

OFFICIAL STATEMENT DATED MARCH 9, 2021

Rating: See "Rating" herein.  
S&P Global Ratings: AA

New Issue

In the opinion of Locke Lord 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 will not be included in computing the alternative minimum taxable income of individuals. 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. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

**TOWN OF SHARON, MASSACHUSETTS**  
**\$24,495,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2021 BONDS**

**DATED**  
Date of Delivery

**DUE**  
February 15  
(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 February 15 of the years in which the Bonds mature. Interest on the Bonds will be payable February 15 and August 15, commencing August 15, 2021. 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 Sharon, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that 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 principal and interest payments the Town has not voted to exempt from that limit.

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

Due February 15	Principal Amount	Interest Rate	Yield	CUSIP 819649	Due February 15	Principal Amount	Interest Rate	Yield	CUSIP 819649
2022	\$1,850,000	5.00 %	0.10 %	M84	2032	\$ 690,000	3.00 %	1.36 %	P24
2023	1,760,000	5.00	0.15	M92	2033	690,000	3.00	1.46	P32
2024	1,775,000	5.00	0.27	N26	2034	685,000	2.00	1.65	P40
2025	1,775,000	5.00	0.40	N34	2035	685,000	2.00	1.72	P57
2026	1,785,000	5.00	0.51	N42	2036	685,000	2.00	1.81	P65
2027	1,790,000	5.00	0.64	N59	2037	645,000	2.00	1.88	P73
2028	1,785,000	5.00	0.78	N67	2038	645,000	2.00	1.94	P81
2029	1,785,000	5.00	0.92	N75	2039	645,000	2.00	1.98	P99
2030	1,775,000	5.00	1.05	N83	2040	640,000	2.00	2.02	Q23
2031	1,770,000	4.00	1.15	N91	2041	635,000	2.00	2.06	Q31

The Bonds are offered subject to the final approving opinion of Locke Lord 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 Sharon, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about March 30, 2021, against payment to the Town in federal funds.

**TABLE OF CONTENTS**

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	Sale of Tax Receivables	32
NOTICE OF SALE	4	Taxation to Meet Deficits	32
Bidding Parameters	5	Tax Limitations	32
Establishment of Issue Price	6	Initiative Petitions	33
Exhibit 1 – Forms of Issue Price Certificates	9	Unused Levy Capacity	34
		Pledged Taxes	34
OFFICIAL STATEMENT	15		
INTRODUCTION	15	TOWN FINANCES:	
THE BONDS	15	Budget and Appropriation Process	35
Description of the Bonds	15	Operating Budget Trends	35
Redemption Provisions	15	Revenues	36
Optional Redemption	15	Annual Audits	39
Notice of Redemption	15	Financial Statements	39
Record Date	15	Governmental Funds Balance Sheets – Fiscal	
Book-Entry Transfer System	16	Years Ending:	
Authorization of the Bonds and Use of Proceeds	17	June 30, 2020	40
Principal Payments by Purpose	18	June 30, 2019	41
Sources and Uses of Bond Proceeds	18	June 30, 2018	42
Plan of Refunding	18	Combined Statement of Revenues,	
Tax Exemption	19	Expenditures and Changes in Fund	
Risk of Future Legislative changes and/or		Balance – General Fund	
Court Decisions	20	June 30, 2016 – June 30, 2020	43
Security and Remedies	20	Unassigned General Fund Balances and	
Opinion of Bond Counsel	22	Free Cash	48
Rating	22	Stabilization Fund	48
Financial Advisory Services of Hilltop Securities Inc.	22	Investment of Town Funds	48
Continuing Disclosure	22	Tax Increment Financing for Development Districts	49
TOWN OF SHARON, MASSACHUSETTS:		INDEBTEDNESS:	
General	23	Authorization of General Obligation	
Local Government	23	Bonds and Notes	50
Principal Executive Officers	23	Debt Limits	50
Corona Virus (COVID-19)	23	Types of Obligations	50
Municipal Services	24	Direct Debt Summary	51
Education	25	Key Debt Ratios	52
School Enrollment	25	Annual Debt Service as of June 30, 2020	52
Educational Attainment	25	Authorized Unissued Debt	53
Industry and Commerce	26	Overlapping Debt	53
Labor Force, Employment and Unemployment Rates	26	Contracts	54
Building Permits	27	RETIREMENT SYSTEM	54
Population, Income and Wealth Levels	27	Norfolk County Contributory Retirement System	
Population Trends	27	Funding Schedule	56
PROPERTY TAXATION AND VALUATIONS:		Other Post-Employment Benefits	57
Tax Levy Computation	28	COLLECTIVE BARGAINING	58
Assessed and Equalized Valuations	29	LITIGATION	58
Tax Rates	29		
Classification of Property	29	APPENDIX A – Fiscal 2020 Audit	
Largest Taxpayers	30	APPENDIX B – Proposed Form of Legal Opinion	
State Equalized Valuation	30	APPENDIX C – Proposed Form of	
Abatements and Overlay	30	Continuing Disclosure Certificate	
Tax Collections	31		
Tax Titles and Possessions	32		

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement. 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 statement, made in this Official Statement involving matters of opinion, whether or not expressly stated are intended merely as opinion and not as representations of fact.

## 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:	Tuesday, March 9, 2021, 11:00 a.m. (Eastern Time).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Sharon, Massachusetts.
Issue:	\$24,495,000 General Obligation Municipal Purpose Loan of 2021 Bonds, see "THE BONDS Book-Entry Transfer System" herein.
Official Statement Dated:	March 9, 2021.
Dated Date of the Bonds:	As of their date of delivery.
Principal Due:	Serially February 15, 2022 through February 15, 2041, as detailed herein.
Interest Payable:	Semi-annually February 15 and August 15, commencing August 15, 2021.
Purpose and Authority:	The Bonds are authorized by the Town for various municipal purposes and to refund a portion of the Town's outstanding 2011 bonds 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 general obligations of the Town, and the principal of and interest on the Bonds are payable from taxes that 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 principal and interest payments the Town has not voted to exempt from that limit.
Credit Rating:	S&P Global Ratings has assigned a rating of AA 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 \$145,000.</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 not be designated by the Town as "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:	Locke Lord 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 March 30, 2021, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Lisa Clark, Treasurer, Town of Sharon, Massachusetts telephone (781) 784-1512 or Mary Carney, Director, Worcester, Massachusetts Telephone (508) 797-3035.

**NOTICE OF SALE**

**TOWN OF SHARON, MASSACHUSETTS  
\$26,725,000\* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2021 BONDS**

The Town of Sharon, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Tuesday, March 9, 2021, for the purchase of the following described General Obligation Municipal Purpose Loan of 2021 Bonds of the Town (the "Bonds"):

\$26,725,000\* General Obligation Municipal Purpose Loan of 2021 Bonds payable February 15 of the years and in the amounts as follows:

<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount *</u>	<u>Due</u> <u>February 15</u>		<u>Principal</u> <u>Amount*</u>
2022	\$ 1,940,000	2032	**	\$ 780,000
2023	1,885,000	2033	**	775,000
2024	1,900,000	2034	**	775,000
2025	1,910,000	2035	**	770,000
2026	1,920,000	2036	**	770,000
2027	1,925,000	2037	**	725,000
2028	1,925,000	2038	**	725,000
2029	1,945,000	2039	**	725,000
2030	1,940,000	2040	**	725,000
2031     **	1,940,000	2041	**	725,000

\*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 February 15 of the years in which the Bonds mature. Interest will be payable August 15, 2021 and semi-annually thereafter on each February 15 and August 15 until maturity.

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 prepared under the supervision of Hilltop Securities Inc., Boston, Massachusetts and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the successful bidder without charge.

The Bonds maturing on and before February 15, 2030 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after February 15, 2031 are subject to redemption prior to their stated maturity dates, at the option of the Town, on and after February 15, 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 February 15, 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 a 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 February 15 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 \$145,000 WILL BE CONSIDERED.**

**The current Bond structure reflects a premium of \$1,600,000. Any premium less than \$1,600,000 will result in an increase in the size of the Bonds by a like amount. The Town reserves the right to change the aggregate principal amount of the Bonds after the determination of the winning bid by increasing or decreasing the aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary to (i) produce debt service savings in each maturity of the bonds being issued for refunding purposes versus the bonds being refunded, in approximately level amounts, (ii) restructure the amortization of the bonds on an equal principal basis, essentially mirroring the current structure, and (iii) comply with Massachusetts General Law. 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 either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Ms. Lisa Clark, Treasurer, Town of Sharon, Massachusetts c/o Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114. Actual bids may be telephoned to Hilltop Securities Inc. at (617) 619-4400, at least one half-hour prior to the 11:00 A.M. sale. Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (b) 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 successful bidder will not be effective until the bid has been approved by the Treasurer and the Select Board 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 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 S&P Global Ratings for a rating on the Bonds. Any such fees paid to S&P Global Ratings 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 designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

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 Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated February 25, 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 appearing as Appendix C of the Preliminary Official Statement.

### **Establishment of Issue Price**

A 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 via telephone at 617.619.4400 or email: [mary.carney@hilltopsecurities.com](mailto:mary.carney@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. The Town will not require bidders to comply with the

“hold-the-offering price rule” set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date for any maturities of the Bonds as the issue price of that maturity if the competitive sale requirements are not met and this option is chosen.

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 shall 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 Issuer 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.

Failure to Meet the Competitive Sale Requirements and/or 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 or resell 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. 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 Sharon and the Bonds is contained in the Preliminary Official Statement dated February 25, 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 and 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, 10 copies of the Final Official Statement will be available from 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 March 30, 2021 for settlement in federal funds.

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TOWN OF SHARON, MASSACHUSETTS  
/s/ Ms. Lisa Clark, Treasurer

February 25, 2021



**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]**

**Town of Sharon, Massachusetts  
\$26,725,000\* General Obligation Municipal Purpose Loan of 2021 Bonds dated March 30, 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") of the Town of Sharon, 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 March 9, 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 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 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 Locke Lord 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

[NAME OF 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 Hold the 10% Test to Apply]**

**Town of Sharon, Massachusetts**

**\$26,725,000\* General Obligation Municipal Purpose Loan of 2021 Bonds dated March 30, 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”) of the Town of Sharon, 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 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 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 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 Locke Lord 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)**

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]

Town of Sharon, Massachusetts
\$26,725,000\* General Obligation Municipal Purpose Loan of 2021 Bonds dated March 30, 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”) of the Town of Sharon, 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 [and will 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 of the Bonds and further acknowledges receipt of all certificates, opinion 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 Locke Lord 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 SHARON, MASSACHUSETTS

#### **\$24,495,000 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 Sharon, Massachusetts (the "Town") in connection with the sale of \$24,495,000 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 August 15, 2021 and semi-annually thereafter on each February 15 and August 15 until maturity. The Bonds shall mature on February 15 of the years and in the principal amounts as set forth on the first 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 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 February 15, 2030 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after February 15, 2031 shall be subject to redemption prior to maturity, at the option of the Town, on or after February 15, 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 to DTC 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 last business 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 of AA+ from S&P Global Ratings. 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 under the DTC system 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 by 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 the securities deposited by 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 the 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 Town 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 sets forth the principal amounts, purposes, amounts originally authorized, dates of Town approval and article numbers, and statutory authority for the current offering of Bonds:

This Issue	Purpose	Original Bond Authorization	Bond Anticipation Notes Outstanding	M.G.L. Statutory Reference, Ch.	Date of Approval	Article
\$ 4,489,000	Rattlesnake Hill Land Acquisition - CPA	\$ 5,000,000	\$ 5,000,000	44B	11/5/2019	5
6,735,200	New High School and Athletic Facilities	163,000,000 (1)	-	70B	11/4/2019	6
42,700	Civil Defense Building Construction - Additional Funding	50,000	-	44 s. 7(1)	10/12/2020	6A
210,800	DPW Large Dump Truck/Plow	245,000	-	44 s. 7(1)	10/12/2020	6B
68,700	DPW Small Dump Truck/Plow	80,000	-	44 s. 7(1)	10/12/2020	6B
83,300	Public Ways and Sidewalks - East. St., Paul Revere, Ames	95,000	-	44 s. 7(1)	10/12/2020	6C
91,300	Public Ways and Sidewalks - Greenhouse St., Beach St., East Foxboro	104,000	-	44 s. 7(1)	10/12/2020	6C
122,100	Public Ways and Sidewalks - Dedgan St., Edge Hill, Canton	142,500	-	44 s. 7(1)	10/12/2020	6C
108,600	Public Ways and Sidewalks - Old Post Road	124,500	-	44 s. 7(1)	10/12/2020	6C
445,800	Water Main Replacement	500,000	-	44 s. 8(5)	10/12/2020	6D
1,345,100	Water - Additional Massapoag Ave. Tank	1,500,000	-	44 s. 8(4)	10/12/2020	6E
835,000	Water Meter Replacement	1,000,000	-	44 s. 8(6)	10/12/2020	6G
178,800	Water Large Dump Truck/Plow	205,000	-	44 s. 8(7A)	10/12/2020	6H
87,000	Fire Radio Repeaters	102,766	-	44 s. 7(1)	10/12/2020	6J
9,651,600	Refunding	-	-	44 s. 21A		
<u>\$ 24,495,000</u>			<u>\$ 5,000,000</u>			

(1) On November 19, 2019, the Town voted to exempt this authorization from the limitations of Proposition 2 ½. The Town expects to receive approximately 48.95% of reimbursements on eligible project costs from the Massachusetts School Building Authority (MSBA) of which the Town has received \$3,592,970 to date.

As described above, a portion of the Bond proceeds (the "Refunding Bonds") will be used together with other funds of the Town to current refund the Town's \$28,254,000 General Obligation Municipal Purpose Loan of 2011 Bonds dated August 30, 2011, maturing in the years 2022 through 2031 in the aggregate principal amount of \$11,860,000 (the "2011 Refunded Bonds" or the "Refunded Bonds") and to pay costs of issuing the Refunding Bonds.

## Principal Payments by Purpose

Maturity Year	School(1)	General	Water (2)	CPA (2)	Refunding (3)	TOTAL
2022	\$ 345,200	\$ 99,500	\$ 209,700	\$ 229,000	\$ 966,600	\$ 1,850,000
2023	340,000	75,000	195,000	225,000	925,000	1,760,000
2024	340,000	75,000	195,000	225,000	940,000	1,775,000
2025	340,000	65,000	195,000	225,000	950,000	1,775,000
2026	340,000	65,000	195,000	225,000	960,000	1,785,000
2027	340,000	65,000	190,000	225,000	970,000	1,790,000
2028	335,000	60,000	185,000	225,000	980,000	1,785,000
2029	335,000	55,000	185,000	225,000	985,000	1,785,000
2030	335,000	50,000	180,000	225,000	985,000	1,775,000
2031	335,000	45,000	175,000	225,000	990,000	1,770,000
2032	335,000	35,000	95,000	225,000	-	690,000
2033	335,000	35,000	95,000	225,000	-	690,000
2034	335,000	30,000	95,000	225,000	-	685,000
2035	335,000	30,000	95,000	225,000	-	685,000
2036	335,000	30,000	95,000	225,000	-	685,000
2037	335,000	-	85,000	225,000	-	645,000
2038	335,000	-	85,000	225,000	-	645,000
2039	335,000	-	85,000	225,000	-	645,000
2040	335,000	-	85,000	220,000	-	640,000
2041	335,000	-	85,000	215,000	-	635,000
<b>Totals</b>	<b>\$ 6,735,200</b>	<b>\$ 814,500</b>	<b>\$ 2,804,700</b>	<b>\$ 4,489,000</b>	<b>\$ 9,651,600</b>	<b>\$ 24,495,000</b>

(1) Exempt from the limitations of Proposition 2 ½.

(2) Self-supporting.

(3) \$8,514,200 is exempt from the limitations of Proposition 2 ½.

## Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

### SOURCES:

Par Amount of the Bonds	\$ 24,495,000.00
Original Issue Premium	3,930,584.93
Cash Contribution	448,026.37
<b>Total Sources</b>	<b>\$ 28,873,611.30</b>

### USES:

Deposit to Refunding Escrow Fund	\$ 12,047,468.77
Deposit to Project Construction Fund	16,648,766
Underwriter's Discount	34,308.68
Costs of Issuance	141,948.15
Rounding Amount	1,119.70
<b>Total Uses</b>	<b>\$ 28,873,611.30</b>

## 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 amount necessary to refund the Refunded Bonds, the Refunding Escrow Agent will deposit such amount in the Refunding Escrow Fund established under the Refunding Escrow Agreement and such amount which will be held in cash to pay on June 15, 2021 the redemption price of the Refunded Bonds, including accrued interest thereon. The Refunding Escrow Fund will be pledged for the benefit of the holders of the Refunded Bonds.

## Tax Exemption

In the opinion of Locke Lord 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 will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. 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 Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

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. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

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. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. 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 reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

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.

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 all such 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 tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

### **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 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 of Massachusetts (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 Locke Lord 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**

S&P Global Ratings has assigned a rating of AA to the Bonds. The rating only reflects the rating agency’s views and is subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

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

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

## **Continuing Disclosure**

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (as amended, 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.

**The Town believes that, in the past five years, 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 OF SHARON, MASSACHUSETTS

### General

The Town of Sharon, Massachusetts (the "Town") is located in Norfolk County and is bordered by the Towns of Norwood, Canton, Stoughton, Easton, Mansfield, Foxboro and Walpole. It is fifteen miles from the City of Quincy and twenty one miles from the City of Boston. Established as a Town in 1765, Sharon has a total population of 17,612 and occupies a land area of 23.58 square miles.

### Local Government

Local legislative decisions are made by an open town meeting with administrative authority in a three-member select board. Local taxes are assessed by a board of three assessors elected for staggered three year terms. School affairs are administered by a school committee of seven persons elected for staggered three years. In addition, the Select Board appoints members to various boards, committees and commissions.

Financial management is overseen by the Town Administrator, in coordination with the Town Treasurer, Finance Director and the Administrative Assistant Assessor. Other committees involved in the financial matters affecting the Town are the Finance Committee, Capital Outlay Committee and the Priorities Committee.

### Principal Executive Officers

Following are the principal executive officers of the Town:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term Expires</u>
Select Board	William A. Heitin, Chairman	Elected	2022
	Emily E. Smith-Lee	Elected	2021
	Hanna Switekowski	Elected	2023
Town Administrator	Frederic E. Turkington, Jr.	Appointed	Indefinite
Treasurer/Collector	Lisa Clark	Appointed	Indefinite
Finance Director/ Town Accountant	Krishan Gupta	Appointed	Indefinite
Town Clerk	Mark Hogan	Elected	2023
Town Counsel	Richard Gelerman	Appointed	Indefinite

### 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 June 8, 2020. 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. The Town has created such a fund.

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 Town did not experience a revenue shortfall in fiscal 2020. The Town's free cash increased from \$5,644,979 in fiscal 2019 to \$5,871,797 in fiscal 2020. For fiscal 2021, local hotel and meals tax receipt estimates were lowered, with an increase in other miscellaneous revenues making up for this anticipated reduction in revenues. The Town did not use free cash to balance the fiscal 2021 budget, with the exception of \$60,820 which was already accounted for in the free cash certified on November 16, 2020 for fiscal 2020 year end. The Town has a balanced budget for fiscal 2021 and does not expect any significant deficits for the fiscal year. COVID-19 related extraordinary expenditures are expected to be reimbursed through state and federal funds.

### **Municipal Services**

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, a water system, public education K-12, parks and recreation and a library. Principal services provided by the county are a jail and house of correction, a hospital and registries of deeds. Private utilities provide gas and electricity.

The Southeastern Regional Vocational School District provides vocational technical education in grades nine through twelve for the Town and fifteen neighboring communities. The Sharon Housing Authority provides housing for eligible low-income families and handicapped persons. The Massachusetts Bay Transportation Authority provides rail and bus service to the Town.



**Education**

**Public School Enrollments**

	Actual				
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Pre-School-Kindergarten	280	281	295	333	223
Grades 1-5	1,305	1,260	1,320	1,311	1,268
Grades 6-8	854	879	852	873	871
Grades 9-12	1,074	1,090	1,121	1,120	1,131
<b>Total</b>	<b><u>3,513</u></b>	<b><u>3,510</u></b>	<b><u>3,588</u></b>	<b><u>3,637</u></b>	<b><u>3,493</u></b>

Source: School Department as of October 1 each year.

**Educational Attainment**

Years of School Completed	<u>Sharon</u>		<u>Norfolk County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	173	0.9 %	12,606	2.6 %	213,161	5.8 %
9th to 12th Grade, No Diploma	234	2.3	18,899	6.1	282,661	9.4
High School Graduate	1,352	12.9	104,587	24.2	1,171,725	27.3
Some College, No Degree	1,276	14.4	67,725	16.6	701,624	17.1
Associate's Degree	814	6.4	35,974	7.5	334,998	7.2
Bachelor's Degree	3,679	31.2	121,013	25.1	961,563	19.5
Graduate or Professional Degree	4,025	31.9	95,347	17.9	716,646	13.7
<b>Total</b>	<b><u>11,553</u></b>	<b><u>100.0 %</u></b>	<b><u>456,151</u></b>	<b><u>100.0 %</u></b>	<b><u>4,382,378</u></b>	<b><u>100.0 %</u></b>
High School Graduate or Higher	11,146	96.5 %	424,646	93.1 %	3,886,556	88.7 %
Bachelor's Degree or Higher	7,704	66.7	216,360	47.4	1,678,209	38.3

Source: U.S. Department of Commerce (2010).

## Industry and Commerce

As indicated below, economic activity in the Town largely consists of the wholesale and retail trade and service industries. In 2019, 443 firms were located in Sharon, with a total annual payroll \$221,472,039 reported to the U.S. Department of Labor and Training.

Due to the 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	197	112	127	145	187
Manufacturing	321	341	355	377	426
Trade, Transportation and Utilities	857	926	827	738	789
Information	24	32	35	38	42
Financial Activities	121	126	130	101	81
Professional and Business Services	410	449	524	501	423
Education and Health Services	335	975	974	1,042	1,116
Leisure and Hospitality	326	392	423	162	456
Other Services	178	183	168	154	148
<b>Total Employment</b>	<b>2,769</b>	<b>3,536</b>	<b>3,563</b>	<b>3,725</b>	<b>3,865</b>
Number of Establishments	425	441	432	429	443
Average Weekly Wages	\$ 988	\$ 994	\$ 1,016	\$ 1,045	\$ 1,102
<b>Total Wages</b>	<b>\$ 145,207,137</b>	<b>\$ 191,945,344</b>	<b>\$ 198,201,337</b>	<b>\$ 202,507,572</b>	<b>\$ 221,472,039</b>

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

## Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training, in September 2020, the Town had a total labor force of 10,252 of whom 9,576 were employed and 676 or 6.6% were unemployed as compared with 9.5% for the Commonwealth (unadjusted), although it is likely that the COVID-19 pandemic will adversely affect unemployment levels nationwide.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2015 through 2019 and the unemployment rates for the Commonwealth and the U.S. for the same periods:

Year	Sharon	Massachusetts	United States
2019	2.1%	2.9%	3.7%
2018	2.5	3.3	3.9
2017	3.0	3.7	4.4
2016	3.0	3.9	4.9
2015	3.7	5.0	5.3

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

## Building Permits

Fiscal Year	Residential			Non-Residential			Total	
	New Construction	Additions/Alterations	Total	New Construction	Additions/Alterations	Total	Number of	Estimated
	Estimated Value	Estimated Value	Number of Permits	Estimated Value	Estimated Value	Number of Permits	Permits	Value
2020	\$ 6,650,000	\$ 11,114,106	601	\$ 10,124,426	\$ 2,223,967	28	629	\$ 30,112,499
2019	85,535	4,348,144	271	9,777,000	14,277,916	26	297	28,488,595
2018	2,655,500	12,287,317	576	2,661,250	4,846,088	41	617	22,450,155
2017	2,294,000	12,640,471	555	235,000	1,225,093	23	578	16,394,564
2016	3,723,313	15,148,089	827	12,388,000	1,389,724	20	847	32,649,126

Source: Board of Assessors.

It is likely that the COVID-19 pandemic will negatively affect the total number and dollar value of building permits issued in the current calendar year.

## Population, Income and Wealth Levels

The following table compares the U.S. Bureau of the Census figures to prior years' averages for Sharon, the Commonwealth and the county.

	Sharon	Massachusetts	U.S.
Median Age			
2010	43.3	39.1	35.3
2000	39.9	36.5	35.3
1990	36.1	33.6	32.9
Median Family Income			
2010	\$ 134,535	\$ 81,165	\$ 51,144
2000	99,015	61,664	50,046
1990	66,415	44,367	35,225
Per Capita Income			
2010	\$ 50,551	\$ 33,966	\$ 27,334
2000	41,323	25,595	21,587
1990	24,141	17,224	16,118

On the basis of the 2010 Federal Census, the Town has a population density of 756 persons per square mile.

## Population Trends

1990	2000	2010
15,517	17,408	17,612

SOURCE: Federal Census.

## PROPERTY TAXATION AND VALUATIONS

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 available funds. The total amount levied is subject to certain limits prescribed by law, for a description of those limits, see "Tax Limitations" below.

The estimated receipts for a fiscal year from other sources 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 available funds 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, no reserve is generally provided for uncollectible real property taxes. (See "Abatements and Overlay") 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 following table shows the details of the calculation of the tax levies for the current and most recent fiscal years.

	Fiscal Year				
	2021	2020	2019	2018	2017
Gross Amount to be Raised:					
Appropriations	\$ 95,450,219	\$ 93,391,633	\$ 87,832,734	\$ 90,942,273	\$ 85,597,796
Other Local Expenditures	453,420	160,241	167,655	220,874	19,764
State and County Charges	863,041	832,566	788,777	769,088	841,469
Overlay Reserve	410,711	301,671	376,203	474,604	452,565
Total Gross Amount to be Raised	<u>97,177,391</u>	<u>94,686,111</u>	<u>89,165,369</u>	<u>92,406,839</u>	<u>86,911,594</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State(1)	10,542,651	11,220,699	10,976,866	10,797,890	10,713,569
Estimated Receipts - Local	10,362,277	12,383,088	9,687,464	10,289,821	10,651,948
Available Funds Appropriated:					
Free Cash	60,820	-	-	4,151,022	-
Other Available Funds	932,280	1,558,998	954,938	890,608	920,518
Free Cash and Other Revenue Used to Reduce the Tax Rate	-	-	-	-	-
Total Estimated Receipts and Revenue	<u>21,898,028</u>	<u>25,162,785</u>	<u>21,619,268</u>	<u>26,129,341</u>	<u>22,286,035</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 75,279,363</u>	<u>\$ 69,523,326</u>	<u>\$ 67,546,101</u>	<u>\$ 66,277,498</u>	<u>\$ 64,625,559</u>
Property Valuation	\$ 3,684,746,130	\$ 3,659,122,400	\$ 3,480,994,400	\$ 3,421,657,100	\$ 3,293,861,300
Tax Levy per \$1,000	\$20.43	\$19.00	\$19.41	\$19.37	\$19.62

Source: Board of Assessors.

Note: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

(1) Includes state aid as well as other payments from the Commonwealth.

## Assessed and Equalized Valuations

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. 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). 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 three 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.

## Tax Rates

The following shows the actual tax rates per \$1,000 of assessed valuation for the current and last four fiscal years:

<u>Fiscal Year</u>	<u>Actual Tax Rate</u>
2021	\$20.43
2020	19.00
2019	19.41
2018	19.37
2017	19.62

## Classification of Property

The following table shows the breakdown by classification of the total assessed valuation for the current and last two fiscal years:

	<u>Fiscal 2021 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>		<u>Fiscal 2020 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>		<u>Fiscal 2019 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Residential	\$ 3,398,618,237	92.2 %		\$ 3,401,124,897	92.9 %		\$ 3,229,176,817	92.8 %
Commercial	151,621,063	4.1		148,269,103	4.1		144,051,483	4.1
Industrial	44,242,500	1.2		40,760,700	1.1		39,745,500	1.1
Personal	90,264,330	2.4		68,967,700	1.9		68,020,600	2.0
Total	<u>\$ 3,684,746,130</u>	<u>100.0 %</u>		<u>\$ 3,659,122,400</u>	<u>100.0 %</u>		<u>\$ 3,480,994,400</u>	<u>100.0 %</u>

Source: Board of Assessors.

## Largest Taxpayers

Following is a list of the ten largest taxpayers in the Town based upon assessed valuations for fiscal year 2021. All taxpayers listed are current in their payments.

<u>Name</u>	<u>Nature of Business</u>	<u>Valuation Fiscal 2021</u>	<u>Percent of Valuation</u>
Nstar Electric Company	Utility	\$ 41,180,230	1.12 %
Shi II Whitney Place Sharon LLC	Assisted Living	26,864,400	0.73
Avalon Sharon, LLC	Real Estate Mgmt.	26,667,900	0.72
Herb Chambers	Auto Dealership	20,674,160	0.56
BAC Whitfield, LLC	Frozen Storage	14,262,900	0.39
Bay State Gas	Utility	14,161,210	0.38
Jumbo Capital PF Sharon, LLC	Frozen Storage	12,851,300	0.35
BC Wilbur School LLC	Real Estate Mgmt.	11,162,600	0.30
Algonquin Gas Transmission	Utility	10,191,700	0.28
LRFI Boston Logistics 1, LLC	Logistics/Distribution	10,153,300	0.28
Total		<u>\$ 188,169,700</u>	<u>5.11 %</u>

Source: Board of Assessors. All are current in their property tax payments.

## 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 biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value". The following table sets forth the trend in equalized valuations of the Town.

The following table sets forth the trend in equalized valuations of the Town of Sharon.

<u>January 1,</u>	<u>State Equalized Valuation</u>	<u>% Change</u>
2020	\$ 3,961,784,600	8.1 %
2018	3,666,373,500	9.3
2016	3,353,753,400	15.8
2014	2,895,867,400	0.0
2012	2,894,551,400	(3.1)
2010	2,986,889,000	(3.5)

Local assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1.

## 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. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

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.

The following table sets forth the amount of overlay reserve for the last five fiscal years and abatements and exemptions granted during each fiscal year.

Fiscal Year	Net Tax Levy (1)	Dollar Amount	% of Net Levy	Abatements Granted During FY
2020	\$ 69,221,655	\$ 301,671	0.44	% \$ 316,821
2019	67,189,898	376,203	0.56	259,614
2018	65,802,894	474,604	0.72	228,002
2017	64,172,994	452,565	0.71	179,019
2016	62,509,614	468,292	0.75	207,861

Source: Board of Assessors.  
 (1) Gross tax levy less overlay.

### Tax Collections

**Payment Dates.** The Town has accepted a statute providing for quarterly property tax billing. Under this statute preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if the actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

**Lien.** 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.

**Personal Liability.** 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 in "Taking and Sale" below.

The following table presents the total tax levy, the reserve for abatements, the net levy and the amounts collected as of June 30 for each of the last five 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, 2020	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2020	\$ 69,523,326	\$ 301,671	\$ 69,221,655	\$ 67,872,458	98.1 %	\$ 67,872,458	98.1 %
2019	67,566,101	376,203	67,189,898	66,648,584	99.2	67,350,247	100.2
2018	66,277,498	474,604	65,802,894	65,121,116	99.0	65,711,186	99.9
2017	64,625,559	452,565	64,172,994	63,852,615	99.5	64,344,845	100.3
2016	62,977,906	468,292	62,509,614	61,708,078	98.7	61,708,078	98.7

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

## Tax Titles and Possessions

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 non-payment 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 such 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. Uncollectible 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 tax and charging surplus. The table below sets forth the amount of tax titles and possessions outstanding at the end of the following fiscal years.

