,565,705
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>10,084,349</u>	<u>212,643</u>	<u>10,296,992</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	90,502,867	8,281,447	98,784,314
Restricted for:			
Pension reserve fund.....	3,650,762	-	3,650,762
Future debt service.....	3,006,370	-	3,006,370
Permanent funds:			
Expendable.....	2,375,546	-	2,375,546
Gifts and grants.....	986,911	-	986,911
Unrestricted.....	<u>(46,626,676)</u>	<u>4,051,976</u>	<u>(42,574,700)</u>
TOTAL NET POSITION.....	<u>\$ 53,895,780</u>	<u>\$ 12,333,423</u>	<u>\$ 66,229,203</u>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General government.....	\$ 4,013,841	\$ 794,216	\$ 105,957	\$ -	\$ (3,113,668)
Public safety.....	6,049,360	1,239,036	62,424	-	(4,747,900)
Education.....	57,105,582	1,660,614	17,954,476	63,664	(37,426,828)
Public works.....	4,863,985	366,116	-	181,641	(4,316,228)
Health and human services.....	1,050,625	144,365	101,745	-	(804,515)
Culture and recreation.....	1,929,182	542,315	78,114	-	(1,308,753)
COVID-19.....	157,354	-	157,354	-	-
Interest.....	1,117,561	-	-	-	(1,117,561)
Total Governmental Activities.....	76,287,490	4,746,662	18,460,070	245,305	(52,835,453)
Business-Type Activities:					
Water.....	1,941,607	2,440,961	-	-	499,354
Sewer.....	1,638,074	1,882,291	-	-	244,217
Total Business-Type Activities.....	3,579,681	4,323,252	-	-	743,571
Total Primary Government.....	\$ 79,867,171	\$ 9,069,914	\$ 18,460,070	\$ 245,305	\$ (52,091,882)

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (continued)**

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(52,835,453)</b>	<b>743,571</b>	<b>(52,091,882)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	49,389,906	-	49,389,906
Tax and other liens.....	102,482	-	102,482
Motor vehicle and other excise taxes.....	2,297,603	-	2,297,603
Meals tax.....	158,844	-	158,844
Penalties and interest on taxes.....	71,668	-	71,668
Payments in lieu of taxes.....	2,240	-	2,240
Grants and contributions not restricted to specific programs.....	1,704,360	-	1,704,360
Unrestricted investment income.....	497,146	-	497,146
Miscellaneous.....	34,300	-	34,300
Total general revenues.....	54,258,549	-	54,258,549
Change in net position.....	1,423,096	743,571	2,166,667
<i>Net position:</i>			
Beginning of year.....	52,472,684	11,589,852	64,062,536
End of year..... \$	<b>53,895,780</b>	<b>12,333,423</b>	<b>66,229,203</b>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 14,812,509	\$ 5,486,154	\$ 20,298,663
Investments.....	4,818,769	1,934,845	6,753,614
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	391,894	-	391,894
Tax liens.....	641,248	-	641,248
Motor vehicle and other excise taxes.....	301,545	-	301,545
Departmental and other.....	116,981	-	116,981
Intergovernmental.....	-	403,687	403,687
Special assessments.....	642,453	-	642,453
<b>TOTAL ASSETS.....</b>	<b>\$ 21,725,399</b>	<b>\$ 7,824,686</b>	<b>\$ 29,550,085</b>
<b>LIABILITIES</b>			
Warrants payable.....	\$ 371,558	\$ -	\$ 371,558
Accrued payroll.....	2,471,228	9,651	2,480,879
Other liabilities.....	323,415	468,005	791,420
<b>TOTAL LIABILITIES.....</b>	<b>3,166,201</b>	<b>477,656</b>	<b>3,643,857</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue.....	1,973,089	247,084	2,220,173
<b>FUND BALANCES</b>			
Restricted.....	6,657,132	7,099,946	13,757,078
Committed.....	1,777,811	-	1,777,811
Assigned.....	2,014,872	-	2,014,872
Unassigned.....	6,136,294	-	6,136,294
<b>TOTAL FUND BALANCES.....</b>	<b>16,586,109</b>	<b>7,099,946</b>	<b>23,686,055</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 21,725,399</b>	<b>\$ 7,824,686</b>	<b>\$ 29,550,085</b>

See notes to basic financial statements.

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

JUNE 30, 2020

Total governmental fund balances.....	\$ 23,686,055
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	118,954,974
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	2,220,173
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.....	(7,295,249)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(190,715)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(29,206,295)
Net pension liability.....	(20,990,209)
Net other postemployment benefits liability.....	(32,051,954)
Landfill closure.....	(46,000)
Compensated absences.....	(1,185,000)
Net effect of reporting long-term liabilities.....	<u>(83,479,458)</u>
Net position of governmental activities.....	<u>\$ 53,895,780</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes,			
net of tax refunds.....	\$ 49,322,391	\$ -	\$ 49,322,391
Tax liens.....	42,075	-	42,075
Motor vehicle and other excise taxes.....	2,063,218	-	2,063,218
Meals tax.....	158,844	-	158,844
Charges for services.....	-	2,802,088	2,802,088
Penalties and interest on taxes.....	71,668	-	71,668
Fees and rentals.....	308,251	-	308,251
Payments in lieu of taxes.....	2,240	-	2,240
Licenses and permits.....	692,452	-	692,452
Fines and forfeitures.....	12,011	17,349	29,360
Intergovernmental - Teachers Retirement.....	10,120,770	-	10,120,770
Intergovernmental - other.....	7,989,383	1,723,482	9,712,865
Intergovernmental - COVID-19 relief.....	-	157,354	157,354
Departmental and other.....	464,276	664,913	1,129,189
Special assessments.....	257,929	-	257,929
Contributions and donations.....	-	313,615	313,615
Investment income.....	426,391	70,755	497,146
Miscellaneous.....	-	25,473	25,473
<b>TOTAL REVENUES.....</b>	<b>71,931,899</b>	<b>5,775,029</b>	<b>77,706,928</b>
<b>EXPENDITURES:</b>			
Current:			
General government.....	2,579,457	392,103	2,971,560
Public safety.....	4,103,939	201,446	4,305,385
Education.....	36,850,749	3,135,638	39,986,387
Public works.....	2,744,081	200,280	2,944,361
Health and human services.....	477,984	309,659	787,643
Culture and recreation.....	1,091,866	523,771	1,615,637
COVID-19.....	-	157,354	157,354
Pension benefits.....	2,614,313	-	2,614,313
Pension benefits - Teachers Retirement.....	10,120,770	-	10,120,770
Property and liability insurance.....	204,184	-	204,184
Employee benefits.....	4,560,872	-	4,560,872
State and county charges.....	525,148	-	525,148
Debt service:			
Principal.....	4,403,300	-	4,403,300
Interest.....	1,195,939	-	1,195,939
<b>TOTAL EXPENDITURES.....</b>	<b>71,472,602</b>	<b>4,920,251</b>	<b>76,392,853</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>459,297</b>	<b>854,778</b>	<b>1,314,075</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in.....	251,448	78,900	330,348
Transfers out.....	(45,300)	(285,048)	(330,348)
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>206,148</b>	<b>(206,148)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>665,445</b>	<b>648,630</b>	<b>1,314,075</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>15,920,664</b>	<b>6,451,316</b>	<b>22,371,980</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 16,586,109</b>	<b>\$ 7,099,946</b>	<b>\$ 23,686,055</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds.....		\$ 1,314,075
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay.....	1,050,209	
Depreciation expense.....	<u>(4,772,396)</u>	
Net effect of reporting capital assets.....		(3,722,187)
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.....		
		3,658
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.		
Net amortization of premium from issuance of bonds.....	102,827	
Net change in deferred charge on refunding.....	(57,921)	
Debt service principal payments.....	<u>4,403,300</u>	
Net effect of reporting long-term debt.....		4,448,206
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.....	(76,000)	
Net change in accrued interest on long-term debt.....	33,472	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(2,346,533)	
Net change in net pension liability.....	1,645,164	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits..	(2,608,777)	
Net change in net other postemployment benefits liability.....	2,709,018	
Net change in landfill closure.....	<u>23,000</u>	
Net effect of recording long-term liabilities.....		<u>(620,656)</u>
Change in net position of governmental activities.....		\$ <u><u>1,423,096</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 2,483,369	\$ 1,359,743	\$ 3,843,112
Receivables, net of allowance for uncollectibles:			
User charges.....	1,110,224	762,689	1,872,913
Total current assets.....	3,593,593	2,122,432	5,716,025
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	1,368,853	93,390	1,462,243
Capital assets, net of accumulated depreciation.....	9,108,440	4,437,061	13,545,501
Total noncurrent assets.....	10,477,293	4,530,451	15,007,744
<b>TOTAL ASSETS.....</b>	<b>14,070,886</b>	<b>6,652,883</b>	<b>20,723,769</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	60,998	34,538	95,536
Deferred outflows related to other postemployment benefits.....	486	582	1,068
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>61,484</b>	<b>35,120</b>	<b>96,604</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	33,150	-	33,150
Accrued payroll.....	11,712	6,518	18,230
Accrued interest.....	34,992	12,264	47,256
Compensated absences.....	28,000	5,000	33,000
Bonds payable.....	459,900	250,273	710,173
Total current liabilities.....	567,754	274,055	841,809
<b>NONCURRENT:</b>			
Compensated absences.....	5,000	-	5,000
Net pension liability.....	482,991	273,479	756,470
Net other postemployment benefits liability.....	291,308	348,482	639,790
Bonds payable.....	4,840,000	1,191,238	6,031,238
Total noncurrent liabilities.....	5,619,299	1,813,199	7,432,498
<b>TOTAL LIABILITIES.....</b>	<b>6,187,053</b>	<b>2,087,254</b>	<b>8,274,307</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	16,242	9,196	25,438
Deferred inflows related to other postemployment benefits.....	85,238	101,967	187,205
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>101,480</b>	<b>111,163</b>	<b>212,643</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	5,185,015	3,096,432	8,281,447
Unrestricted.....	2,658,822	1,393,154	4,051,976
<b>TOTAL NET POSITION.....</b>	<b>\$ 7,843,837</b>	<b>\$ 4,489,586</b>	<b>\$ 12,333,423</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<b>OPERATING REVENUES:</b>			
Charges for services.....	\$ 2,440,961	\$ 1,882,291	\$ 4,323,252
<b>OPERATING EXPENSES:</b>			
Cost of services and administration.....	1,014,805	1,143,070	2,157,875
Salaries and wages.....	395,015	223,665	618,680
Depreciation.....	320,253	254,319	574,572
<b>TOTAL OPERATING EXPENSES.....</b>	<b>1,730,073</b>	<b>1,621,054</b>	<b>3,351,127</b>
<b>OPERATING INCOME.....</b>	<b>710,888</b>	<b>261,237</b>	<b>972,125</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest expense.....	(211,534)	(17,020)	(228,554)
<b>CHANGE IN NET POSITION.....</b>	<b>499,354</b>	<b>244,217</b>	<b>743,571</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>7,344,483</b>	<b>4,245,369</b>	<b>11,589,852</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 7,843,837</b>	<b>\$ 4,489,586</b>	<b>\$ 12,333,423</b>

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and users.....	\$ 2,228,518	\$ 1,795,800	\$ 4,024,318
Payments to vendors.....	(1,015,683)	(1,268,069)	(2,283,752)
Payments to employees.....	(357,505)	(194,781)	(552,286)
NET CASH FROM OPERATING ACTIVITIES.....	855,330	332,950	1,188,280
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets.....	(137,696)	(163,530)	(301,226)
Principal payments on bonds and notes.....	(460,800)	(248,854)	(709,654)
Interest expense.....	(215,391)	(19,243)	(234,634)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(813,887)	(431,627)	(1,245,514)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	41,443	(98,677)	(57,234)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,441,926	1,458,420	3,900,346
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,483,369	\$ 1,359,743	\$ 3,843,112
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>			
<b>FROM OPERATING ACTIVITIES:</b>			
Operating income.....	\$ 710,888	\$ 261,237	\$ 972,125
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	320,253	254,319	574,572
Deferred (outflows)/inflows related to pensions.....	49,480	51,312	100,792
Deferred (outflows)/inflows related to other postemployment benefits.....	23,711	28,364	52,075
Changes in assets and liabilities:			
User charges.....	(212,443)	(86,491)	(298,934)
Warrants payable.....	(11,695)	(16,038)	(27,733)
Accrued payroll.....	5,799	3,520	9,319
Compensated absences.....	8,000	(3,000)	5,000
Net pension liability.....	(14,041)	(130,819)	(144,860)
Other postemployment benefits.....	(24,622)	(29,454)	(54,076)
Total adjustments.....	144,442	71,713	216,155
NET CASH FROM OPERATING ACTIVITIES.....	\$ 855,330	\$ 332,950	\$ 1,188,280

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ -	\$ 30,322	\$ 222,483
Investments:			
Investments in Pension Reserve Investment Trust.....	3,972,467	-	-
Other investments.....	-	112,815	-
<b>TOTAL ASSETS.....</b>	<b>3,972,467</b>	<b>143,137</b>	<b>222,483</b>
<b>LIABILITIES</b>			
Liabilities due depositors.....	-	-	222,483
<b>NET POSITION</b>			
Restricted for other postemployment benefits.....	3,972,467	-	-
Held in trust for other purposes.....	-	143,137	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 3,972,467</b>	<b>\$ 143,137</b>	<b>\$ -</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 425,000	\$ -
Employer contributions for other postemployment benefit payments....	1,385,050	-
Total contributions.....	1,810,050	-
Net investment income:		
Investment income.....	76,500	4,125
TOTAL ADDITIONS.....	1,886,550	4,125
<b>DEDUCTIONS:</b>		
Other postemployment benefit payments.....	1,385,050	-
Educational scholarships.....	-	9,500
TOTAL DEDUCTIONS.....	1,385,050	9,500
NET INCREASE (DECREASE) IN NET POSITION.....	501,500	(5,375)
NET POSITION AT BEGINNING OF YEAR.....	3,470,967	148,512
NET POSITION AT END OF YEAR.....	\$ 3,972,467	\$ 143,137

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Medfield, 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 Massachusetts municipal corporation that is governed by an elected Board of Selectmen and an appointed Town Administrator.

The Town of Medfield was incorporated in 1651. The Town operates under a Town Meeting form of government. The Town's major operations include police and fire protection, education, culture and recreation, public works, health and human services and general administration services. In addition, the Town owns and operates water and sewer enterprises.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that meet the requirements for inclusion in the Town's basic financial statements.

***Joint Venture***

The Town has entered into a joint venture with the Towns of Franklin, Medway, Millis, Norfolk, North Attleborough, Plainville, Seekonk, Sherborn, Walpole and Wrentham, to pool resources and share the costs, risks and rewards of providing vocational education through the Tri-County Regional Vocational Technical High School. The Town of Medfield's 2020 assessment to Tri-County Regional Vocational Technical High School was \$170,296. The District issues a separate audited financial statement which may be obtained by contacting the District located at 147 Pond Street, Franklin, MA 02038.