<u>Fiscal Year</u>	<u>Tax Titles</u>	<u>Tax Possessions</u>	<u>Deferred R.E. Taxes (1)</u>
2020	\$ 484,916	\$ 554,537	\$ 760,005
2019	484,144	554,537	781,628
2018	659,206	386,629	814,939
2017	884,189	386,629	949,640
2016	1,015,008	405,861	898,543

(1) Real property owners who have reached their seventieth birthday and meeting certain income guidelines may enter into a tax deferral and recovery agreement with the Board of Assessors.

## Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables, either individually or in bulk. The Town had a sale of tax receivables on November 15, 2018 and received \$113,516. The Town had a sale of tax receivables in November, 2020 and received \$69,000.

## Taxation to Meet Deficits

As noted elsewhere (see "*Abatements and 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.

## 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.

## **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.

## Unused Levy Capacity

The following table sets forth the Town's tax levy limits and unused levy capacity for the current and last four fiscal years:

	For Fiscal Year				
	2021	2020	2019	2018	2017
Primary Levy Limit (1)	\$ 92,118,653	\$ 91,478,060	\$ 87,024,860	\$ 85,541,428	\$ 82,346,533
Prior Fiscal Year Levy Limit	68,238,204	66,157,427	64,067,988	61,805,149	59,854,946
2.5% Levy Growth	1,706,030	1,653,957	1,601,700	1,545,129	1,496,374
New Growth (2)	940,706	426,820	487,739	717,710	453,829
Overrides	-	-	-	-	-
Growth Levy Limit	70,884,940	68,238,204	66,157,427	64,067,988	61,805,149
Debt Exclusions	6,858,677	3,310,074	3,426,161	4,285,500	4,293,174
Tax Levy Limit	77,743,617	71,548,278	69,583,588	68,353,488	66,098,323
Tax Levy	75,279,363	69,523,326	67,566,101	66,277,498	64,625,559
Unused Levy Capacity (3)	<u>\$ 2,464,254</u>	<u>\$ 2,024,952</u>	<u>\$ 2,017,487</u>	<u>\$ 2,075,990</u>	<u>\$ 1,472,764</u>
Unused Primary Levy Capacity (4)	<u>\$ 21,233,713</u>	<u>\$ 23,239,856</u>	<u>\$ 20,867,433</u>	<u>\$ 21,473,440</u>	<u>\$ 20,541,384</u>

(1) 2.5% of assessed valuation.

(2) Allowed increase for new valuations certified by the Department of Revenue.

(3) Tax Levy Limit less Tax Levy.

(4) Primary Levy Limit less Growth Levy Limit.

## Pledged Taxes

Taxes on the increased value of 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.

## TOWN FINANCES

### The Budget and Appropriation Process

The annual appropriations of a town are ordinarily made at the annual meeting which takes place in February, March, April, May or June. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated. 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. (See "STATE DISTRIBUTIONS" below.)

State and county assessments, 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 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 AND VALUATIONS" above.)

### Operating Budget Trends

The following table sets forth the trend in the Town's operating budgets as voted at Town Meeting for fiscal years 2017 through 2021.

	Fiscal Year				
	2021	2020	2019	2018	2017
Local Expenditures:					
General Government (1)	\$ 19,357,622	\$ 18,725,094	\$ 17,196,690	\$ 16,764,113	\$ 12,803,658
Human Services	382,710	377,686	378,033	369,806	359,856
Public Safety	7,614,925	7,502,351	7,300,959	7,018,430	6,899,951
Public Works	4,156,045	3,925,706	3,735,931	3,688,233	3,451,994
Education	46,430,647	45,366,967	44,066,932	42,676,265	41,263,961
Debt Service	11,495,850	8,618,367	8,563,949	8,884,456	8,838,835
Culture & Recreation	284,286	270,006	1,297,794	1,238,191	1,200,751
Health & Sanitation	277,741	324,382	307,002	325,646	320,549
Total Local Expenditures	<u>\$ 89,999,826</u>	<u>\$ 85,110,559</u>	<u>\$ 82,847,290</u>	<u>\$ 80,965,140</u>	<u>\$ 75,139,555</u>

(1) Includes budgeted expenditures for Medicare, social security and insurance.

## Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The amount levied is subject to certain limits prescribed by law; for a description of those limits, see “PROPERTY TAXATION – Tax Limitations” above.

State Distributions: In addition to grants for specified capital purposes (some of which are payable over the life of the 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 the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality’s state aid entitlement are subject to amendment by the state legislature 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.

The following table sets forth the amount of state aid received by the Town for fiscal years 2016 through 2020:

<u>Fiscal Year</u>	<u>Total Received From State</u>
2020	\$9,160,379
2019	9,026,240
2018	8,847,264
2017	8,762,943
2016	8,490,978

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 maximum reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 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.

Federal Aid: In addition to state aid, the Town receives funds from the federal government for various purposes. The following table shows federal monies received for fiscal years indicated:

<u>Fiscal Year</u>	<u>Total Received from Federal Government</u>
2020	\$1,722,061
2019	1,270,811
2018	1,196,588
2017	1,229,291
2016	1,165,200

Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected 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 manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table shows actual receipts for fiscal years indicated:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2020	\$3,108,194
2019	3,181,055
2018	3,026,100
2017	3,163,976
2016	3,110,012

(1) Net after refunds. Includes receipts for prior years.

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, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. 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% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as 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 or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. 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 TAXATION AND VALUATIONS" 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, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, 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 and dedication of revenue. 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 and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue 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 and dedicated 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.

On November 2, 2004, the Town adopted the CPA with a 1% surcharge. The Town received state matching funds for each fiscal year as follows:

Fiscal Year	State Matching Funds
2020	\$ 129,775
2019	100,694
2018	88,242
2017	101,457
2016	137,707

The CPA Fund balance as of June 30, 2020 was \$1,848,150.

Room Occupancy Tax: Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of each establishment to the Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. Effective April 1, 2014, the Town has levied 6% as permitted under the law since the inception of the tax, as amended July 1, 2010. The fiscal year 2020 receipts were \$156,292.

Local Meals Excise Tax: The Town enacted a local meals excise tax on sales of restaurant meals. The tax is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The vendor pays the tax to the Commissioner of Revenue, and the Commonwealth in turn, pays the tax to the municipality in which the meal was sold. Effective January 1, 2014, the Town has levied 0.75% as permitted under the law. The fiscal year 2020 receipts were \$126,891.

## **Annual Audits**

The accounts of the Town of Sharon are audited annually by Melanson Heath & Company, Certified Public Accountants, of Andover, Massachusetts. The most recent audit was completed for the fiscal year ending June 30, 2020 and is attached hereto as Appendix A.

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.

## **Financial Statements**

Set forth on the following pages are Governmental Funds Balance Sheets for the fiscal years ended June 30, 2020, June 30, 2019 and June 30, 2018, and Statements of Revenues and Expenditures (Governmental Funds) for fiscal years 2020, 2019, 2018, 2017 and 2016. All such statements were extracted from the Town's audited financial statements.

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

	General	High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and short term investments	\$ 3,330,869	\$ 73,007,372	\$ -	\$ 15,700,806	\$ 92,039,047
Investments	10,614,253	10,065,620	1,989,982	276,986	22,946,841
Receivables:					
Property Taxes	2,667,170	-	-	-	2,667,170
Excises	267,585	-	-	-	267,585
User Fees	-	-	-	342,562	342,562
Departmental	850	-	11,467	660	12,977
Intergovernmental	-	-	-	706,784	706,784
<b>TOTAL ASSETS</b>	<b>\$ 16,880,727</b>	<b>\$ 83,072,992</b>	<b>\$ 2,001,449</b>	<b>\$ 17,027,798</b>	<b>\$ 118,982,966</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 533,398	\$ 618,868	\$ 141,832	\$ 429,602	\$ 1,723,700
Accrued liabilities	4,692,592	-	-	120,719	4,813,311
Notes payable	-	-	5,000,000	-	5,000,000
Other liabilities	534,862	-	-	660	535,522
<b>TOTAL LIABILITIES</b>	<b>5,760,852</b>	<b>618,868</b>	<b>5,141,832</b>	<b>550,981</b>	<b>12,072,533</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	2,196,566	-	11,468	342,562	2,550,596
<b>FUND BALANCES:</b>					
Nonspendable	-	-	-	43,070	43,070
Restricted	370,954	82,454,124	-	16,173,807	98,998,885
Assigned	786,771	-	-	-	786,771
Unassigned	7,765,584	-	(3,151,851)	(82,622)	4,531,111
<b>TOTAL FUND BALANCES</b>	<b>8,923,309</b>	<b>82,454,124</b>	<b>(3,151,851)</b>	<b>16,134,255</b>	<b>104,359,837</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 16,880,727</b>	<b>\$ 83,072,992</b>	<b>\$ 2,001,449</b>	<b>\$ 17,027,798</b>	<b>\$ 118,982,966</b>

Source: Audited financial statements of the Town.



**TOWN OF SHARON, MASSACHUSETTS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2019**

	General	Municipal Building Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and short term investments	\$ 4,543,081	\$ 4,483,788	\$ -	\$ 9,551,288	\$ 18,578,157
Investments	8,631,541	-	4,165,600	174,871	12,972,012
Receivables:					
Property Taxes	1,789,524	-	-	-	1,789,524
Excises	150,928	-	-	-	150,928
Departmental	300	-	6,016	240,345	246,661
Intergovernmental	627,475	-	-	1,259,252	1,886,727
<b>TOTAL ASSETS</b>	<b>\$ 15,742,849</b>	<b>\$ 4,483,788</b>	<b>\$ 4,171,616</b>	<b>\$ 11,225,756</b>	<b>\$ 35,624,009</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 959,794	\$ -	\$ -	\$ 16,531	\$ 976,325
Accrued liabilities	4,235,523	-	-	196,346	4,431,869
Other liabilities	424,203	-	485	-	424,688
<b>TOTAL LIABILITIES</b>	<b>5,619,520</b>	<b>-</b>	<b>485</b>	<b>212,877</b>	<b>5,832,882</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	1,820,044	-	6,016	240,345	2,066,405
<b>FUND BALANCES:</b>					
Nonspendable	-	-	-	43,070	43,070
Restricted	311,144	4,483,788	-	11,479,916	16,274,848
Committed	63,743	-	4,165,115	-	4,228,858
Assigned	564,503	-	-	-	564,503
Unassigned	7,363,895	-	-	(750,452)	6,613,443
<b>TOTAL FUND BALANCES</b>	<b>8,303,285</b>	<b>4,483,788</b>	<b>4,165,115</b>	<b>10,772,534</b>	<b>27,724,722</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 15,742,849</b>	<b>\$ 4,483,788</b>	<b>\$ 4,171,616</b>	<b>\$ 11,225,756</b>	<b>\$ 35,624,009</b>

Source: Audited financial statements of the Town.

**TOWN OF SHARON, MASSACHUSETTS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2018**

	General	Public Safety Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and short term investments	\$ 3,813,835	\$ 827,842	\$ 20,389,772	\$ 25,031,449
Investments	7,111,322	-	3,866,683	10,978,005
Receivables:				
Property Taxes	2,348,360	-	-	2,348,360
Excises	155,226	-	-	155,226
Departmental	600	-	227,369	227,969
Intergovernmental	1,084	-	856,687	857,771
<b>TOTAL ASSETS</b>	<b>\$ 13,430,427</b>	<b>\$ 827,842</b>	<b>\$ 25,340,511</b>	<b>\$ 39,598,780</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 479,604	\$ -	\$ 402,699	\$ 882,303
Accrued liabilities	3,671,210	-	153,108	3,824,318
Other liabilities	696,693	-	457	697,150
<b>TOTAL LIABILITIES</b>	<b>4,847,507</b>	<b>-</b>	<b>556,264</b>	<b>5,403,771</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	2,328,245	-	227,367	2,555,612
<b>FUND BALANCES:</b>				
Nonspendable	-	-	43,070	43,070
Restricted	336,437	827,842	20,939,785	22,104,064
Committed	193,905	-	3,618,137	3,812,042
Assigned	363,219	-	-	363,219
Unassigned	5,361,114	-	(44,112)	5,317,002
<b>TOTAL FUND BALANCES</b>	<b>6,254,675</b>	<b>827,842</b>	<b>24,556,880</b>	<b>31,639,397</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 13,430,427</b>	<b>\$ 827,842</b>	<b>\$ 25,340,511</b>	<b>\$ 39,598,780</b>

Source: Audited financial statements of the Town.

**TOWN OF SHARON, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2020**

	General	High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 68,917,754	\$ -	\$ 557,210	\$ -	\$ 69,474,964
Excises	2,863,149	-	-	-	2,863,149
Penalties, Interest, and Other Taxes	426,858	-	-	1,831	428,689
Charges for Services	182,396	-	-	3,512,727	3,695,123
Intergovernmental	17,029,213	1,347,078	2,629,775	10,638,161	31,644,227
Licenses and Permits	683,029	-	-	-	683,029
Fines and Forfeitures	69,425	-	-	-	69,425
Investment Income	957,019	-	38,878	26,281	1,022,178
Miscellaneous	167,696	-	41,200	86,128	295,024
Contributions	-	-	-	71,432	71,432
<b>TOTAL REVENUES</b>	<b>\$ 91,296,539</b>	<b>\$ 1,347,078</b>	<b>\$ 3,267,063</b>	<b>\$ 14,336,560</b>	<b>\$ 110,247,240</b>
<b>EXPENDITURES</b>					
Current:					
General Government	2,231,921	-	10,584,029	6,361,473	19,177,423
Public Safety	7,373,704	-	-	949,461	8,323,165
Education	50,895,003	3,892,954	-	9,074,163	63,862,120
Public Works	3,994,081	-	-	4,194,022	8,188,103
Health and Human Services	671,770	-	-	129,677	801,447
Culture and Recreation	1,325,931	-	-	562,626	1,888,557
Employee Benefits	14,607,886	-	-	-	14,607,886
Debt Service					
Principal	6,533,129	-	-	-	6,533,129
Interest	2,096,067	-	-	-	2,096,067
Intergovernmental	825,764	-	-	-	825,764
<b>TOTAL EXPENDITURES</b>	<b>90,555,256</b>	<b>3,892,954</b>	<b>10,584,029</b>	<b>21,271,422</b>	<b>126,303,661</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 741,283</b>	<b>\$ (2,545,876)</b>	<b>\$ (7,316,966)</b>	<b>\$ (6,934,862)</b>	<b>\$ (16,056,421)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds	-	74,937,300	-	7,256,700	82,194,000
Bond premiums	-	10,062,700	-	875,865	10,938,565
Transfers In	740,044	-	-	1,141,621	1,881,665
Transfers Out	(861,303)	-	-	(1,461,391)	(2,322,694)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(121,259)</b>	<b>85,000,000</b>	<b>-</b>	<b>7,812,795</b>	<b>92,691,536</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	620,024	82,454,124	(7,316,966)	877,933	76,635,115
Fund Equity at Beginning of Year	8,303,285	-	4,165,115	15,256,322	27,724,722
Fund Equity at End of Year	<b>\$ 8,923,309</b>	<b>\$ 82,454,124</b>	<b>\$ (3,151,851)</b>	<b>\$ 16,134,255</b>	<b>\$ 104,359,837</b>

Source: Audited financial statements of the Town.