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

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

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

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

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

The *permanent fund* is used to account for 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 proprietary fund types include the *sewer enterprise fund* which accounts for the Town's sewer activities and the *water enterprise fund* which accounts for the Town's water activities.

**Fiduciary** funds are used to account for financial 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 following fiduciary fund types are reported:

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

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

The *agency fund* is used to account for assets held in a purely custodial capacity, such as collection and payment of charges for special details, escrow accounts, deposits and deputy collector accounts.

#### 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.

#### F. 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 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessors for 95% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed during the second and fourth quarter of every 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 for uncollectibles is estimated based on historical trends and specific account analysis.

##### ***Motor Vehicle and Other Excise***

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

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

##### ***Sewer***

Sewer user fees are levied semi-annually for individual and small commercial meter readings and quarterly for large commercial meter readings. These fees are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Sewer charges and liens are recorded as receivables in the year of the levy.

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

### ***Water***

Water user fees are levied semi-annually for individual and small commercial meter readings and quarterly for large commercial meter readings. These fees are subject to penalties and interest if they are not paid by the respective due date. Water liens are processed in December of every year and included as a lien on the property owner's tax bill. Water charges and liens are recorded as receivables in the year of the levy.

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

### ***Departmental and Other***

Departmental and other receivables consist primarily of ambulance and police detail receivables which 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 improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the governmental 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. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Computer software.....	3-7
Office equipment.....	3-10
Vehicles.....	5
Building improvements.....	20
Buildings.....	40
Infrastructure.....	30-75

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

#### *Governmental Fund Financial Statements*

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

#### I. Deferred Outflows/Inflows of Resources

##### *Government-Wide Financial Statements (Net Position)*

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

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

##### *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 funds balance sheet.

#### J. Interfund Receivables and Payables

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

*Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position.

*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*

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. Outstanding debt related to future reimbursements from the state’s school building program and the Massachusetts Clean Water Trust’s loan subsidy program is not considered to be capital related debt.

Net position is reported as restricted when amounts 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:

“Pension reserve fund” represents the funds restricted for costs associated with future pension benefits.

“Future debt service” represents funds received in prior years from the MSBA that have been set aside for future debt payments.

“Permanent funds – expendable” represents the endowment and the amount of realized and unrealized investment earnings of donor restricted trusts that support governmental programs.

“Gifts and Grants” represents grants and gifts restricted by outside parties.

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 equity is classified as fund balance. Fund balance is further classified as follows:

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

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

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by Town Meeting vote, 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 by-laws authorize the Town Accountant 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.

*Governmental Fund Financial Statements*

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

N. Pensions

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

O. Investment Income

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

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 balance sheet as "Cash and Cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

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

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. The Town has adopted a formal policy to limit custodial credit risk of deposits. The policy limits the Town's uninsured, uncollateralized deposits to 5% of any one institution's assets and no more than 30% of the Town's cash. At year-end, the carrying amount of deposits totaled \$18,254,606 and the bank balance totaled \$19,263,396. Of the bank balance, \$4,896,335 was covered by Federal Depository Insurance, \$7,546,719 was covered by Depositor's Insurance Fund, \$3,812,874 was collateralized and \$3,007,468 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

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

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,588,037	\$ 622,245	\$ 965,792	\$ -
Government sponsored enterprises.....	1,770,502	-	1,595,231	175,271
Corporate bonds.....	3,156,252	377,976	2,778,276	-
Total debt securities.....	6,514,791	\$ 1,000,221	\$ 5,339,299	\$ 175,271
<u>Other investments:</u>				
Equity securities.....	351,638			
Money market mutual funds.....	139,106			
Pension Reserve Investment Trust (PRIT).....	3,972,467			
MMDT - Cash portfolio.....	6,000,868			
Total investments.....	\$ 16,978,870			

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town has custodial credit risk exposure of \$6,514,791 because the U.S. treasury notes, government sponsored enterprise securities and corporate bonds are uninsured, unregistered and held by the counterparty. The Town's policy related to custodial credit risk is to limit the Town's exposure to only those institutions with a proven financial strength, capital adequacy, and an overall affirmative reputation in the municipal industry.

Interest Rate Risk

To manage its exposure to fair value losses arising from increasing interest rates, the Town's policy limits the investment of short-term funds to maturities of up to twelve months.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town's policy related to credit risk places no limit on investments in MMDT and U.S. Treasuries and Agencies. With regards to other investments, the Treasurer will limit purchases to investment grade securities with a high concentration in securities rated A or better. The Town's government sponsored enterprises of \$1,770,502 are rated AA+. With regards to corporate bonds, \$639,315 are rated AAA, \$580,059 are rated AA-, \$693,973 are rated A+, \$151,431 are rated A, \$623,442 are rated A-, \$122,050 are rated BBB+, \$280,561 are rated BBB, and \$65,421 that are unrated.

Additionally, the Town holds \$6,000,868 in MMDT which is unrated.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. As of June 30, 2020, the Town was invested in a Coca Cola corporate bond that accounted for 6% of the Town's total investments.

Fair Market Value of Investments

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

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

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

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,588,037	\$ 1,588,037	\$ -	\$ -
Government sponsored enterprises.....	1,770,502	1,770,502	-	-
Corporate bonds.....	3,156,252	-	3,156,252	-
Total debt securities.....	6,514,791	3,358,539	3,156,252	-
<u>Other investments:</u>				
Equity securities.....	351,638	351,638	-	-
Money market mutual funds.....	139,106	139,106	-	-
Total other investments.....	490,744	490,744	-	-
Total investments measured at fair value.....	7,005,535	\$ 3,849,283	\$ 3,156,252	\$ -
<b>Investments measured at amortized cost:</b>				
MMDT - Cash portfolio.....	6,000,868			
<b>Investments measured at net asset value:</b>				
Pension Reserve Investment Trust (PRIT).....	3,972,467			
Total investments.....	\$ 16,978,870			

United States treasury notes, government sponsored enterprises, equity securities, and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those

securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

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

### NOTE 3 – RECEIVABLES

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes..... \$	397,485	\$ (5,591)	\$ 391,894
Tax liens.....	641,248	-	641,248
Motor vehicle and other excise taxes.....	301,545	-	301,545
Departmental and other.....	242,523	(125,542)	116,981
Intergovernmental - other.....	403,687	-	403,687
Special assessments.....	642,453	-	642,453
Total..... \$	<u>2,628,941</u>	<u>\$ (131,133)</u>	<u>\$ 2,497,808</u>

At June 30, 2020, receivables for the sewer and water enterprise funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges..... \$	1,110,224	\$ -	\$ 1,110,224
Sewer user charges.....	762,689	-	762,689
Total..... \$	<u>1,872,913</u>	<u>\$ -</u>	<u>\$ 1,872,913</u>

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
<b>Receivables:</b>			
Real estate and personal property taxes.....	\$ 270,860	\$ -	\$ 270,862
Tax liens.....	641,248	-	641,248
Motor vehicle and other excise taxes.....	301,546	-	301,545
Departmental and other.....	116,982	-	116,981
Intergovernmental - highway improvements.....	-	216,411	216,411
Intergovernmental - other.....	-	30,673	30,673
Special assessments.....	642,453	-	642,453
<b>Total.....</b>	<b>\$ 1,973,089</b>	<b>\$ 247,084</b>	<b>\$ 2,220,173</b>

#### NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land.....	\$ 21,260,194	\$ -	\$ -	\$ 21,260,194
Construction in progress.....	497,086	374,545	(259,399)	612,232
<b>Total capital assets not being depreciated.....</b>	<b>21,757,280</b>	<b>374,545</b>	<b>(259,399)</b>	<b>21,872,426</b>
<b>Capital assets being depreciated:</b>				
Land improvements.....	151,657	-	-	151,657
Buildings and improvements.....	114,267,688	595,533	(231,975)	114,631,246
Machinery and equipment.....	8,573,577	126,833	(95,861)	8,604,549
Vehicles.....	1,378,979	71,184	(46,631)	1,403,532
Textbooks and software.....	2,751,969	30,002	-	2,781,971
Infrastructure.....	54,894,885	111,511	-	55,006,396
<b>Total capital assets being depreciated.....</b>	<b>182,018,755</b>	<b>935,063</b>	<b>(374,467)</b>	<b>182,579,351</b>
<b>Less accumulated depreciation for:</b>				
Land improvements.....	(25,526)	(7,139)	-	(32,665)
Buildings and improvements.....	(37,898,975)	(3,046,865)	231,975	(40,713,865)
Machinery and equipment.....	(6,482,454)	(394,909)	95,861	(6,781,502)
Vehicles.....	(1,198,716)	(80,218)	46,631	(1,232,303)
Textbooks and software.....	(2,682,260)	(17,619)	-	(2,699,879)
Infrastructure.....	(32,810,943)	(1,225,646)	-	(34,036,589)
<b>Total accumulated depreciation.....</b>	<b>(81,098,874)</b>	<b>(4,772,396)</b>	<b>374,467</b>	<b>(85,496,803)</b>
<b>Total capital assets being depreciated, net.....</b>	<b>100,919,881</b>	<b>(3,837,333)</b>	<b>-</b>	<b>97,082,548</b>
<b>Total governmental activities capital assets, net.....</b>	<b>\$ 122,677,161</b>	<b>\$ (3,462,788)</b>	<b>\$ (259,399)</b>	<b>\$ 118,954,974</b>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,248,033	\$ -	\$ -	\$ 1,248,033
Construction in progress.....	18,000	102,820	-	120,820
Total capital assets not being depreciated....	1,266,033	102,820	-	1,368,853
<u>Capital assets being depreciated:</u>				
Buildings.....	1,945,015	-	-	1,945,015
Machinery and equipment.....	469,889	-	(24,376)	445,513
Vehicles and other.....	314,617	-	-	314,617
Infrastructure.....	13,201,406	34,876	-	13,236,282
Total capital assets being depreciated.....	15,930,927	34,876	(24,376)	15,941,427
<u>Less accumulated depreciation for:</u>				
Buildings.....	(1,387,993)	(44,590)	-	(1,432,583)
Machinery and equipment.....	(376,205)	(17,319)	24,376	(369,148)
Vehicles and other.....	(267,153)	(18,986)	-	(286,139)
Infrastructure.....	(4,505,759)	(239,358)	-	(4,745,117)
Total accumulated depreciation.....	(6,537,110)	(320,253)	24,376	(6,832,987)
Total capital assets being depreciated, net.....	9,393,817	(285,377)	-	9,108,440
Total water activities capital assets, net.....	\$ 10,659,850	\$ (182,557)	\$ -	\$ 10,477,293
<b>Sewer:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 65,860	\$ 27,530	\$ -	\$ 93,390
<u>Capital assets:</u>				
Buildings and improvements.....	7,496,950	-	-	7,496,950
Machinery and equipment.....	1,208,998	136,000	-	1,344,998
Vehicles.....	166,080	-	-	166,080
Infrastructure.....	1,404,031	-	-	1,404,031
Total capital assets being depreciated.....	10,276,059	136,000	-	10,412,059
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(4,633,650)	(138,469)	-	(4,772,119)
Machinery and equipment.....	(580,090)	(74,450)	-	(654,540)
Vehicles.....	(136,080)	(12,000)	-	(148,080)
Infrastructure.....	(370,859)	(29,400)	-	(400,259)
Total accumulated depreciation.....	(5,720,679)	(254,319)	-	(5,974,998)
Total capital assets being depreciated, net.....	4,555,380	(118,319)	-	4,437,061
Total sewer activities capital assets, net.....	\$ 4,621,240	\$ (90,789)	\$ -	\$ 4,530,451

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

**Governmental Activities:**

General government.....	\$	77,495
Public safety.....		684,530
Education.....		2,052,495
Public works.....		1,756,969
Health and human services.....		91,020
Culture and recreation.....		109,887
Total depreciation expense - governmental activities.....	\$	<u>4,772,396</u>

**Business-Type Activities:**

Water.....	\$	320,253
Sewer.....		254,319
Total depreciation expense - business-type activities.....	\$	<u>574,572</u>

**NOTE 5 – INTERFUND TRANSFERS**

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

Transfers Out:	Transfers In:			
	General fund	Nonmajor governmental funds	Total	
General fund.....	\$ -	\$ 45,300	\$ 45,300	(1)
Nonmajor governmental funds.....	251,448	33,600	285,048	(2)
Total.....	\$ <u>251,448</u>	\$ <u>78,900</u>	\$ <u>330,348</u>	

(1) Represents transfers from general fund to the unemployment compensation trust fund.

(2) Represents transfers from nonmajor funds to the general fund for general fund operations as well as transfers between various nonmajor funds.

**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 and enterprise funds, respectively.

The governmental and enterprise funds did not issue or redeem short-term debt during the year and did not have any amounts outstanding at year-end.

## 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, 2020, and the debt service requirements are as follows:

### Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Municipal Purpose Bonds of 2007.....	2025	\$ 4,130,000	4-5	\$ 1,030,000
Municipal Purpose Bonds of 2010.....	2025	1,550,000	2-4	500,000
Municipal Purpose Bonds Refunding of 2012.....	2022	8,704,840	3-4	4,490,100
Municipal Purpose Bonds Refunding of 2013.....	2023	11,420,000	2-3	7,160,000
Garage Bonds Unlimited Tax .....	2034	9,500,000	2-4	1,010,000
Municipal Purpose Bonds of 2015.....	2035	1,360,000	2-4	12,275,000
Municipal Purpose Bonds of 2016.....	2035	16,375,000	2-5	1,200,000
Commonwealth of Massachusetts - State Hospital.....	2025	3,100,000	0.00	1,395,000
Total Bonds Payable.....				29,060,100
Add: Unamortized premium on bonds.....				146,195
Total Bonds Payable, net.....				\$ 29,206,295

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

Year	Principal	Interest	Total
2021.....	\$ 3,945,100	\$ 1,064,680	\$ 5,009,780
2022.....	3,585,000	917,523	4,502,523
2023.....	3,085,000	776,744	3,861,744
2024.....	2,050,000	680,480	2,730,480
2025.....	1,905,000	609,267	2,514,267
2026.....	1,470,000	537,655	2,007,655
2027.....	1,485,000	478,457	1,963,457
2028.....	1,495,000	426,345	1,921,345
2029.....	1,510,000	372,281	1,882,281
2030.....	1,530,000	307,924	1,837,924
2031.....	1,545,000	257,538	1,802,538
2032.....	1,570,000	199,332	1,769,332
2033.....	1,490,000	140,519	1,630,519
2034.....	1,515,000	81,019	1,596,019
2035.....	880,000	33,659	913,659
Total.....	\$ 29,060,100	\$ 6,883,423	\$ 35,943,523