**TOWN OF SHARON, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2019**

	General	Municipal Building Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 67,894,910	\$ -	\$ 545,491	\$ -	\$ 68,440,401
Excises	3,114,624	-	-	-	3,114,624
Penalties, Interest, and Other Taxes	577,384	-	-	-	577,384
Charges for Services	275,668	-	-	3,589,101	3,864,769
Intergovernmental	16,689,532	-	100,694	9,438,650	26,228,876
Licenses and Permits	782,413	-	-	-	782,413
Fines and Forfeitures	56,946	-	-	-	56,946
Investment Income	782,075	-	-	11,787	793,862
Miscellaneous	157,710	154,150	148,544	510,125	970,529
<b>TOTAL REVENUES</b>	<b>\$ 90,331,262</b>	<b>\$ 154,150</b>	<b>\$ 794,729</b>	<b>\$ 13,549,663</b>	<b>\$ 104,829,804</b>
<b>EXPENDITURES</b>					
Current:					
General Government	2,213,324	6,982,655	247,751	4,100,486	13,544,216
Public Safety	7,203,677	-	-	1,003,521	8,207,198
Education	49,565,327	-	-	8,712,124	58,277,451
Public Works	3,934,058	-	-	2,955,602	6,889,660
Health and Human Services	647,132	-	-	71,947	719,079
Culture and Recreation	1,280,465	-	-	72,757	1,353,222
Employee Benefits	14,361,248	-	-	-	14,361,248
Debt Service	8,585,646	-	-	62,442	8,648,088
Intergovernmental	863,314	-	-	-	863,314
<b>TOTAL EXPENDITURES</b>	<b>88,654,191</b>	<b>6,982,655</b>	<b>247,751</b>	<b>16,978,879</b>	<b>112,863,476</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,677,071</b>	<b>\$ (6,828,505)</b>	<b>\$ 546,978</b>	<b>\$ (3,429,216)</b>	<b>\$ (8,033,672)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds	-	1,845,850	-	2,326,450	4,172,300
Transfers In	776,478	-	-	1,086,091	1,862,569
Transfers Out	(404,939)	-	-	(1,510,933)	(1,915,872)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>371,539</b>	<b>1,845,850</b>	<b>-</b>	<b>1,901,608</b>	<b>4,118,997</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,048,610	(4,982,655)	546,978	(1,527,608)	(3,914,675)
Fund Equity at Beginning of Year	6,254,675	9,466,443	3,618,137	12,300,142	31,639,397
Fund Equity at End of Year	<b>\$ 8,303,285</b>	<b>\$ 4,483,788</b>	<b>\$ 4,165,115</b>	<b>\$ 10,772,534</b>	<b>\$ 27,724,722</b>

Source: Audited financial statements of the Town.

**TOWN OF SHARON, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2018**

	General	Public Safety Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 65,734,537	\$ -	\$ 525,396	\$ 66,259,933
Excises	3,026,100	-	-	3,026,100
Penalties, Interest, and Other Taxes	654,743	-	-	654,743
Charges for Services	250,261	-	1,999,096	2,249,357
Intergovernmental	15,914,592	-	9,275,461	25,190,053
Licenses and Permits	625,020	-	-	625,020
Fines and Forfeitures	80,232	-	-	80,232
Investment Income	287,719	-	6,838	294,557
Miscellaneous	4,833	-	473,854	478,687
<b>TOTAL REVENUES</b>	<b>\$ 86,578,037</b>	<b>\$ -</b>	<b>\$ 12,280,645</b>	<b>\$ 98,858,682</b>
<b>EXPENDITURES</b>				
Current:				
General Government	2,155,385	-	2,158,831	4,314,216
Public Safety	6,992,541	4,783,326	809,070	12,584,937
Education	47,790,016	-	9,406,109	57,196,125
Public Works	3,995,875	-	1,529,555	5,525,430
Health and Human Services	649,851	-	77,339	727,190
Culture and Recreation	1,235,591	-	250,269	1,485,860
Employee Benefits	13,335,595	-	-	13,335,595
Debt Service	8,901,088	-	79,182	8,980,270
Intergovernmental	748,657	-	-	748,657
<b>TOTAL EXPENDITURES</b>	<b>85,804,599</b>	<b>4,783,326</b>	<b>14,310,355</b>	<b>104,898,280</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 773,438</b>	<b>\$ (4,783,326)</b>	<b>\$ (2,029,710)</b>	<b>\$ (6,039,598)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds	-	-	8,855,000	8,855,000
Transfers In	800,912	-	5,126,706	5,927,618
Transfers Out	(4,512,569)	(750,000)	(745,602)	(6,008,171)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,711,657)</b>	<b>(750,000)</b>	<b>13,236,104</b>	<b>8,774,447</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,938,219)	(5,533,326)	11,206,394	2,734,849
Fund Equity at Beginning of Year	9,192,894	6,361,168	13,350,486	28,904,548
Fund Equity at End of Year	<b>\$ 6,254,675</b>	<b>\$ 827,842</b>	<b>\$ 24,556,880</b>	<b>\$ 31,639,397</b>

Source: Audited financial statements of the Town.

**TOWN OF SHARON, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2017**

	General	Public Safety Building Fund	Ambulance Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 64,241,778	\$ -	\$ -	\$ 512,565	\$ 64,754,343
Excises	3,115,048	-	-	-	3,115,048
Penalties, Interest, and Other Taxes	466,288	-	-	-	466,288
Charges for Services	1,421,296	-	839,017	1,142,075	3,402,388
Intergovernmental	20,377,013	-	-	8,560,977	28,937,990
Licenses and Permits	632,721	-	-	-	632,721
Fines and Forfeitures	67,594	-	-	-	67,594
Investment Income	261,266	-	-	8,229	269,495
Miscellaneous	50,413	-	-	702,610	753,023
<b>TOTAL REVENUES</b>	<b>\$ 90,633,417</b>	<b>\$ -</b>	<b>\$ 839,017</b>	<b>\$ 10,926,456</b>	<b>\$ 102,398,890</b>
<b>EXPENDITURES</b>					
Current:					
General Government	2,110,866	-	-	1,900,639	4,011,505
Public Safety	6,831,733	9,862,746	-	1,188,169	17,882,648
Education	51,415,457	-	-	7,856,283	59,271,740
Public Works	3,841,501	-	-	1,204,191	5,045,692
Health and Human Services	624,028	-	-	36,266	660,294
Culture and Recreation	1,187,829	-	-	303,664	1,491,493
Employee Benefits	13,472,219	-	-	-	13,472,219
Debt Service	8,834,697	-	-	110,600	8,945,297
Intergovernmental	772,291	-	-	-	772,291
<b>TOTAL EXPENDITURES</b>	<b>89,090,621</b>	<b>9,862,746</b>	<b>-</b>	<b>12,599,812</b>	<b>111,553,179</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,542,796</b>	<b>\$ (9,862,746)</b>	<b>\$ 839,017</b>	<b>\$ (1,673,356)</b>	<b>\$ (9,154,289)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds	-	-	-	3,696,000	3,696,000
Transfers In	604,215	-	-	255,000	859,215
Transfers Out	(228,000)	-	(602,000)	(29,215)	(859,215)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>376,215</b>	<b>-</b>	<b>(602,000)</b>	<b>3,921,785</b>	<b>3,696,000</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,919,011	(9,862,746)	237,017	2,248,429	(5,458,289)
Fund Equity at Beginning of Year	7,273,883	16,223,914	1,013,629	9,851,411	34,362,837
Fund Equity at End of Year	<b>\$ 9,192,894</b>	<b>\$ 6,361,168</b>	<b>\$ 1,250,646</b>	<b>\$ 12,099,840</b>	<b>\$ 28,904,548</b>

Source: Audited financial statements of the Town.

**TOWN OF SHARON, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2016**

	General	Public Safety Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 62,671,235	\$ -	\$ 494,350	\$ 63,165,585
Excises	3,058,804	-	-	3,058,804
Penalties, Interest, and Other Taxes	551,347	-	-	551,347
Charges for Services	1,053,222	-	5,995,717	7,048,939
Intergovernmental	10,416,394	-	3,467,949	13,884,343
Licenses and Permits	687,934	-	-	687,934
Fines and Forfeitures	74,599	-	-	74,599
Investment Income	384,407	-	366	384,773
Miscellaneous	283,769	-	260,798	544,567
<b>TOTAL REVENUES</b>	<b>\$ 79,181,711</b>	<b>\$ -</b>	<b>\$ 10,219,180</b>	<b>\$ 89,400,891</b>
<b>EXPENDITURES</b>				
Current:				
General Government	2,024,835	-	278,388	2,303,223
Public Safety	6,633,804	7,216,110	576,505	14,426,419
Education	40,481,200	-	7,595,235	48,076,435
Public Works	3,628,146	-	1,985,900	5,614,046
Health and Human Services	611,748	-	138,582	750,330
Culture and Recreation	1,141,051	-	648,086	1,789,137
Employee Benefits	12,860,186	-	-	12,860,186
Debt Service	9,889,182	-	6,760	9,895,942
Intergovernmental	786,002	-	-	786,002
<b>TOTAL EXPENDITURES</b>	<b>78,056,154</b>	<b>7,216,110</b>	<b>11,229,456</b>	<b>96,501,720</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,125,557</b>	<b>\$ (7,216,110)</b>	<b>\$ (1,010,276)</b>	<b>\$ (7,100,829)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond Proceeds	-	-	1,849,000	1,849,000
Transfers In	678,772	-	275,000	953,772
Transfers Out	(100,000)	-	(953,772)	(1,053,772)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>578,772</b>	<b>-</b>	<b>1,170,228</b>	<b>1,749,000</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,704,329	(7,216,110)	159,952	(5,351,829)
Fund Equity at Beginning of Year	5,569,554	23,440,024	10,705,088	39,714,666
Fund Equity at End of Year	<b>\$ 7,273,883</b>	<b>\$ 16,223,914</b>	<b>\$ 10,865,040</b>	<b>\$ 34,362,837</b>

Source: Audited financial statements of the Town.

## Unassigned General Fund Balances and 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 less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the trend in the Town's unassigned general fund balances and free cash:

<u>Year</u>	Unassigned General Fund Balance for Fiscal Year <u>Ending June 30 (1)</u>	Certified Free Cash for Fiscal Year <u>Beginning July 1</u>
2020	\$7,765,584	\$5,871,797
2019	7,363,895	5,644,979
2018	5,361,114	3,918,278
2017	5,837,880	4,385,525
2016	6,105,409	4,964,801

(1) Reflects Audited Unassigned General Fund Balance, except as footnoted below.

## Stabilization Fund

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund by a two-thirds vote of the town meeting for any municipal purpose. The following is the balance in the fund at the end of the most recent fiscal years.

The following sets forth the trend in the Stabilization Fund:

<u>As of June 30</u>	<u>Amount</u>
2020	\$938,694
2019	885,549
2018	816,162
2017	724,761
2016	604,371

## Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, 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 MMDT'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.

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



## **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" above.)

The Town has not established any such development districts.

## INDEBTEDNESS

### Authorization of General Obligation Bonds and Notes

Serial bonds and notes are authorized by a two-thirds vote 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. Temporary loans in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred 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 for 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 State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, bonds for sewer, water, gas, electric and telecommunications, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for housing, urban renewal and economic development (subject to various debt limits), and electric (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

### Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these 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 composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, 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 ten 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 had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured 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. Generally, they must 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 financing. 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.

**Direct Debt Summary (1)  
As of June 30, 2020,  
Including Subsequent Issue  
Excludes the Effects of the Refunding Bonds**

**General Obligation Bonds:**

Within the General Debt Limit			
General	\$	14,001,750	
Schools		81,602,800	
Other Building		26,408,200	
Departmental Equipment		3,306,250	
Water		<u>25,000</u>	
Total within the debt limit			\$ 125,344,000
Outside the General Debt Limit			
Schools		14,560,000	
Water		8,096,000	
Other		<u>11,050</u>	
Total outside the debt limit			<u>22,667,050</u>
Total Long Term Debt			\$ 148,011,050
This Issue of Bonds to be Dated March 30, 2021 (Excludes the Refunding Bonds)			14,843,400
<b>Short Term Indebtedness:</b>			
Bond Anticipation Notes Outstanding (2)		5,000,000	
Less:			
To be Retired with Bond Proceeds		<u>(5,000,000)</u>	
Total Short Term Debt after This Issue			<u>-</u>
<b>Total Direct Debt After This Issue:</b>			<u><u>\$ 162,854,450</u></u>

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

(2) Payable March 31, 2021. To be retired with Bond proceeds.

## Key Debt Ratios

The following table sets forth the ratio of debt to assessed and equalized valuation and per capita debt ratios at the end of the last five fiscal years. The table considers the principal amount of general obligation bonds of the Town of Sharon only, not reflecting bonds issued subsequent to June 30 of the fiscal years shown. 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 in part by non-tax revenues.

	As of June 30				
	2020	2019	2018	2017	2016
Amount (1)	\$148,011,050	\$68,411,878	\$68,683,575	\$66,871,272	\$70,056,969
Per Capita (2)	\$8,404	\$3,884	\$3,900	\$3,797	\$3,978
Percent of Assessed Valuation (3)	4.04%	1.97%	2.01%	2.03%	2.24%
Percent of Equalized Valuation (4)	4.04%	1.87%	2.05%	1.99%	2.42%
Per Capita as a percent of Personal Income Per Capita (2)	20.34%	9.40%	9.44%	9.19%	9.63%

- (1) Outstanding principal on general obligation bonds. Excludes the Bonds, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.  
(2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.  
(3) Source: Board of Assessors - Assessed valuation as of the prior January 1.  
(4) Source: State Department of Revenue. The equalized valuation used here is the equalized valuation in effect for that fiscal year.

## Annual Debt Service as of June 30, 2020 (1)

Fiscal Year	Outstanding		MCWT Subsidy	MSBA Grant Reimbursements	Net Debt Service	Principal Retired
	Principal (2)	Interest				
2021	\$ 7,201,050	\$ 5,125,385	\$ (1,094)	\$ (1,244,025)	\$ 11,081,316	4.9 %
2022	6,865,000	4,919,331	(552)	(608,054)	11,175,725	9.5
2023	6,905,000	4,666,531	-	-	11,571,531	14.2
2024	7,875,000	4,412,406	-	-	12,287,406	19.5
2025	8,995,000	4,103,956	-	-	13,098,956	25.6
2026	9,795,000	3,733,616	-	-	13,528,616	32.2
2027	9,325,000	3,340,989	-	-	12,665,989	38.5
2028	9,470,000	2,948,210	-	-	12,418,210	44.9
2029	9,550,000	2,538,206	-	-	12,088,206	51.3
2030	9,710,000	2,120,369	-	-	11,830,369	57.9
2031	9,950,000	1,756,969	-	-	11,706,969	64.6
2032	8,885,000	1,381,025	-	-	10,266,025	70.6
2033	8,405,000	1,108,975	-	-	9,513,975	76.3
2034	8,255,000	850,300	-	-	9,105,300	81.9
2035	7,930,000	657,569	-	-	8,587,569	87.2
2036	6,620,000	463,156	-	-	7,083,156	91.7
2037	5,630,000	308,675	-	-	5,938,675	95.5
2038	3,520,000	169,244	-	-	3,689,244	97.9
2039	2,165,000	79,700	-	-	2,244,700	99.4
2040	960,000	24,000	-	-	984,000	100.0
Total	<u>\$ 148,011,050</u>	<u>\$ 44,708,614</u>	<u>\$ (1,646)</u>	<u>\$ (1,852,079)</u>	<u>\$ 190,865,938</u>	

- (1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.  
(2) Principal totaling \$115,748,549 is exempt from the limits of Proposition 2 ½.

## Authorized Unissued Debt

Following delivery of the Bonds, the Town will have approximately \$84,910,287 of authorized unissued debt as follows:

Amount	Purpose
\$ 350,000	(1) Public Safety Building Construction
1,287,657	Town Hall Demolition & Construction
36,330	School Buildings Reconstruction
136,300	Police Departmental Equipment
12,600,000	(2) Public Library Construction
70,500,000	(3) New High School and Athletic Facilities
<u>\$ 84,910,287</u>	TOTAL

(1) Excluded from the limitations of Proposition 2 ½.

(2) Excluded from the limitations of Proposition 2 ½. Approximately \$7.5 million in grant funding expected which will reduce the borrowing authorization by a like amount.

(3) Excluded from the limitations of Proposition 2 ½. MSBA grants of approximately 48.95% of eligible project costs expected which will reduce the borrowing authorization by a like amount.

## Overlapping Debt

The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of Norfolk County and Southeastern Regional Vocational School District, percentage of the Town of Sharon's share of such debt and the fiscal 2021 dollar assessment for each.

	Outstanding Debt as of June 30, 2020	Sharon's Percentage Share (1)	Dollar Assessment Fiscal 2021 (2)
Norfolk County (3)	\$ 16,130,000	2.049 %	\$ 159,436
Southeastern Regional Vocational School District (4)	4,455,000	3.790	165,467

(1) Estimated shares based on debt service only.

(2) Estimated dollar assessment based on net operating expenses, inclusive (where applicable) of debt service.

(3) 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: The District.

## Contracts

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 interests, 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 to enter 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 may be 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.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, (see "CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT" above), cities and towns may also be empowered to make other contracts and leases.

The Town has entered the following long-term contracts:

<u>Service</u>	<u>Firm</u>	<u>Actual 2020 Payment</u>	<u>Budgeted 2021 Payment</u>	<u>Length of Contract</u>
Dumping of Refuse	SEMASS Partnership	\$ 310,000	\$ 317,750	10 years
Refuse Collection	Republic Services	1,345,021	1,300,000	5 years

## RETIREMENT SYSTEM

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 participates in the Norfolk County Retirement System (the "System") which is partially funded by employee contributions. The Town of Sharon meets its share of retirement systems costs on a pay-as-you go basis by contributing annually the amounts determined by the Commonwealth. 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 retirement system are as follows:

<u>Fiscal Year</u>	<u>Contributory</u>
2021	\$4,749,665
2020	4,434,384
2019	4,109,068
2018	3,751,960
2017	3,686,874

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Source: Town Accountant.

The Norfolk County Contributory Retirement System's unfunded actuarial accrued liability (UAAL) on January 1, 2018 was \$570,528,511 assuming an actuarial value of assets of \$945,554,676 and a 7.75% investment rate of return. Approximately 5.93%, or \$33,823,341 of the Retirement System's UAAL is allocable to the Town.

The foregoing data does not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

**Norfolk County Contributory Retirement System's Funding Schedule (As of January 1, 2018)**

Fiscal Year Ending	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 Liability
2019	\$ 25,567,216	\$ 9,863,991	\$ 61,363,442	\$ 71,227,433	24.6	62.4	\$ 570,528,511
2020	26,959,150	10,055,777	66,161,312	76,217,089	25.2	64.4	548,554,158
2021	28,418,314	10,244,850	71,307,435	81,552,285	25.8	67.2	522,221,414
2022	29,957,487	10,430,577	74,406,707	84,837,284	25.7	70.0	491,085,939
2023	31,577,639	10,612,273	77,618,502	88,230,775	25.6	73.1	454,664,678
2024	33,282,940	10,789,200	80,970,806	91,760,006	25.5	76.3	412,432,690
2025	35,077,774	10,960,561	84,469,845	95,430,406	25.3	79.7	363,819,721
2026	36,966,745	11,125,495	88,122,128	99,247,623	25.2	83.3	308,206,508
2027	38,954,690	11,283,079	91,960,753	103,243,832	25.1	87.1	244,920,788
2028	41,046,693	11,432,316	95,941,269	107,373,585	25.0	91.2	173,232,986
2029	43,248,093	11,572,137	81,513,594	93,085,731	20.7	95.4	92,651,568
2030	45,564,500	11,701,390	2,060,901	13,762,291	2.9	99.8	3,830,240
2031	48,001,805	11,818,843	2,143,337	13,962,180	2.8	99.9	2,026,997
2032	50,566,200	11,923,172	-	11,923,172	2.3	100.0	-
2033	53,264,187	12,012,957	-	12,012,957	22.0	100.0	-
2034	56,102,597	12,086,678	-	12,086,678	2.2	100.0	-
2035	59,088,603	12,142,707	-	12,142,707	2.1	100.0	-
2036	62,229,742	12,179,304	-	12,179,304	2.0	100.0	-
2037	65,533,929	12,194,606	-	12,194,606	1.9	100.0	-
2038	69,009,477	12,186,621	-	12,186,621	1.8	100.0	-
2039	72,665,119	12,153,224	-	12,153,224	1.7	100.0	-
2040	76,510,024	12,092,144	-	12,092,144	1.7	100.0	-
2041	79,952,976	12,636,290	-	12,636,290	1.7	100.0	-
2042	83,550,859	13,204,923	-	13,204,923	1.7	100.0	-
2043	87,310,648	13,799,145	-	13,799,145	1.7	100.0	-
2044	91,239,627	14,420,106	-	14,420,106	1.7	100.0	-
2045	95,345,410	15,069,011	-	15,069,011	1.7	100.0	-
2046	99,635,954	15,747,117	-	15,747,117	1.7	100.0	-
2047	104,119,572	16,455,737	-	16,455,737	1.7	100.0	-
2048	108,804,953	17,196,245	-	17,196,245	1.7	100.0	-
2049	113,701,175	17,970,076	-	17,970,076	1.7	100.0	-
2050	118,817,728	18,778,729	-	18,778,729	1.7	100.0	-

\*\*Beginning of Fiscal Year

Source: Actuarial Valuation Report of the Norfolk County System, PERAC.



## 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 or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021 (budgeted)	\$ 1,871,627
2020	1,799,641
2019	1,763,939
2018	2,647,064
2017	2,684,008
2016	2,239,942

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 was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town has performed an actuarial valuation of its non-pension, post-employment benefit (OPEB) liability. As of June 30, 2019, the total OPEB liability for benefits was \$85,683,647 and the fiduciary net position was \$919,017, resulting in a net OPEB liability of \$84,764,630, assuming a discount rate of 4.25%. The actuarial determined contribution (ADC) is an amount determined by the actuary pursuant to GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities. For the fiscal year ending June 30, 2019, the ADC was \$7,455,813. An article to accept legislation allowing for the creation of an OPEB Trust was approved at the May 5, 2014 Town Meeting.

The contributions of the Town to the OPEB Trust in recent years has been as follows:

<u>Fiscal Year</u>	<u>Contribution</u>
2021 (budgeted)	\$ 350,000
2020	350,000
2019	300,000
2018	200,000
2017	150,000
2016	100,000

The total fund balance as of June 30, 2020 was \$1,296,433.

## COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively by representatives of their choice on questions of wages, hours and other terms and conditions of employment.

The Town has approximately 755 full-time and seasonal employees, of whom approximately 78 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Department</u>	<u>Number of Employees</u>	<u>Contract Expires (1)</u>
Government:			
A.F.S.C.M.E.	Public Works	39	6/30/20
International Assoc. of Firefighters (Local 1880)	Fire	25	6/30/20
Police Assn. Unit	Police	27	6/30/21
Service Employees (Local 888)	Library	14	6/30/20
Sharon Municipal Employees Assoc.	All	24	6/30/21
Management Professional Employees Assoc.	All	18	6/30/20
Crossing Guards	Public Safety	N/A	6/30/20
Dispatchers	Public Safety	N/A	6/30/22
School:			
Mass. Teachers Association	Teachers	362	6/30/20
A.F.S.C.M.E.	Custodial	20	6/30/21
A.F.S.C.M.E.	Cafeteria	22	6/30/21
Sharon Administrative Assistants	Clerical	<u>20</u>	6/30/22
		<u>571</u>	

(1) Expired contracts are currently in negotiations.

## LITIGATION

At present there are a number of cases pending in various courts throughout the Commonwealth where the Town of Sharon is a defendant. In the opinion of the Town Counsel, given the Town's ability to bond against any adverse judgment and the potential availability of insurance coverage, it is unlikely that either individually or in the aggregate, any final judgments against the Town would materially adversely affect its financial position.

TOWN OF SHARON, MASSACHUSETTS  
/s/ Lisa Clark, Treasurer

March 9, 2021



## **TOWN OF SHARON, MASSACHUSETTS**

Financial Statements  
For the Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

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## CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	A-1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	A-4
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	A-12
Statement of Activities	A-14
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet	A-15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	A-16
Statement of Revenues, Expenditures, and Changes in Fund Balances	A-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-18
<b>Proprietary Funds:</b>	
Statement of Net Position	A-19
Statement of Revenues, Expenses, and Changes in Fund Net Position	A-20
Statement of Cash Flows	A-21
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Position	A-21
Statement of Changes in Fiduciary Net Position	A-23
<b>Notes to Financial Statements</b>	A-24

**REQUIRED SUPPLEMENTARY INFORMATION:**

**Budget and Actual:**

Schedule of Revenues, Expenditures, and Other Financing Sources/Uses  
– Budget and Actual – General Fund A-64

Schedule of Revenues, Expenditures, and Other Financing Sources/Uses  
– Budget and Actual – Community Preservation Fund A-65

Notes to Required Supplementary Information for Budget A-66

**Pension:**

Schedule of Proportionate Share of the Net Pension Liability A-67

Schedule of Pension Contributions A-68

**OPEB:**

Schedule of Changes in Net OPEB Liability A-69

Schedules of Net OPEB Liability, Contributions, and Investment Returns A-70



## INDEPENDENT AUDITORS' REPORT

To the Select Board  
Town of Sharon, 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 Sharon, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sharon, 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 Management's Discussion and Analysis, the Budgetary Comparison for the General Fund and Community Preservation fund, and certain Pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient 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 January 15, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant





agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

*Melanson*

Andover, Massachusetts  
January 15, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Sharon, Massachusetts (the Town) we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprised three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other 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 our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources with the difference 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 Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

#### ***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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. 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.

### ***Proprietary Funds***

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water and cable operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured employee health programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and cable 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 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.

***Notes to 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.

***Required/Other Supplementary Information (Other Than MD&A)***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

**Financial Highlights**

- As of the close of the current fiscal year, net position in governmental activities was \$20,099,660, a change of \$(975,319), and net position in business-type activities was \$15,036,074, a change of \$967,085.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$104,359,837, a change of \$76,635,115 in comparison to the prior year primarily due to a \$74,937,300 bond issuance for the High School project.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,765,584, a change of \$401,689 in comparison to the prior year.

## Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	NET POSITION (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 121,958	\$ 39,035	\$ 10,825	\$ 5,635	\$ 132,783	\$ 44,670
Capital assets	<u>184,187</u>	<u>167,812</u>	<u>14,183</u>	<u>13,634</u>	<u>198,370</u>	<u>181,446</u>
Total assets	306,145	206,847	25,008	19,269	331,153	226,116
Deferred outflows of resources	12,579	21,336	101	175	12,680	21,511
Current liabilities	22,309	13,709	885	325	23,194	14,034
Noncurrent liabilities	<u>269,814</u>	<u>183,057</u>	<u>9,136</u>	<u>4,965</u>	<u>278,950</u>	<u>188,022</u>
Total liabilities	292,123	196,766	10,021	5,290	302,144	202,056
Deferred inflows of resources	6,501	10,342	52	85	6,553	10,427
Net investment in capital assets	136,560	110,816	11,922	9,451	148,482	120,267
Restricted	6,409	12,189	-	-	6,409	12,189
Unrestricted	<u>(122,869)</u>	<u>(101,930)</u>	<u>3,114</u>	<u>4,618</u>	<u>(119,755)</u>	<u>(97,312)</u>
Total net position	\$ <u>20,100</u>	\$ <u>21,075</u>	\$ <u>15,036</u>	\$ <u>14,069</u>	\$ <u>35,136</u>	\$ <u>35,144</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$35,135,734, a change of \$(8,234) in comparison to the prior year.

The largest portion of net position \$148,482,052 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$6,409,240 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(119,755,558) primarily resulting from bonds payable and unfunded pension and OPEB liabilities.

### CHANGES IN NET POSITION (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
	<b>Revenues:</b>					
Program revenues:						
Charges for services	\$ 5,042	\$ 9,279	\$ 5,385	\$ 4,260	\$ 10,427	\$ 13,539
Operating grants and contributions	35,871	22,661	-	-	35,871	22,661
Capital grants and contributions	1,951	3,070	-	-	1,951	3,070
General revenues:						
Property taxes	69,093	67,927	-	-	69,093	67,927
Excises	2,973	3,105	-	-	2,973	3,105
Penalties and interest on taxes	429	561	-	-	429	561
Grants and contributions not restricted to specific programs	1,558	1,730	-	-	1,558	1,730
Investment income	983	724	-	-	983	724
Other	295	890	-	-	295	890
	118,195	109,947	5,385	4,260	123,580	114,207
<b>Expenses:</b>						
General government	7,225	6,302	-	-	7,225	6,302
Public safety	20,143	20,054	-	-	20,143	20,054
Education	69,304	64,707	-	-	69,304	64,707
Public works	13,974	11,564	-	-	13,974	11,564
Human services	1,811	1,946	-	-	1,811	1,946
Culture and recreation	2,331	3,944	-	-	2,331	3,944
Interest on long-term debt	3,671	2,070	-	-	3,671	2,070
Intergovernmental	826	863	-	-	826	863
Miscellaneous	-	66	-	-	-	66
Water operations	-	-	4,068	3,685	4,068	3,685
Cable services	-	-	339	-	339	-
	119,285	111,516	4,407	3,685	123,692	115,201
Change in net assets before transfers	(1,090)	(1,569)	978	575	(112)	(994)
Transfers in (out)	115	22	(11)	(22)	104	-
Change in net position	(975)	(1,547)	967	553	(8)	(994)
Net position - beginning of year	21,075	22,622	14,069	13,516	35,144	36,138
Net position - end of year	\$ 20,100	\$ 21,075	\$ 15,036	\$ 14,069	\$ 35,136	\$ 35,144

**Governmental Activities**

Governmental activities for the year resulted in a change in net position of \$(975,319). Key elements of this change are as follows:

General fund operations	\$	620,024
Major High School construction fund accrual basis		1,347,078
Major community preservation fund accrual basis		3,032,428
Change in net OPEB liability and related deferred outflows/inflows		(5,309,795)
Change in net pension liability and related deferred outflows/inflows		(374,284)
Other changes		<u>(290,770)</u>
Total	\$	<u><u>(975,319)</u></u>

**Business-Type Activities**

Business-type activities for the year resulted in a change in net position of \$967,085.

**Financial Analysis of the Town's Funds**

As noted earlier, fund accounting is used 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 fiscal year.

**General Fund**

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,765,584, while total fund balance was \$8,923,309. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned fund balance	\$ 7,765,584	\$ 7,363,895	\$ 401,689	8.6%
Total fund balance	\$ 8,923,309	\$ 8,303,285	\$ 620,024	9.9%

\* Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System of \$6,062,294.

The total fund balance of the general fund changed by \$620,024 during the current fiscal year. Key factors in this change are as follows:

Revenues less than budget	\$ (154,016)
Expenditures less than budget	527,926
Use of overlay surplus as a funding source	(200,000)
Change in stabilization	53,144
Other	<u>392,970</u>
Total	<u>\$ 620,024</u>

Included in the total general fund balance are the Town’s stabilization accounts with the following balances:

	<u>6/30/20</u>	<u>6/30/19</u>	<u>Change</u>
General stabilization	\$ 938,694	\$ 885,550	\$ 53,144

*Other Major Funds*

High School Construction project – The Town voted to construct a new High School, and all activity for the project is tracked within this fund.

State legislation allows Community Preservation Act fund property taxes and state matching funds to finance projects such as preservation of historical buildings. Funds are being accumulated to finance debt service costs on approved projects.

*Non-Major Governmental Funds*

The non-major fund balance changed by \$877,933 primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

***Proprietary Funds***

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$3,113,523, a change of \$(1,504,119) in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

**General Fund Budgetary Highlights**

Additional capital items in the amount of \$226,040 were funded from operating reserves.



## **Capital Asset and Debt Administration**

### ***Capital Assets***

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$198,371,214 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- \$10,013,590 – Rattlesnake Hill land purchase
- \$3,892,954 – Construction in progress for new High School project

Additional information on capital assets can be found in the Notes to the Financial Statements.