#### Bonds Payable Schedule – Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
General obligation bonds:				
Sewer Refunding Bond of 2012.....	2022	\$ 1,055,500	3-4	\$ 200,000
Sewer Bond of 2013.....	2028	400,000	2-5	160,000
Solar Voltaic Array of 2015.....	2028	610,000	2-5	300,000
Subtotal General Obligation Bonds Payable.....				<u>660,000</u>
Direct borrowings and placements:				
MCWT Sewer of 2008.....	2029	1,009,030	2.00	502,432
MCWT Sewer of 2012.....	2033	400,000	2.00	279,079
Subtotal Direct Borrowings and placements.....				<u>781,511</u>
Total Bonds Payable.....				\$ <u>1,441,511</u>

Debt service requirements for principal and interest for the sewer enterprise fund bonds payable in future years are as follows:

Year	General Obligation Bonds			Direct Borrowings and Placements			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2021.....	\$ 180,000	\$ 27,800	\$ 207,800	\$ 70,273	\$ 14,928	\$ 85,201	\$ 293,001
2022.....	180,000	19,900	199,900	71,722	13,509	85,231	285,131
2023.....	80,000	11,900	91,900	73,200	12,059	85,259	177,159
2024.....	80,000	8,187	88,187	74,709	10,579	85,288	173,475
2025.....	80,000	4,749	84,749	76,249	9,070	85,319	170,068
2026.....	20,000	1,275	21,275	77,821	7,529	85,350	106,625
2027.....	20,000	776	20,776	79,425	5,956	85,381	106,157
2028.....	20,000	263	20,263	81,062	4,352	85,414	105,677
2029.....	-	-	-	82,734	2,714	85,448	85,448
2030.....	-	-	-	22,824	1,658	24,482	24,482
2031.....	-	-	-	23,320	1,197	24,517	24,517
2032.....	-	-	-	23,827	725	24,552	24,552
2033.....	-	-	-	24,345	243	24,588	24,588
Total.....	\$ 660,000	\$ 74,850	\$ 734,850	\$ 781,511	\$ 84,519	\$ 866,030	\$ 1,600,880

#### Bonds Payable Schedule – Water Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Water Bond of 2010.....	2021	\$ 400,000	2-4	\$ 125,000
Water Refunding Bonds of 2012.....	2022	464,660	3-4	74,900
Water Bond of 2013.....	2028	1,400,000	2-5	735,000
Water Main Replacement of 2015.....	2035	5,840,000	2-4	4,365,000
Total Bonds Payable, net.....				\$ 5,299,900

Debt service requirements for principal and interest for the water enterprise fund bonds payable in future years are as follows:

Year	Principal	Interest	Total
2021.....\$	459,900	\$ 156,022	\$ 615,922
2022.....	445,000	143,237	588,237
2023.....	415,000	127,563	542,563
2024.....	405,000	111,532	516,532
2025.....	405,000	96,963	501,963
2026.....	380,000	84,762	464,762
2027.....	380,000	75,987	455,987
2028.....	380,000	66,794	446,794
2029.....	290,000	57,638	347,638
2030.....	290,000	48,938	338,938
2031.....	290,000	40,238	330,238
2032.....	290,000	31,538	321,538
2033.....	290,000	22,838	312,838
2034.....	290,000	13,956	303,956
2035.....	290,000	4,712	294,712
Total..... \$	<u>5,299,900</u>	<u>\$ 1,082,718</u>	<u>\$ 6,382,618</u>

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2020, the Town had the following authorized and unissued debt:

Purpose	Amount
Affordable Public Housing Design, Construction and Property Aquisition.....	\$ 1,000,000
Mount Nebo Water Tower Painting.....	<u>850,000</u>
Total.....	<u>\$ 1,850,000</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 33,463,400	\$ -	\$ (4,403,300)	\$ -	\$ -	\$ 29,060,100	\$ 3,945,100
Add: Unamortized premium on bonds..	249,022	-	(102,827)	-	-	146,195	81,133
Total bonds payable.....	33,712,422	-	(4,506,127)	-	-	29,206,295	4,026,233
Landfill closure.....	69,000	-	-	-	(23,000)	46,000	23,000
Compensated absences.....	1,109,000	-	-	584,600	(508,600)	1,185,000	609,200
Net pension liability.....	22,635,373	-	-	1,032,615	(2,677,779)	20,990,209	-
Net other postemployment benefits.....	34,760,972	-	-	1,674,386	(4,383,404)	32,051,954	-
Total governmental activity long-term liabilities.....	\$ 92,286,767	\$ -	\$ (4,506,127)	\$ 3,291,601	\$ (7,592,783)	\$ 83,479,458	\$ 4,658,433
<b>Business-Type Activities:</b>							
General obligation bonds payable.....	\$ 6,600,700	\$ -	\$ (640,800)	\$ -	\$ -	\$ 5,959,900	\$ 639,900
From direct borrowings and placements..	850,365	-	(68,854)	-	-	781,511	70,273
Total bonds payable.....	7,451,065	-	(709,654)	-	-	6,741,411	710,173
Compensated absences.....	33,000	-	-	34,000	(29,000)	38,000	33,000
Net pension liability.....	901,330	-	-	52,436	(197,296)	756,470	-
Net other postemployment benefits.....	693,866	-	-	33,423	(87,499)	639,790	-
Total business-type activity long-term liabilities.....	\$ 9,079,261	\$ -	\$ (709,654)	\$ 119,859	\$ (313,795)	\$ 8,175,671	\$ 743,173

The governmental activities long-term liabilities are generally liquidated by the general fund. Business-type activities long-term liabilities are liquidated by each respective fund.

**NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town classifies fund balance according to the constraints imposed on the use of the 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 balance, spendable fund balances are classified based on a hierarchy of spending constraints.

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

The Town has classified its fund balances with the following hierarchy:

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>Fund Balances:</u>			
Restricted for:			
Capital projects fund.....	\$ -	\$ 909,528	\$ 909,528
Town gifts funds.....	-	341,618	341,618
Town grant funds.....	-	227,733	227,733
Town revolving fund.....	-	1,660,923	1,660,923
School gift funds.....	-	176,075	176,075
School revolving fund.....	-	1,197,711	1,197,711
School grants fund.....	-	210,812	210,812
Permanent funds.....	-	2,375,546	2,375,546
Pension reserve fund.....	3,650,762	-	3,650,762
Future debt service.....	3,006,370	-	3,006,370
Committed to:			
Articles and continuing appropriations:			
General government.....	295,349	-	295,349
Public safety.....	4,499	-	4,499
Education.....	1,282,402	-	1,282,402
Public works.....	4,184	-	4,184
Health and human services.....	5,203	-	5,203
Culture and recreation.....	186,174	-	186,174
Assigned to:			
Encumbrances:			
General government.....	47,569	-	47,569
Public safety.....	32,365	-	32,365
Education.....	852,594	-	852,594
Public works.....	86,279	-	86,279
Employee benefits.....	203,468	-	203,468
Free cash used for subsequent year budget.....	792,597	-	792,597
Unassigned.....	6,136,294	-	6,136,294
Total Fund Balances.....	\$ 16,586,109	\$ 7,099,946	\$ 23,686,055

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 change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. The Town has four stabilization funds which are reported as part of the general fund.

At year end the unassigned balance of the general fund includes \$1.7 million of the general stabilization fund, \$255,000 in the municipal building capital stabilization fund, and \$244,000 of the betterment stabilization fund. The pension reserve fund of \$3.7 million and the future debt service of \$3.0 million are reported as restricted fund balance within the general fund.