### ***Long-Term Debt***

At the end of the current fiscal year, total bonded debt outstanding was \$159,433,614, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Sharon'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:

Office of Finance Director  
Town of Sharon, Massachusetts  
90 Main Street  
Sharon, Massachusetts 02067

**TOWN OF SHARON, MASSACHUSETTS**

Statement of Net Position

June 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 93,874,828	\$ 9,137,973	\$ 103,012,801
Investments	24,459,625	-	24,459,625
Receivables, net of allowance for uncollectibles:			
Property taxes	1,966,045	-	1,966,045
Excises	223,118	-	223,118
User fees	282,256	1,686,818	1,969,074
Departmental and other	12,977	-	12,977
Intergovernmental	<u>706,784</u>	<u>-</u>	<u>706,784</u>
Total Current Assets	121,525,633	10,824,791	132,350,424
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	431,603	-	431,603
Capital assets:			
Land and construction in progress	37,724,342	1,957,982	39,682,324
Other capital assets, net of accumulated depreciation	<u>146,463,447</u>	<u>12,225,443</u>	<u>158,688,890</u>
Total Noncurrent Assets	<u>184,619,392</u>	<u>14,183,425</u>	<u>198,802,817</u>
Total Assets	306,145,025	25,008,216	331,153,241
<b>Deferred Outflows of Resources</b>			
Related to pensions	3,813,229	32,690	3,845,919
Related to OPEB	<u>8,765,848</u>	<u>68,252</u>	<u>8,834,100</u>
Total Deferred Outflows of Resources	12,579,077	100,942	12,680,019

(continued)

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Statement of Net Position

June 30, 2020

(continued)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>Liabilities</b>			
Current:			
Accounts payable	1,724,059	335,219	2,059,278
Accrued liabilities	7,595,218	-	7,595,218
Notes payable	5,000,000	-	5,000,000
Other current liabilities	535,522	-	535,522
Current portion of long-term liabilities:			
Bonds payable	7,226,977	545,200	7,772,177
Compensated absences	160,503	4,899	165,402
Capital lease	41,922	-	41,922
Landfill liability	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Current Liabilities	22,309,201	885,318	23,194,519
Noncurrent:			
Bonds payable, net of current portion	143,601,637	8,059,800	151,661,437
Net pension liability	34,464,005	295,455	34,759,460
Net OPEB liability	88,311,258	687,602	88,998,860
Compensated absences, net of current portion	3,049,561	93,085	3,142,646
Capital lease, net of current portion	112,035	-	112,035
Landfill liability, net of current portion	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Total Noncurrent Liabilities	<u>269,813,496</u>	<u>9,135,942</u>	<u>278,949,438</u>
Total Liabilities	292,122,697	10,021,260	302,143,957
<b>Deferred Inflows of Resources</b>			
Related to pensions	1,525,635	13,079	1,538,714
Related to OPEB	<u>4,976,110</u>	<u>38,745</u>	<u>5,014,855</u>
Total Deferred Inflows of Resources	6,501,745	51,824	6,553,569
<b>Net Position</b>			
Net investment in capital assets	136,559,501	11,922,551	148,482,052
Restricted for:			
Grants and other statutory restrictions	5,916,955	-	5,916,955
Permanent funds:			
Nonexpendable	43,070	-	43,070
Expendable	449,215	-	449,215
Unrestricted	<u>(122,869,081)</u>	<u>3,113,523</u>	<u>(119,755,558)</u>
Total Net Position	<u>\$ 20,099,660</u>	<u>\$ 15,036,074</u>	<u>\$ 35,135,734</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Statement of Activities  
For the Year Ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
General government	\$ 7,225,117	\$ 845,771	\$ 2,842,828	\$ -	\$ (3,536,518)	\$ -	\$ (3,536,518)
Public safety	20,143,146	982,072	91,482	-	(19,069,592)	-	(19,069,592)
Education	69,304,413	106,605	30,931,358	1,950,622	(36,315,828)	-	(36,315,828)
Public works	13,974,202	2,778,782	1,037,674	-	(10,157,746)	-	(10,157,746)
Health and human services	1,811,442	72,227	50,440	-	(1,688,775)	-	(1,688,775)
Culture and recreation	2,331,301	256,788	30,386	-	(2,044,127)	-	(2,044,127)
Interest on long-term debt	3,670,509	-	-	-	(3,670,509)	-	(3,670,509)
Intergovernmental	825,764	-	-	-	(825,764)	-	(825,764)
Miscellaneous	-	-	887,560	-	887,560	-	887,560
Total Governmental Activities	<u>119,285,894</u>	<u>5,042,245</u>	<u>35,871,728</u>	<u>1,950,622</u>	<u>(76,421,299)</u>	<u>-</u>	<u>(76,421,299)</u>
<b>Business-Type Activities</b>							
Water services	4,067,681	5,065,595	-	-	-	997,914	997,914
Cable services	<u>339,039</u>	<u>319,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Total Business-Type Activities	<u>4,406,720</u>	<u>5,384,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977,914</u>	<u>977,914</u>
Total	<u>\$ 123,692,614</u>	<u>\$ 10,426,879</u>	<u>\$ 35,871,728</u>	<u>\$ 1,950,622</u>	<u>(76,421,299)</u>	<u>977,914</u>	<u>(75,443,385)</u>
<b>General Revenues and Transfers</b>							
Property taxes					69,093,491	-	69,093,491
Excises					2,972,769	-	2,972,769
Penalties, interest, and other taxes					428,689	-	428,689
Grants and contributions not restricted to specific programs					1,557,925	-	1,557,925
Investment income					983,300	-	983,300
Miscellaneous					295,024	-	295,024
Transfers, net					<u>114,782</u>	<u>(10,829)</u>	<u>103,953</u>
Total general revenues					<u>75,445,980</u>	<u>(10,829)</u>	<u>75,435,151</u>
Change in Net Position					(975,319)	967,085	(8,234)
<b>Net Position</b>							
Beginning of year					<u>21,074,979</u>	<u>14,068,989</u>	<u>35,143,968</u>
End of year					<u>\$ 20,099,660</u>	<u>\$ 15,036,074</u>	<u>\$ 35,135,734</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Governmental Funds  
Balance Sheet  
June 30, 2020

	General Fund	High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and short-term investments	\$ 3,330,869	\$ 73,007,372	\$ -	\$ 15,700,806	\$ 92,039,047
Investments	10,614,253	10,065,620	1,989,982	276,986	22,946,841
Receivables:					
Property taxes	2,667,170	-	-	-	2,667,170
Excises	267,585	-	-	-	267,585
User fees	-	-	-	342,562	342,562
Departmental	850	-	11,467	660	12,977
Intergovernmental	-	-	-	706,784	706,784
	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,784</u>	<u>706,784</u>
Total Assets	<u>\$ 16,880,727</u>	<u>\$ 83,072,992</u>	<u>\$ 2,001,449</u>	<u>\$ 17,027,798</u>	<u>\$ 118,982,966</u>
<b>Liabilities</b>					
Accounts payable	\$ 533,398	\$ 618,868	\$ 141,832	\$ 429,602	\$ 1,723,700
Accrued liabilities	4,692,592	-	-	120,719	4,813,311
Notes payable	-	-	5,000,000	-	5,000,000
Other liabilities	534,862	-	-	660	535,522
	<u>5,760,852</u>	<u>618,868</u>	<u>5,141,832</u>	<u>550,981</u>	<u>12,072,533</u>
Total Liabilities	5,760,852	618,868	5,141,832	550,981	12,072,533
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	2,196,566	-	11,468	342,562	2,550,596
<b>Fund Balances</b>					
Nonspendable	-	-	-	43,070	43,070
Restricted	370,954	82,454,124	-	16,173,807	98,998,885
Assigned	786,771	-	-	-	786,771
Unassigned	7,765,584	-	(3,151,851)	(82,622)	4,531,111
	<u>8,923,309</u>	<u>82,454,124</u>	<u>(3,151,851)</u>	<u>16,134,255</u>	<u>104,359,837</u>
Total Fund Balances	8,923,309	82,454,124	(3,151,851)	16,134,255	104,359,837
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,880,727</u>	<u>\$ 83,072,992</u>	<u>\$ 2,001,449</u>	<u>\$ 17,027,798</u>	<u>\$ 118,982,966</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
in the Statement of Net Position  
June 30, 2020

<b>Total governmental fund balances</b>	\$	104,359,837
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		184,187,789
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.		2,176,302
• Internal service funds are used by management to account for health insurance and workers' compensation activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.		2,651,722
• Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(271,190,567)
• Other		<u>(2,085,423)</u>
<b>Net position of governmental activities</b>	\$	<u><u>20,099,660</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2020

	General Fund	High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 68,917,754	\$ -	\$ 557,210	\$ -	\$ 69,474,964
Excises	2,863,149	-	-	-	2,863,149
Penalties, interest, and other taxes	426,858	-	-	1,831	428,689
Charges for services	182,396	-	-	3,512,727	3,695,123
Intergovernmental	17,029,213	1,347,078	2,629,775	10,638,161	31,644,227
Licenses and permits	683,029	-	-	-	683,029
Fines and forfeitures	69,425	-	-	-	69,425
Investment income	957,019	-	38,878	26,281	1,022,178
Miscellaneous	167,696	-	41,200	86,128	295,024
Contributions	-	-	-	71,432	71,432
	<u>91,296,539</u>	<u>1,347,078</u>	<u>3,267,063</u>	<u>14,336,560</u>	<u>110,247,240</u>
<b>Total Revenues</b>					
<b>Expenditures</b>					
Current:					
General government	2,231,921	-	10,584,029	6,361,473	19,177,423
Public safety	7,373,704	-	-	949,461	8,323,165
Education	50,895,003	3,892,954	-	9,074,163	63,862,120
Public works	3,994,081	-	-	4,194,022	8,188,103
Health and human services	671,770	-	-	129,677	801,447
Culture and recreation	1,325,931	-	-	562,626	1,888,557
Employee benefits	14,607,886	-	-	-	14,607,886
Debt service:					
Principal	6,533,129	-	-	-	6,533,129
Interest	2,096,067	-	-	-	2,096,067
Intergovernmental	825,764	-	-	-	825,764
	<u>90,555,256</u>	<u>3,892,954</u>	<u>10,584,029</u>	<u>21,271,422</u>	<u>126,303,661</u>
<b>Total Expenditures</b>					
Excess (deficiency) of revenues over expenditures	741,283	(2,545,876)	(7,316,966)	(6,934,862)	(16,056,421)
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	74,937,300	-	7,256,700	82,194,000
Bond premiums	-	10,062,700	-	875,865	10,938,565
Transfers in	740,044	-	-	1,141,621	1,881,665
Transfers out	<u>(861,303)</u>	<u>-</u>	<u>-</u>	<u>(1,461,391)</u>	<u>(2,322,694)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(121,259)</u>	<u>85,000,000</u>	<u>-</u>	<u>7,812,795</u>	<u>92,691,536</u>
Change in fund balance	620,024	82,454,124	(7,316,966)	877,933	76,635,115
Fund Balance, at Beginning of Year, as reclassified	<u>8,303,285</u>	<u>-</u>	<u>4,165,115</u>	<u>15,256,322</u>	<u>27,724,722</u>
Fund Balance, at End of Year	<u>\$ 8,923,309</u>	<u>\$ 82,454,124</u>	<u>\$ (3,151,851)</u>	<u>\$ 16,134,255</u>	<u>\$ 104,359,837</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
In Fund Balances of Governmental Funds To the Statement of Activities  
For the Year Ended June 30, 2020

<b>Net changes in fund balances - total governmental funds</b>	\$	76,635,115																																	
<ul style="list-style-type: none"> <li>• 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Capital outlay</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">22,678,977</td> </tr> <tr> <td>Depreciation</td> <td></td> <td style="text-align: right;">(6,303,573)</td> </tr> </table> </li> <li>• The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Issuance of debt</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(82,194,000)</td> </tr> <tr> <td>Bond premium</td> <td></td> <td style="text-align: right;">(10,938,565)</td> </tr> <tr> <td>Repayments of debt</td> <td></td> <td style="text-align: right;">6,533,129</td> </tr> <tr> <td>Repayment of capital lease</td> <td></td> <td style="text-align: right;">40,361</td> </tr> </table> </li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">283,936</td> </tr> </table> </li> <li>• 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Change in pension expense from GASB 68</td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(374,284)</td> </tr> <tr> <td>Change in OPEB expense from GASB 75</td> <td></td> <td style="text-align: right;">(5,309,795)</td> </tr> <tr> <td>Other</td> <td></td> <td style="text-align: right;">(1,709,276)</td> </tr> </table> </li> <li>• Internal service funds are used by management to account for health insurance and workers' compensation activities. The net activity of internal service funds is reported with Governmental Activities. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 10%;"></td> <td style="width: 20%; text-align: right;">(317,344)</td> </tr> </table> </li> </ul>			Capital outlay		22,678,977	Depreciation		(6,303,573)	Issuance of debt		(82,194,000)	Bond premium		(10,938,565)	Repayments of debt		6,533,129	Repayment of capital lease		40,361			283,936	Change in pension expense from GASB 68		(374,284)	Change in OPEB expense from GASB 75		(5,309,795)	Other		(1,709,276)			(317,344)
Capital outlay		22,678,977																																	
Depreciation		(6,303,573)																																	
Issuance of debt		(82,194,000)																																	
Bond premium		(10,938,565)																																	
Repayments of debt		6,533,129																																	
Repayment of capital lease		40,361																																	
		283,936																																	
Change in pension expense from GASB 68		(374,284)																																	
Change in OPEB expense from GASB 75		(5,309,795)																																	
Other		(1,709,276)																																	
		(317,344)																																	
<b>Change in net position of governmental activities</b>	\$	<u><u>(975,319)</u></u>																																	

The accompanying notes are an integral part of these financial statements.



TOWN OF SHARON, MASSACHUSETTS

Proprietary Funds  
Statement of Net Position  
June 30, 2020

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water Fund	Nonmajor Cable Fund	Total	Internal Service Funds
<b>Assets</b>				
Current:				
Cash and short-term investments	\$ 9,137,973	\$ -	\$ 9,137,973	\$ 1,835,781
Investments	-	-	-	1,512,784
User fees, net of allowance for uncollectibles	<u>1,686,818</u>	<u>-</u>	<u>1,686,818</u>	<u>-</u>
Total current assets	10,824,791	-	10,824,791	3,348,565
Noncurrent:				
Capital assets:				
Land and construction in progress	1,957,982	-	1,957,982	-
Other capital assets, net of accumulated depreciation	<u>12,225,443</u>	<u>-</u>	<u>12,225,443</u>	<u>-</u>
Total noncurrent assets	<u>14,183,425</u>	<u>-</u>	<u>14,183,425</u>	<u>-</u>
Total Assets	25,008,216	-	25,008,216	3,348,565
<b>Deferred Outflows of Resources</b>				
Related to pensions	32,690	-	32,690	-
Related to OPEB	<u>68,252</u>	<u>-</u>	<u>68,252</u>	<u>-</u>
Total Deferred Outflows of Resources	100,942	-	100,942	-
<b>Liabilities</b>				
Current:				
Accounts payable	335,219	-	335,219	359
Accrued liabilities	-	-	-	696,484
Current portion of long-term liabilities:				
Bonds payable	545,200	-	545,200	-
Compensated absences	<u>4,899</u>	<u>-</u>	<u>4,899</u>	<u>-</u>
Total current liabilities	885,318	-	885,318	696,843
Noncurrent:				
Bonds payable, net of current portion	8,059,800	-	8,059,800	-
Net pension liability	295,455	-	295,455	-
Net OPEB liability	687,602	-	687,602	-
Compensated absences, net of current portion	<u>93,085</u>	<u>-</u>	<u>93,085</u>	<u>-</u>
Total noncurrent liabilities	<u>9,135,942</u>	<u>-</u>	<u>9,135,942</u>	<u>-</u>
Total Liabilities	10,021,260	-	10,021,260	696,843
<b>Deferred Inflows of Resources</b>				
Related to pensions	13,079	-	13,079	-
Related to OPEB	<u>38,745</u>	<u>-</u>	<u>38,745</u>	<u>-</u>
Total Deferred Inflows of Resources	51,824	-	51,824	-
<b>Net Position</b>				
Net investment in capital assets	11,922,551	-	11,922,551	-
Unrestricted	<u>3,113,523</u>	<u>-</u>	<u>3,113,523</u>	<u>2,651,722</u>
<b>Total Net Position</b>	<u>\$ 15,036,074</u>	<u>\$ -</u>	<u>\$ 15,036,074</u>	<u>\$ 2,651,722</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Proprietary Funds  
Statement Of Revenues, Expenses And Changes In Fund Net Position  
For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Fund	Nonmajor Cable Fund	Total	Internal Service Fund
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>	<u>Fund</u>
Operating Revenues				
Charges for services	\$ 5,029,992	\$ 319,039	\$ 5,349,031	\$ -
Employee and employer contributions	-	-	-	11,979,511
Miscellaneous	<u>35,603</u>	<u>-</u>	<u>35,603</u>	<u>-</u>
Total Operating Revenues	5,065,595	319,039	5,384,634	11,979,511
Operating Expenses				
Salaries and benefits	2,102,958	-	2,102,958	-
Other operating expenses	1,015,441	339,039	1,354,480	12,852,666
Depreciation	<u>800,890</u>	<u>-</u>	<u>800,890</u>	<u>-</u>
Total Operating Expenses	<u>3,919,289</u>	<u>339,039</u>	<u>4,258,328</u>	<u>12,852,666</u>
Operating Income (Loss)	1,146,306	(20,000)	1,126,306	(873,155)
Nonoperating Revenues (Expenses)				
Interest expense	<u>(148,392)</u>	<u>-</u>	<u>(148,392)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), Net	<u>(148,392)</u>	<u>-</u>	<u>(148,392)</u>	<u>-</u>
Income (Loss) Before Transfers	997,914	(20,000)	977,914	(873,155)
Transfer in	-	-	-	555,811
Transfer out	<u>(10,829)</u>	<u>-</u>	<u>(10,829)</u>	<u>-</u>
Change in Net Position	987,085	(20,000)	967,085	(317,344)
Net Position at Beginning of Year	<u>14,048,989</u>	<u>20,000</u>	<u>14,068,989</u>	<u>2,969,066</u>
Net Position at End of Year	<u>\$ 15,036,074</u>	<u>\$ -</u>	<u>\$ 15,036,074</u>	<u>\$ 2,651,722</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds		Governmental
	Water	Nonmajor	Internal
	Fund	Cable Fund	Service Fund
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 4,694,291	\$ 319,039	\$ 11,979,511
Payments to employees	(2,080,204)	-	(12,739,758)
Payments to vendors	<u>(943,550)</u>	<u>(339,039)</u>	<u>(30,762)</u>
Net Cash Provided By (Used For) Operating Activities	1,670,537	(20,000)	(791,009)
Cash Flows From Capital and Related Financing Activities			
Proceeds of bonds	4,246,000	-	-
Proceeds of bond premiums	484,000	-	-
Principal payments on bonds	(307,700)	-	-
Interest expense	(148,392)	-	-
Acquisition and construction of capital assets	<u>(1,094,350)</u>	<u>-</u>	<u>-</u>
Net Cash Provided By Capital and Related Financing Activities	3,179,558	-	-
Cash Flows From Non-Capital Financing Activities			
Transfer in	-	-	555,811
Transfer out	<u>(10,829)</u>	<u>-</u>	<u>-</u>
Net Cash Provided By (Used For) Non-capital Activities	(10,829)	-	555,811
Cash Flows From Investing Activities			
Investment income	<u>-</u>	<u>-</u>	<u>2,070,979</u>
Net Cash Provided By Investing Activities	<u>-</u>	<u>-</u>	<u>2,070,979</u>
Net Change in Cash and Short-Term Investments	4,839,266	(20,000)	1,835,781
Cash and Short-Term Investments, Beginning of Year	<u>4,298,707</u>	<u>20,000</u>	<u>-</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>9,137,973</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,835,781</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities			
Operating income	\$ 1,146,306	\$ (20,000)	\$ (873,155)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	800,890	-	-
Changes in assets, liabilities, and deferred outflow/inflows:			
User fees	(371,304)	-	-
Deferred outflows - related to pensions	53,522	-	-
Deferred outflows - related to OPEB	20,923	-	-
Warrants and accounts payable	66,650	-	(3,324)
Accrued liabilities	(7,102)	-	85,470
Net pension liability	(29,531)	-	-
Net OPEB liability	22,754	-	-
Deferred inflows - related to pensions	(20,783)	-	-
Deferred inflows - related to OPEB	<u>(11,788)</u>	<u>-</u>	<u>-</u>
Net Cash Provided By (Used For) Operating Activities	\$ <u><u>1,670,537</u></u>	\$ <u><u>(20,000)</u></u>	\$ <u><u>(791,009)</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2020

	Other Post-Employment Benefits Trust <u>Fund</u>	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
<b>Assets</b>			
Cash and short-term investments	\$ -	\$ 26,952	\$ -
Investments:			
Certificates of deposit	-	88,450	332,593
Federal agency securities	-	-	76,321
Corporate bonds	-	-	14,011
Corporate equities	-	-	19,777
Mutual funds	<u>1,296,442</u>	<u>-</u>	<u>87,251</u>
Total Investments	1,296,442	88,450	529,953
Accounts receivable	<u>-</u>	<u>-</u>	<u>55,682</u>
Total Assets	1,296,442	115,402	585,635
<b>Liabilities</b>			
Other liabilities	<u>-</u>	<u>-</u>	<u>585,635</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 585,635</u>
<b>Net Position</b>			
Restricted for OPEB purposes	1,296,442	-	
Restricted for individual organizations and other governments	<u>-</u>	<u>115,402</u>	
	<u>\$ 1,296,442</u>	<u>\$ 115,402</u>	

The accompanying notes are an integral part of these financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2020

	Other Post-Employment Benefits Trust <u>Fund</u>	Private Purpose <u>Trust Funds</u>
<b>Additions</b>		
Employer contributions	\$ 2,149,641	\$ -
Investment income	<u>27,425</u>	<u>1,724</u>
Total additions	2,177,066	1,724
<b>Deductions</b>		
Benefit payments to plan members, beneficiaries and other systems	1,799,641	-
Miscellaneous expenditures	<u>-</u>	<u>4,100</u>
Total deductions	<u>1,799,641</u>	<u>4,100</u>
Net increase (decrease)	377,425	(2,376)
<b>Net position restricted for pensions and other purposes</b>		
Beginning of year	<u>919,017</u>	<u>117,778</u>
End of year	\$ <u><u>1,296,442</u></u>	\$ <u><u>115,402</u></u>

The accompanying notes are an integral part of these financial statements.

## TOWN OF SHARON, MASSACHUSETTS

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Sharon, Massachusetts (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

##### ***Reporting Entity***

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2020, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

##### ***Government-Wide and Fund Financial Statements***

###### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

###### *Fund Financial Statements*

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

## ***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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

### *Fund Financial Statements*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *high school construction fund* accounts for funds used in the construction of the new high school.
- The *community preservation fund* accounts for funds used to account for revenues and expenditures related to the levy of a 1% property tax surcharge that is authorized by the Community Preservation Act. This fund was established by the Town for the purpose of acquiring open land for conservation, developing affordable housing, and preserving historical property.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary fund:

- Water operations

The *self-insured employee health program* is reported as an internal service fund in the accompanying financial statements.

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

The Town reports the following fiduciary funds:

- The *other post-employment benefit trust fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

### ***Cash and Investments***

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. Generally, a cash and investment pool is maintained that is available



for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments".

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

#### ***Property Tax Limitations***

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override is voted. The actual fiscal year 2020 tax levy reflected an excess capacity of \$2,024,952. Certain provisions of proposition 2 ½ can be overridden by a referendum.

#### ***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$20,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30-75
Vehicles	5
Office equipment	5
Computer equipment	5

***Compensated Absences***

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

***Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

***Fund Equity***

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

***Fund Balance***

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

***Net Position***

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated

depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

### ***Use of Estimates***

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

## **2. Stewardship, Compliance, and Accountability**

### ***Budgetary Information***

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the reserve fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line-item budget as approved if it is for an emergency and for the safety of the general public.

Formal budgetary integration is employed as a management control device during the year for the general fund and proprietary funds.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

### ***Deficit Fund Equity***

Certain individual funds reflected deficit balances as of June 30, 2020.

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

### 3. Deposits and Investments

#### ***Town (Excluding OPEB Trust Fund)***

State statutes (MGL Chapter 44, Section 55) place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations have maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consists of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, Certain External Investment Pools and Pool Participants, to report its investments at amortized cost, which approximates the net asset value of 1.00 per share. MMDT has a maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust and OPEB funds.

#### *Custodial Credit Risk - Deposits*

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

As of June 30, 2020, \$10,645,339 of the Town's bank balances of \$104,399,398 was exposed to custodial credit risk as uninsured or uncollateralized. \$10,331,894 of the Town's uninsured and/or uncollateralized amount is on deposit with the Massachusetts Municipal Depository Trust, which is the state investment pool as authorized by Massachusetts General Law, Chapter 29, Section 38A.

The following is a summary of the Town's investments as of June 30, 2020:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ 15,770,674
Corporate bonds	660,737
Corporate equities	932,684
Equity mutual funds	4,114,678
U.S. Treasury and agencies	<u>3,599,255</u>
Total investments	<u>\$ 25,078,028</u>

*Custodial Credit Risk – Investments*

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party.

As of June 30, 2020, all of the Town’s total investments were subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the Town’s brokerage firm, which is also the counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Held by Counterparty</u>
Certificates of deposit	\$ 15,770,674	\$ 15,770,674
Corporate bonds	660,737	660,737
Corporate equities	932,684	932,684
Equity mutual funds	4,114,678	4,114,678
U.S. Treasury and agencies	3,599,255	3,599,255
Total	<u>\$ 25,078,028</u>	<u>\$ 25,078,028</u>

*Credit Risk – Investments of Debt Securities*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation. The Town does not have formal investment policies related to credit risk.

As of June 30, 2020, the credit quality ratings, as rated by Moody’s Investors Service, Inc./S&P Global Ratings/Fitch Ratings, Inc., of the Town’s debt securities are as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>		
		<u>AAA</u>	<u>AA+</u>	<u>Unrated</u>
Corporate bonds	\$ 660,737	\$ -	\$ -	\$ 660,737
Corporate equities	932,684	-	-	932,684
Equity mutual funds	4,114,678	-	-	4,114,678
U.S. Treasury and agencies	<u>3,599,255</u>	<u>266,132</u>	<u>100,346</u>	<u>3,232,777</u>
Total	<u>\$ 9,307,354</u>	<u>\$ 266,132</u>	<u>\$ 100,346</u>	<u>\$ 8,940,876</u>

*Concentration of Credit Risk - Investments*

The Town places no limit on the amount the Town may invest in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

As of June 30, 2020, the Town does not have an investment in one issuer greater than 5% of total investments.

*Interest Rate Risk – Investments of Debt Securities*

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Corporate bonds	\$ 660,737	\$ 101,064	\$ 528,615	\$ 31,058
U.S. Treasury and agencies	<u>3,599,255</u>	<u>2,440,285</u>	<u>904,361</u>	<u>254,609</u>
Total	<u>\$ 4,259,992</u>	<u>\$ 2,541,349</u>	<u>\$ 1,432,976</u>	<u>\$ 285,667</u>

*Foreign Currency Risk – Investments*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not currently have any foreign investments. The Town does not have formal investment policies related to foreign currency risk.

*Fair Value*

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.

- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>	
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>
Investments by fair value level:			
Certificates of deposits	\$ 15,770,674	\$ -	\$ 15,770,674
Corporate bonds	660,737	-	660,737
Corporate equities	932,684	932,684	-
Equity mutual funds	4,114,678	4,114,678	-
U.S. Treasury and agencies	<u>3,599,255</u>	3,599,255	-
Total	<u>\$ 25,078,028</u>		

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

#### 4. Investments - OPEB Trust Fund

Generally, the Town’s OPEB investment policies mirror that of the Town as discussed in the previous note.

The following is a summary of the OPEB Trust Fund's investments as of June 30, 2020:

<u>Investment Type</u>	<u>Amount</u>
Equity mutual funds	\$ 996,693
Fixed income mutual funds	<u>299,749</u>
Total investments	<u>\$ 1,296,442</u>

As of June 30, 2020, all of the OPEB Trust Fund's total investments were subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the OPEB Trust Fund's brokerage firm, which is also the counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	Held by <u>Counterparty</u>
Equity mutual funds	\$ 996,693	\$ 996,693
Fixed income mutual funds	<u>299,749</u>	<u>299,749</u>
Total	<u>\$ 1,296,442</u>	<u>\$ 1,296,442</u>

Presented below is the actual rating as of year-end for debt-related investment of the OPEB Trust Fund.

<u>Investment Type</u>	<u>Amount</u>	Rating as of <u>Year End</u> <u>Unrated</u>
Fixed income mutual funds	\$ <u>299,749</u>	\$ <u>299,749</u>
Total	<u>\$ 299,749</u>	<u>\$ 299,749</u>

**Concentration of Credit Risk**

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of total Investments</u>
Bright Rock Quality Large Cap Fund	\$ <u>582,642</u>	45%
Total	<u>\$ 582,642</u>	



**Fair Value**

The OPEB Trust Fund has the following fair value measurements as of June 30, 2020:

<u>Investment Type</u>	<u>Amount</u>	Fair Value Measurements Using: <u>(Level 1)</u>
Investments by fair value level:		
Equity mutual funds	\$ 996,693	\$ 996,693
Fixed income mutual funds	<u>299,749</u>	\$ 299,749
Total	<u>\$ 1,296,442</u>	

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

**5. Property Taxes and Excises Receivable**

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements accordingly.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town’s experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as “Proposition 2 ½” limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an

amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 1/2 % of the prior year's levy plus the taxes on property newly added to the tax rolls.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property taxes, excise, and departmental receivables at June 30, 2020 consist of the following:

	Gross Amount <u>(fund basis)</u>	Allowance for Doubtful <u>Accounts</u>	Current <u>Portion</u>	Long- Term <u>Portion</u>
Real estate taxes	\$ 1,335,908	\$ (137,128)	\$ 1,198,780	\$ -
Personal property taxes	28,950	(3,938)	25,012	-
Tax liens	479,559	(47,956)	-	431,603
Deferred taxes	805,003	(80,500)	724,503	-
Other taxes	<u>17,750</u>	<u>-</u>	<u>17,750</u>	<u>-</u>
Total property taxes	<u>\$ 2,667,170</u>	<u>\$ (269,522)</u>	<u>\$ 1,966,045</u>	<u>\$ 431,603</u>
Motor vehicle excise	<u>\$ 267,585</u>	<u>\$ (44,467)</u>	<u>\$ 223,118</u>	
Total excises	<u>\$ 267,585</u>	<u>\$ (44,467)</u>	<u>\$ 223,118</u>	

## 6. User Fee Receivables

Receivables for user charges and betterments at June 30, 2020 consist of the following:

	Gross <u>Amount</u>	Allowance for Doubtful <u>Accounts</u>	Net <u>Amount</u>
Water	\$ 1,717,163	\$ (30,345)	\$ 1,686,818
Ambulance	<u>342,562</u>	<u>(60,306)</u>	<u>282,256</u>
Total user fee	<u>\$ 2,059,725</u>	<u>\$ (90,651)</u>	<u>\$ 1,969,074</u>

## 7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2020.

**8. Interfund Fund Accounts**

***Transfers***

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers:

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 740,044	\$ 861,303
Internal Service Fund	555,811	-
Nonmajor Funds:		
Special Revenue Funds	59,620	1,461,391
Capital Project Funds	<u>1,082,001</u>	<u>-</u>
Subtotal Nonmajor Funds	1,141,621	1,461,391
<u>Business-Type Funds</u>		
Water Fund	<u>-</u>	<u>10,829</u>
Subtotal Business-Type Funds	<u>-</u>	<u>10,829</u>
<u>Fiduciary Funds:</u>		
Agency Funds	<u>-</u>	<u>103,953</u>
Subtotal Fiduciary Funds:	<u>-</u>	<u>103,953</u>
Total	\$ <u><u>2,437,476</u></u>	\$ <u><u>2,437,476</u></u>