**NOTE 9 – 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. In addition, the Town is self-insured for damages not covered by commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town participates in premium-based plans for the healthcare of its active and a portion of its retirees; and for its workers compensation.

**NOTE 10 – PENSION PLAN***Plan Description*

The Town is a member of the Norfolk County Contributory Retirement System (NCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 41 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. A copy of their audited financial report may be obtained by visiting <http://www.norfolkcountyretirement.org>.

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

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$10,120,770 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$83,458,318 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 System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five

consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

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

There were no changes of benefit terms that affected measurement of the total pension liability since the prior measurement date

#### *Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the NCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2019 was \$2,774,283, 23.14% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

#### *Pension Liabilities*

At June 30, 2020, the Town reported a liability of \$21,746,679 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Town's proportion was 3.7%, which increased .08% from its proportion measured at December 31, 2018.

#### *Pension Expense*

For the year ended June 30, 2020, the Town recognized pension expense of \$3,570,875. At June 30, 2020, the Town reported deferred outflows of resources related to pensions of \$2,746,458, and the Town reported deferred inflows of resources related to pensions of \$731,287.

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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,863,293	\$ -	\$ 1,863,293
Difference between projected and actual earnings, net.....	-	(612,497)	(612,497)
Changes in assumptions.....	398,879	-	398,879
Changes in proportion and proportionate share of contributions...	484,286	(118,790)	365,496
Total deferred outflows/(inflows) of resources.....	\$ <u>2,746,458</u>	\$ <u>(731,287)</u>	\$ <u>2,015,171</u>

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

Year ended June 30:

2021.....	\$ 1,169,591
2022.....	580,288
2023.....	804,241
2024.....	<u>(538,949)</u>
Total.....	\$ <u>2,015,171</u>

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

Valuation date.....	January 1, 2020
Actuarial cost method.....	Entry Age Normal Cost Method
Asset valuation method.....	Market value
Investment rate of return.....	7.75%
Projected salary increases.....	3.50% - 5.50%
Inflation rate.....	3.00%
Cost of living adjustments.....	3.00% of first \$18,000 of retirement income
Mortality rates.....	The RP-2014 Blue Collar Mortality Table adjusted with Scale with MP-2014

#### *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 January 1, 2020, are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity.....	30.50%	6.60%
International Equities.....	15.50%	8.00%
Fixed Income.....	20.50%	3.80%
Real Estate.....	9.50%	8.20%
Private Equity.....	10.00%	9.10%
Hedge Funds.....	11.50%	7.20%
Real Assets.....	2.50%	9.90%
Total.....	100.00%	

#### Rate of return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
December 31, 2019 Measurement Date			
The Town's proportionate share of the net pension liability.....	\$ 28,214,178	\$ 21,746,679	\$ 16,207,815
NCRS total net pension liability.....	\$ 762,545,338	\$ 587,113,377	\$ 438,049,042

## NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

**Plan Description** – The Town of Medfield administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. Benefit provisions are negotiated between the

Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

**Funding Policy** – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. For 2020, the Town contributed \$1.8 million to the plan.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish an Other Postemployment Benefits Trust Fund which allows the Town to set aside amounts to being pre-funding its OPEB liabilities. During year 2020, the Town pre-funded future OPEB liabilities in the amount of \$425,000 by contributing funds to the Other Postemployment Benefits Trust Fund in excess of the pay-as-you-go required contribution. The balance of the Fund at year end is \$3,972,467, which is reported within the Fiduciary Fund financial statements.

**Measurement Date** – The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019.

**Plan Membership** – The following table represents the Plan's membership at June 30, 2020:

Active members.....	513
Inactive plan members entitled to but not yet receiving benefits.....	5
Retired, disabled, survivors and beneficiaries receiving benefits.....	<u>253</u>
Total.....	<u><u>771</u></u>

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

Total OPEB liability.....	\$	36,664,211
Less: OPEB plan's fiduciary net position.....		<u>(3,972,467)</u>
Net OPEB liability.....	\$	<u><u>32,691,744</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		10.83%

**Significant Actuarial Methods and Assumptions** – The total OPEB liability in the January 1, 2019, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020, to be in accordance with GASB Statements #74 and #75:

Valuation date.....	January 1, 2019
Actuarial cost method.....	Entry Age Normal
Asset valuation method.....	Market value of assets with payables and receivables
Health care trend rate.....	7.00% in 2020 decreasing down to 5.00%

Interest rate/discount rate..... 7.25 per year, net of investment expense as of 6/30/2020. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.21%) was used.

Mortality rates:

Actives..... The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2016.

Retirees..... The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016.

Disabled..... The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016. Set forward 2 years.

*Rate of Return* – For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of investment expense, was 1.99%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Investment Policy* - The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

The long-term expected real rate of return reflects the expected rate of return on plan assets minus the expected rate of inflation. Note that the discount rate includes the effect of inflation. The long-term real rate of return removes the effect of inflation on the return amounts. It is a long-term assumption and is meant to reflect a best estimate of future experience, based on the expected asset allocation. The allocation percentages are based on information provided by Medfield and the Massachusetts PRIT (Pension Reserves Investment Trust). The real rates of return below are based on long-term return estimates provided by PRIT, adjusted for a 2.5% inflation assumption.

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity.....	39.00%	4.90%
Core fixed income.....	15.00%	0.50%
Value-added fixed income.....	8.00%	4.20%
Private equity.....	13.00%	8.00%
Real estate.....	10.00%	3.40%
Timberland.....	4.00%	4.10%
Portfolio completion (PCS).....	11.00%	3.20%
Total.....	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7.25% as of June 30, 2020, and 5.94% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability:**

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019.....	\$ 38,925,805	\$ 3,470,967	\$ 35,454,838
Changes for the year:			
Service cost.....	1,467,327	-	1,467,327
Interest.....	2,358,216	-	2,358,216
Contributions.....	-	1,810,050	(1,810,050)
Net investment income.....	-	76,500	(76,500)
Changes in assumptions.....	(4,702,087)	-	(4,702,087)
Benefit payments.....	(1,385,050)	(1,385,050)	-
Net change.....	(2,261,594)	501,500	(2,763,094)
Balances at June 30, 2020.....	\$ 36,664,211	\$ 3,972,467	\$ 32,691,744

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB liability.....	\$ 37,272,791	\$ 32,691,744	\$ 28,880,297

**Sensitivity of the OPEB liability to changes in the healthcare trend** – For postretirement medical plans in particular, the calculated actuarial values are highly sensitive to the assumed rate of health care cost trend. This is due to the compounding effect of the annual trend rates assumed for medical costs, as opposed to pension valuations where benefit levels typically remain fixed. The following table illustrates the effect on our valuation results of a 1% increase or decrease in the assumed rates of health care cost trend in each year.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 27,927,816	\$ 32,691,744	\$ 38,595,942

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2020, the GASB Statement #75 measurement date, the Town recognized OPEB

expense of \$1,707,809. At June 30, 2020, the Town reported deferred outflows/(inflows) of resources related to OPEB from the sources as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (3,753,255)	\$ (3,753,255)
Difference between projected and actual earnings, net.....	54,586	-	54,586
Changes in assumptions.....	-	(5,812,450)	(5,812,450)
Total deferred outflows/(inflows) of resources.....	\$ 54,586	\$ (9,565,705)	\$ (9,511,119)

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

Measurement date year ended June 30:

2021.....	\$ (1,898,937)
2022.....	(1,898,937)
2023.....	(1,873,055)
2024.....	(1,870,558)
2025.....	(1,497,309)
Thereafter.....	(472,323)
Total.....	\$ (9,511,119)

#### *Changes in Assumptions:*

The discount rate was changed from 5.94% to 7.25%. This was the result of the following:

- The change in the assumed rate of return on Medfield OPEB Trust assets from 7.50% to 7.25%. This change reflects the much lower prevailing rates of return on fixed income assets that currently prevails.
- The change in the municipal bond discount rate from 3.50% to 2.21%.

The “Cadillac Tax” provision of the Patient Protection and Affordable Care Act (PPACA) was eliminated.

#### *Changes in Plan Provisions:*

None.

## **NOTE 12 – LANDFILL**

State and federal laws and regulations require the Town to construct a final capping system on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The landfill capping took place in 1997. The Town has reflected a \$46,000 post-closure care liability at June 30, 2020, as an obligation of the governmental activities. This amount is based upon estimates of what it would cost to perform all post-closure care. Actual costs may be higher due to inflation, changes in technology, or

changes in regulations. Its cost was estimated based on semi-annual sampling for the current monitoring network at the site and estimated costs to maintain the integrity of the landfill cap during the post-closure period.

### **NOTE 13 – COMMITMENTS**

As of June 30, 2020, the Town has completed the major capital projects that were ongoing in prior fiscal year. The Town expended a total of \$8.7 million for the DPW garage project, \$16.3 million for the public safety building project and \$1.5 million for the High School field project.

### **NOTE 14 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2018, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

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

### **NOTE 15 – COVID-19**

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

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 24, 2021, which is the date the financial statements were available to be issued.

**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2020, the following GASB pronouncement was implemented:

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

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

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

## ***Required Supplementary Information***

# ***General Fund Budgetary Schedule***

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

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 49,410,015	\$ 49,410,015	\$ 49,410,015
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	-	2,190,000	2,190,000	2,190,000
Meals tax.....	-	175,517	175,517	175,517
Penalties and interest on taxes.....	-	67,000	67,000	67,000
Fees and rentals.....	-	312,704	312,704	312,704
Payments in lieu of taxes.....	-	3,450	3,450	3,450
Licenses and permits.....	-	649,830	649,830	649,830
Fines and forfeitures.....	-	18,694	18,694	18,694
Intergovernmental - other.....	-	7,935,144	7,935,144	7,935,144
Departmental and other.....	-	462,821	462,821	462,821
Special assessments.....	-	277,080	277,080	277,080
Investment income.....	-	215,000	215,000	215,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>61,717,255</b>	<b>61,717,255</b>	<b>61,717,255</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	314,568	3,378,941	3,693,509	3,655,195
Public safety.....	11,694	4,707,323	4,719,017	4,723,457
Education.....	1,673,003	37,394,875	39,067,878	39,067,878
Public works.....	145,639	2,960,908	3,106,547	3,114,171
Health and human services.....	8,372	525,140	533,512	536,266
Culture and recreation.....	195,774	1,179,218	1,374,992	1,386,648
Pension benefits.....	-	2,826,048	2,826,048	2,826,048
Property and liability insurance.....	-	222,627	222,627	223,269
Employee benefits.....	-	5,316,872	5,316,872	5,328,068
State and county charges.....	-	540,102	540,102	540,102
Debt service:				
Principal.....	-	4,403,300	4,403,300	4,403,300
Interest.....	-	1,195,937	1,195,937	1,195,939
<b>TOTAL EXPENDITURES.....</b>	<b>2,349,050</b>	<b>64,651,291</b>	<b>67,000,341</b>	<b>67,000,341</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>				
	<b>(2,349,050)</b>	<b>(2,934,036)</b>	<b>(5,283,086)</b>	<b>(5,283,086)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Use of prior year carryforwards.....	2,349,050	-	2,349,050	2,349,050
Use of free cash.....	-	800,000	800,000	800,000
Budgeted use of general fund reserves.....	-	1,294,715	1,294,715	1,294,715
Use of overlay surplus.....	-	200,000	200,000	200,000
Other amounts raised.....	-	(65,894)	(65,894)	(65,894)
Transfers in.....	-	2,081,934	2,081,934	2,081,934
Transfers out.....	-	(1,376,719)	(1,376,719)	(1,376,719)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>2,349,050</b>	<b>2,934,036</b>	<b>5,283,086</b>	<b>5,283,086</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>10,431,569</b>	<b>10,431,569</b>	<b>10,431,569</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ -</b>	<b>\$ 10,431,569</b>	<b>\$ 10,431,569</b>	<b>\$ 10,431,569</b>

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	49,327,677	\$ -	\$ (82,338)
	42,075	-	42,075
	2,063,218	-	(126,782)
	158,844	-	(16,673)
	71,668	-	4,668
	308,251	-	(4,453)
	2,240	-	(1,210)
	692,452	-	42,622
	12,011	-	(6,683)
	7,989,383	-	54,239
	464,276	-	1,455
	257,929	-	(19,151)
	248,127	-	33,127
	<u>61,638,151</u>	<u>-</u>	<u>(79,104)</u>
	2,891,865	342,918	420,412
	4,080,096	36,864	606,497
	36,767,173	2,134,996	165,709
	2,726,248	90,463	297,460
	465,358	5,203	65,705
	1,105,663	186,174	94,811
	2,774,283	-	51,765
	204,184	-	19,085
	4,654,101	203,468	470,499
	525,148	-	14,954
	4,403,300	-	-
	1,195,939	-	-
	<u>61,793,358</u>	<u>3,000,086</u>	<u>2,206,897</u>
	<u>(155,207)</u>	<u>(3,000,086)</u>	<u>2,127,793</u>
	-	-	(2,349,050)
	-	-	(800,000)
	-	-	(1,294,715)
	-	-	(200,000)
	-	-	65,894
	2,081,934	-	-
	<u>(1,376,719)</u>	<u>-</u>	<u>-</u>
	<u>705,215</u>	<u>-</u>	<u>(4,577,871)</u>
	550,008	(3,000,086)	(2,450,078)
	<u>10,431,569</u>	<u>-</u>	<u>-</u>
\$	<u>10,981,577</u>	<u>(3,000,086)</u>	<u>(2,450,078)</u>

# ***Pension Plan Schedules***

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

The Schedule of 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 City 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  
NORFOLK COUNTY RETIREMENT SYSTEM**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered- employee payroll</u>	<u>Net pension liability as a percentage of covered- employee payroll</u>
December 31, 2019.....	3.70%	\$ 21,746,679	\$ 11,755,970	184.98%
December 31, 2018.....	3.62%	23,536,703	11,517,097	204.36%
December 31, 2017.....	3.50%	19,954,056	11,127,630	179.32%
December 31, 2016.....	3.68%	19,233,924	10,548,923	182.33%
December 31, 2015.....	3.68%	20,014,556	10,076,580	198.62%
December 31, 2014.....	3.57%	18,532,460	9,226,088	200.87%

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  
NORFOLK COUNTY RETIREMENT SYSTEM**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 2,774,283	\$ (2,774,283)	\$ -	\$ 11,991,089	23.14%
June 30, 2019.....	2,529,530	(2,529,530)	-	11,747,439	21.53%
June 30, 2018.....	2,309,695	(2,309,695)	-	11,350,183	20.35%
June 30, 2017.....	2,084,180	(2,084,180)	-	10,759,901	19.37%
June 30, 2016.....	2,354,129	(2,354,129)	-	10,278,112	22.90%
June 30, 2015.....	1,686,967	(1,686,967)	-	9,410,610	17.93%

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**

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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.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2020.....	\$ 83,458,318	\$ 10,120,770	53.95%
2019.....	77,805,403	7,884,451	54.84%
2018.....	73,186,215	7,638,658	54.25%
2017.....	68,911,336	7,029,408	52.73%
2016.....	64,245,956	5,210,919	55.38%

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.

# ***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 the Plan's net other postemployment benefit liability and related ratios.

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

The Schedule of Investment Return 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
<b>Total OPEB Liability</b>				
Service Cost.....	\$ 1,532,499	\$ 1,591,851	\$ 1,573,811	\$ 1,467,327
Interest.....	2,034,393	2,143,436	2,456,470	2,358,216
Differences between expected and actual experience....	-	-	(5,360,645)	-
Changes of assumptions.....	-	(248,102)	(2,381,294)	(4,702,087)
Benefit payments.....	<u>(1,407,524)</u>	<u>(1,466,077)</u>	<u>(1,393,557)</u>	<u>(1,385,050)</u>
Net change in total OPEB liability.....	2,159,368	2,021,108	(5,105,215)	(2,261,594)
Total OPEB liability - beginning.....	<u>39,850,544</u>	<u>42,009,912</u>	<u>44,031,020</u>	<u>38,925,805</u>
Total OPEB liability - ending (a).....	<u>\$ 42,009,912</u>	<u>\$ 44,031,020</u>	<u>\$ 38,925,805</u>	<u>\$ 36,664,211</u>
<b>Plan fiduciary net position</b>				
Employer contributions.....	\$ 1,984,778	\$ 400,000	\$ 400,000	\$ 425,000
Employer contributions for OPEB payments.....	1,407,000	1,466,077	1,393,557	1,385,050
Net investment income.....	253,395	251,319	181,475	76,500
Benefit payments.....	<u>(1,407,000)</u>	<u>(1,466,077)</u>	<u>(1,393,557)</u>	<u>(1,385,050)</u>
Net change in plan fiduciary net position.....	2,238,173	651,319	581,475	501,500
Plan fiduciary net position - beginning of year.....	<u>-</u>	<u>2,238,173</u>	<u>2,889,492</u>	<u>3,470,967</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 2,238,173</u>	<u>\$ 2,889,492</u>	<u>\$ 3,470,967</u>	<u>\$ 3,972,467</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u><b>\$ 39,771,739</b></u>	<u><b>\$ 41,141,528</b></u>	<u><b>\$ 35,454,838</b></u>	<u><b>\$ 32,691,744</b></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	5.33%	6.56%	8.92%	10.83%
Covered-employee payroll.....	\$ 31,717,000	\$ 32,351,340	\$ 37,701,382	\$ 38,832,423
Net OPEB liability as a percentage of covered-employee payroll.....	125.40%	127.17%	94.04%	84.19%

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**

<u>Year</u>	<u>Statutory determined contribution</u>	<u>Contributions in relation to the statutory determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 1,385,050	\$ (1,810,050)	\$ (425,000)	\$ 38,832,423	4.66%
June 30, 2019.....	1,393,557	(1,793,557)	(400,000)	37,701,382	4.76%
June 30, 2018.....	1,466,077	(1,866,077)	(400,000)	32,351,340	5.77%
June 30, 2017 (1).....	4,108,000	(3,391,778)	716,222	31,717,000	10.69%

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

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

(1) The contribution reported for June 30, 2017, is the actuarially determined contribution.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2020.....	1.99%
June 30, 2019.....	5.57%
June 30, 2018.....	11.15%
June 30, 2017.....	12.77%

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 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****1. Budgetary Information**

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

The majority of appropriations are non-continuing and 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 payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote at a Special Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2020 approved budget, including amounts carried forward from the prior years authorized approximately \$68.4 million in appropriations and other amounts to be raised. The Town Accountant's Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

**2. Budgetary - GAAP Reconciliation**

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

Net change in fund balance - budgetary basis.....	\$	550,008
<u>Perspective differences:</u>		
Activity of the stabilization funds recorded in the general fund for GAAP.....		231,159
Activity of the pension reserve fund recorded in the general fund for GAAP.....		21,399
<u>Basis of accounting differences:</u>		
Net change in recording 60 day receipts.....		(5,286)
Net change in recording accrued expenditures.....		(46,418)
Net change in recording accrued payroll.....		(85,417)
Recognition of revenue for on-behalf payments.....		10,120,770
Recognition of expenditures for on-behalf payments.....		(10,120,770)
Net change in fund balance - GAAP basis.....	\$	<u>665,445</u>

**NOTE B – PENSION PLAN**Schedule of the Town's Proportionate Share of the Net Pension Liability

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

Schedule of Town's Contributions

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

Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

Changes in Assumptions - The cost of living adjustment changed from 3.00% of the first \$17,000 of retirement income to 3.00% of the first \$18,000 of retirement income. The inflation rate decreased from 4.00% to 3.00%.

Changes in Plan Provisions - None

**NOTE C – OTHER POST EMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (Other Post Employment Benefit 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.

**The Other Postemployment Benefit Plan**Schedule of the Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of the 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 statutory required contribution to the Plan, along with the contribution made in relation to the statutory required contribution and the covered employee payroll. It also demonstrates the contributions as a percentage of covered payroll. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	January 1, 2019
Actuarial cost method.....	Entry Age Normal
Asset valuation method.....	Market value of assets with payables and receivables
Health care trend rate.....	7.00% in 2020 decreasing down to 5.00%
Interest rate/discount rate.....	7.25 per year, net of investment expense as of 6/30/2020. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.21%) was used.
Mortality rates:	
Actives.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2016.
Retirees.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016.
Disabled.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016. Set forward 2 years.

Schedule of Investment Return

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

Changes in Assumptions

The discount rate was changed from 5.94% to 7.25%. This was the result of the following:

- The change in the assumed rate of return on Medfield OPEB Trust assets from 7.50% to 7.25%. This change reflects the much lower prevailing rates of return on fixed income assets that currently prevails.
- The change in the municipal bond discount rate from 3.50% to 2.21%.

The "Cadillac Tax" provision of the Patient Protection and Affordable Care Act (PPACA) was eliminated.

Changes in Plan Provisions

None.



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hinckleyallen.com

[Date of Delivery]

Georgia K. Colivas, Treasurer  
Town of Medfield  
Medfield, Massachusetts

\$12,685,000  
Town of Medfield, Massachusetts  
General Obligation Municipal Purpose Loan of 2021 Bonds  
Dated September 29, 2021

We have acted as bond counsel to the Town of Medfield, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

With respect to questions of fact material to our opinion, we have relied upon representations and covenants of the Town contained in the certified proceedings relating to the Bonds and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from any other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

HINCKLEY, ALLEN & SNYDER LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Medfield, Massachusetts (the “Issuer”) in connection with the issuance of its \$12,685,000 General Obligation Municipal Purpose Loan of 2021 Bonds dated September 29, 2021 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated September 15, 2021 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of the Owners of the Bonds, if material.

8. Bond calls, if material, and tender offers.
  9. Defeasances.
  10. Release, substitution or sale of property securing repayment of the Bonds, if material.
  11. Rating changes.
  12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.\*
  13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
  14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
  15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
  16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

**SECTION 6. Transmission of Information and Notices.** Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in

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\* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

electronic format at <http://emma.msrb.org> as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: September 29, 2021

TOWN OF MEDFIELD,  
MASSACHUSETTS

By: \_\_\_\_\_  
Treasurer

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Board of Selectmen

[EXHIBIT A: Form of Notice of Failure to File Annual Report]