The Town’s other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

## 9. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 154,817	\$ 12,356	\$ -	\$ 167,173
Machinery, equipment, and furnishings	22,501	1,174	(250)	23,425
Infrastructure	<u>29,376</u>	<u>966</u>	<u>-</u>	<u>30,342</u>
Total capital assets, being depreciated	206,694	14,496	(250)	220,940
Less accumulated depreciation for:				
Buildings and improvements	(43,759)	(4,350)	-	(48,109)
Machinery, equipment, and furnishings	(16,620)	(1,103)	250	(17,473)
Infrastructure	<u>(8,045)</u>	<u>(850)</u>	<u>-</u>	<u>(8,895)</u>
Total accumulated depreciation	<u>(68,424)</u>	<u>(6,303)</u>	<u>250</u>	<u>(74,477)</u>
Total capital assets, being depreciated, net	138,270	8,193	-	146,463
Capital assets, not being depreciated:				
Land	20,912	10,014	-	30,926
Construction in progress	<u>8,630</u>	<u>-</u>	<u>(1,832)</u>	<u>6,798</u>
Total capital assets, not being depreciated	<u>29,542</u>	<u>10,014</u>	<u>(1,832)</u>	<u>37,724</u>
Governmental activities capital assets, net	<u>\$ 167,812</u>	<u>\$ 18,207</u>	<u>\$ (1,832)</u>	<u>\$ 184,187</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,104	\$ -	\$ -	\$ 1,104
Machinery, equipment, and furnishings	18,465	256	-	18,721
Infrastructure	<u>8,664</u>	<u>1,066</u>	<u>-</u>	<u>9,730</u>
Total capital assets, being depreciated	28,233	1,322	-	29,555
Less accumulated depreciation for:				
Buildings and improvements	(794)	(28)	-	(822)
Machinery, equipment, and furnishings	(14,636)	(521)	-	(15,157)
Infrastructure	<u>(1,099)</u>	<u>(252)</u>	<u>-</u>	<u>(1,351)</u>
Total accumulated depreciation	<u>(16,529)</u>	<u>(801)</u>	<u>-</u>	<u>(17,330)</u>
Total capital assets, being depreciated, net	11,704	521	-	12,225
Capital assets, not being depreciated:				
Land	<u>1,930</u>	<u>28</u>	<u>-</u>	<u>1,958</u>
Total capital assets, not being depreciated	<u>1,930</u>	<u>28</u>	<u>-</u>	<u>1,958</u>
Business-type activities capital assets, net	<u>\$ 13,634</u>	<u>\$ 549</u>	<u>\$ -</u>	<u>\$ 14,183</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities	
General government	\$ 114
Public safety	1,592
Education	3,077
Public works	1,180
Health and human services	239
Culture and recreation	<u>101</u>
Total governmental activities	\$ <u>6,303</u>
Business-Type Activities	
Water	\$ <u>801</u>
Total business-type activities	\$ <u>801</u>

**10. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

**11. Accounts Payable**

Accounts payable represent additional 2020 expenditures paid after July 15, 2020.

**12. Accrued Liabilities**

Accrued liabilities expenses represent 2020 expenditures paid in fiscal 2021.

**13. Tax Refunds Payable**

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the State Appellate Tax Board.

**14. Notes Payable**

The Town had the following note outstanding at June 30, 2020:

	Interest <u>Rate</u>	Date of <u>Issue</u>	Date of <u>Maturity</u>	Balance at <u>6/30/20</u>
MPL - Rattlesnake Hill Land Acquisition	2.00%	2/21/2020	2/19/2021	\$ <u>5,000,000</u>
Total				\$ <u><u>5,000,000</u></u>

The following summarizes activity in note(s) payable during fiscal year 2020:

	Balance Beginning <u>of Year</u>	New <u>Issues</u>	<u>Maturities</u>	Balance End of <u>Year</u>
MPL - Rattlesnake Hill Land Acquisition	\$ <u>-</u>	\$ <u>5,000,000</u>	\$ <u>-</u>	\$ <u>5,000,000</u>
Total	\$ <u><u>-</u></u>	\$ <u><u>5,000,000</u></u>	\$ <u><u>-</u></u>	\$ <u><u>5,000,000</u></u>

**15. Capital Lease Obligations**

The Town is the lessee of certain equipment under capital and operating leases expiring in various years through 2024. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2020:

Fiscal <u>Year</u>	Capital <u>Leases</u>
2021	\$ 47,047
2022	47,045
2023	47,046
2024	<u>23,526</u>
Total minimum lease payments	164,664
Less amounts representing interest	<u>(10,707)</u>
Present Value of Minimum Lease Payments	\$ <u><u>153,957</u></u>

16. Long-Term Debt

***Long-Term Debt Supporting Activities***

The Town issues general obligation bonds and direct borrowing to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and direct borrowing have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

<u>General Obligation Bonds</u>	Original <u>Issue</u>	Serial Maturities <u>Through</u>	Interest <u>Rate(s) %</u>	Amount Outstanding as of <u>6/30/20</u>
Public offerings:				
Municipal purpose loan	13,700,000	5/1/2021	4.27%	\$ 435,000
Municipal purpose loan	13,990,000	3/15/2022	3.99%	1,260,000
General obligation	8,030,000	6/30/2026	3.00%	5,070,000
General obligation	2,838,000	5/1/2027	1.81%	960,000
General obligation	1,335,000	6/30/2027	3.00%	980,000
General obligation	8,855,000	6/30/2028	2.96%	7,780,000
General obligation	28,254,000	8/30/2031	2.81%	13,055,000
General obligation	3,696,000	6/30/2032	2.19%	2,480,000
General obligation	7,509,500	10/15/2033	3.00%	3,420,000
General obligation	26,776,000	1/15/2035	3.00%	18,400,000
General obligation	4,172,300	2/15/2039	5.00%	3,845,000
General obligation	79,482,500	2/15/2040	5.00%	79,482,500
General obligation	2,711,500	2/15/2040	5.00%	<u>2,711,500</u>
Total public offerings				<u>139,879,000</u>
Total general obligation bonds				<u>139,879,000</u>
 <u>Loans - Direct Borrowings</u>				
Septic loan	200,000	2/1/2021	0.00%	<u>11,049</u>
Total loans - direct borrowings				<u>11,049</u>
Total governmental activities				\$ <u>139,890,049</u>

(continued)

(continued)

<u>Business-Type Activities</u>	Original <u>Issue</u>	Serial Maturities <u>Through</u>	Interest <u>Rate(s) %</u>	Amount Outstanding as of <u>6/30/20</u>
<u>General Obligation Bonds</u>				
Public offerings:				
Water improvements	820,000	5/1/2027	1.81%	\$ 380,000
General obligation	1,367,500	10/15/2034	3.00%	950,000
General obligation	26,776,000	1/15/2035	3.00%	450,000
General obligation	2,217,700	2/15/2039	5.00%	2,095,000
General obligation	4,246,000	2/15/2040	5.00%	<u>4,246,000</u>
Total public offerings				<u>8,121,000</u>
Total general obligation bonds				<u>8,121,000</u>
Total business-type activities				<u>\$ 8,121,000</u>

**Future Debt Service**

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2020 are as follows:

<u>Governmental</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 6,669,000	\$ 4,826,850	\$ 11,049	\$ -	\$ 11,506,899
2022	6,355,000	4,640,366	-	-	10,995,366
2023	6,405,000	4,408,648	-	-	10,813,648
2024	7,385,000	4,175,073	-	-	11,560,073
2025	8,505,000	3,887,277	-	-	12,392,277
2026 - 2030	45,685,000	13,900,977	-	-	59,585,977
2031 - 2035	41,440,000	5,391,946	-	-	46,831,946
2036 - 2040	<u>17,435,000</u>	<u>935,382</u>	<u>-</u>	<u>-</u>	<u>18,370,382</u>
Total	<u>\$ 139,879,000</u>	<u>\$ 42,166,519</u>	<u>\$ 11,049</u>	<u>\$ -</u>	<u>\$ 182,056,568</u>

(continued)



(continued)

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 521,000	\$ 297,983	\$ -	\$ -	\$ 818,983
2022	510,000	278,962	-	-	788,962
2023	500,000	257,882	-	-	757,882
2024	490,000	237,332	-	-	727,332
2025	490,000	216,675	-	-	706,675
2026 - 2030	2,165,000	780,417	-	-	2,945,417
2031 - 2035	1,985,000	362,904	-	-	2,347,904
2036 - 2040	<u>1,460,000</u>	<u>112,808</u>	<u>-</u>	<u>-</u>	<u>1,572,808</u>
Total	<u>\$ 8,121,000</u>	<u>\$ 2,544,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,665,963</u>

**Changes in General Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion</u>
<b>Governmental Activities</b>						
Bonds payable:						
Public offerings	\$ 64,207	\$ 82,194	(6,522)	\$ 139,879	\$ (6,669)	\$ 133,210
Loans payable (direct borrowings)	22	-	(11)	11	(11)	-
Unamortized premium	<u>-</u>	<u>10,939</u>	<u>-</u>	<u>10,939</u>	<u>(547)</u>	<u>10,392</u>
Subtotal	64,229	93,133	(6,533)	150,829	(7,227)	143,602
Net pension liability	37,909	-	(3,445)	34,464	-	34,464
Net OPEB liability	84,100	4,211	-	88,311	-	88,311
Compensated absences	3,051	160	-	3,211	(161)	3,050
Capital lease	194	-	(40)	154	(42)	112
Landfill liability	<u>325</u>	<u>-</u>	<u>(25)</u>	<u>300</u>	<u>(25)</u>	<u>275</u>
Totals	<u>\$ 189,808</u>	<u>\$ 97,504</u>	<u>\$ (10,043)</u>	<u>\$ 277,269</u>	<u>\$ (7,455)</u>	<u>\$ 269,814</u>
<b>Business-Type Activities</b>						
Bonds payable						
Public offerings	\$ 4,183	\$ 4,246	(308)	\$ 8,121	\$ (521)	\$ 7,600
Unamortized premium	<u>-</u>	<u>484</u>	<u>-</u>	<u>484</u>	<u>(24)</u>	<u>460</u>
Subtotal	4,183	4,730	(308)	8,605	(545)	8,060
Net pension liability	325	-	(30)	295	-	295
Net OPEB liability	665	23	-	688	-	688
Compensated absences	<u>105</u>	<u>-</u>	<u>(7)</u>	<u>98</u>	<u>(5)</u>	<u>93</u>
Totals	<u>\$ 5,278</u>	<u>\$ 4,753</u>	<u>\$ (345)</u>	<u>\$ 9,686</u>	<u>\$ (550)</u>	<u>\$ 9,136</u>

**Long-Term Debt Supporting Governmental and Business-Type Activities**

Bonds and loans issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the general fund and user fees recorded in

enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the general fund and enterprise funds.

#### **17. Landfill Closure and Postclosure Care Costs**

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$300,000 reported as landfill postclosure care liability at June 30, 2020 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

#### **18. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

#### **19. Governmental Funds - Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented *GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2020:

##### ***Nonspendable***

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

***Restricted***

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

***Committed***

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, and various special revenue funds.

***Assigned***

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.

***Unassigned***

Represents amounts that are available to be spent in future periods. This fund balance classification also includes general and budgetary stabilization funds set aside by Town meeting vote for future use (now reported as part of the general fund per GASB 54) and temporary deficits in other government funds.

Following is a breakdown of the Town's fund balances at June 30, 2020:

	General Fund	High School Construction Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Nonexpendable permanent funds	\$ -	\$ -	\$ -	\$ 43,070	\$ 43,070
Total Nonspendable	-	-	-	43,070	43,070
<b>Restricted</b>					
Reserve for excluded debt	370,954	-	-	-	370,954
Special revenue funds	-	-	-	5,916,955	5,916,955
Capital project fund	-	82,454,124	-	9,807,637	92,261,761
Expendable permanent funds	-	-	-	449,215	449,215
Total Restricted	370,954	82,454,124	-	16,173,807	98,998,885
<b>Assigned</b>					
Encumbrances:					
General government	49,937	-	-	-	49,937
Public safety	84,016	-	-	-	84,016
Education	644,859	-	-	-	644,859
Health and human services	979	-	-	-	979
Culture and recreation	6,830	-	-	-	6,830
Employee benefits	150	-	-	-	150
Total Assigned	786,771	-	-	-	786,771
<b>Unassigned</b>					
General fund	6,826,890	-	-	-	6,826,890
General stabilization fund	938,694	-	-	-	938,694
Special revenue fund	-	-	(3,151,851)	(82,622)	(3,234,473)
Total Unassigned	7,765,584	-	(3,151,851)	(82,622)	4,531,111
Total Fund Balances	\$ 8,923,309	\$ 82,454,124	\$ (3,151,851)	\$ 16,134,255	\$ 104,359,837

## 20. Norfolk Contributory Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

### **Plan Description**

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Norfolk Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 614 High Street, Suite 201, Dedham, Massachusetts 02027-0310.

### *Participants' Contributions*

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

#### *Methods of Payment*

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

#### *Participant Refunds*

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily

withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

*Employer Contributions*

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2020 was \$4,434,384, which was equal to its annual required contribution.

***Summary of Significant Accounting Policies***

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

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

At June 30, 2020, the Town reported a liability of \$34,759,460 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Town's proportion was 5.9204%, which was an increase of 0.0468% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$5,034,425. In addition, the Town reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 2,978,251	\$ -
Changes of assumptions	637,562	
Net difference between projected and actual earnings on pension plan investments	-	(979,007)
Changes in proportion and differences between contributions and proportionate share of contributions	<u>230,106</u>	<u>(559,707)</u>
Total	<u>\$ 3,845,919</u>	<u>\$ (1,538,714)</u>

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 1,228,766
2022	802,525
2023	1,161,012
2024	<u>(885,098)</u>
Total	<u>\$ 2,307,205</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:

COLA	3% of the first \$175,000
Salary increases	3.5% - 5.5%
Investment rate of return	7.75%
Remaining amortization period	Till fiscal 2040

It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2014, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for



males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2014.

**Target Allocations**

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	30.50%	6.60%
International equity	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	<u>2.50%</u>	9.90%
Total	<u><u>100.00%</u></u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town’s proportionate share of the net

pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease <u>(6.75%)</u>	Current Discount <u>Rate</u> (7.75%)	1% Increase <u>(8.75%)</u>
\$ 45,145,734	\$ 34,759,460	\$ 25,934,255

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

**21. Massachusetts Teachers’ Retirement System (MTRS)**

***Plan Description***

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all 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 does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers’ Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

***Benefits Provided***

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establish uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

**Contributions**

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

**Actuarial Assumptions**

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

- (a) 7.25% (changed from 7.35%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.

- Mortality rates were as follows:
  - Pre-retirement – reflects RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct).
  - Post-retirement – reflects RP-2014 White Collar Healthy Annuitant.
  - Disability – assumed to be in accordance with the RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct).

**Target Allocations**

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.90%
Portfolio completion strategies	11.00%	3.90%
Core fixed income	15.00%	1.30%
Private equity	13.00%	8.20%
Real estate	10.00%	3.60%
Value added fixed income	8.00%	4.70%
Timber/natural resources	4.00%	4.10%
Total	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity Analysis**

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability

assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease	Current Discount Rate	1% Increase
<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
\$ 31,232,100	\$ 25,214,020	\$ 20,062,500

***Special Funding Situation***

The Commonwealth is a nonmember contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)* and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

***Town Proportions***

In fiscal year 2019 (the most recent measurement period), the Town’s proportionate share of the MTRS’ collective net pension liability was approximately \$105,876,389 based on a proportionate share of 0.419911%. As required by GASB 68, the Town has recognized its portion of the Commonwealth’s contribution of approximately \$6,062,294 as both a revenue and expenditure in the general fund, and its portion of the collective pension expense of approximately \$12,839,350 as both a revenue and expense in the governmental activities.

**22. Other Post-Employment Benefits (GASB 74 and GASB 75)**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of *Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2015, the Town established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2020.

**General Information about the OPEB Plan**

*Plan Description*

The Town provides post-employment healthcare benefits for retired employees through the Town’s plan. The Town provides health insurance coverage through BlueCross BlueShield. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

*Benefits Provided*

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

*Funding Policy*

The Town’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on actuarially determined amounts.

*Plan Membership*

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	568
Active employees	<u>666</u>
Total	<u><u>1,234</u></u>

**Investments**

The OPEB trust fund assets consist of mutual funds.

*Rate of return.* For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Actuarial Assumptions and Other Inputs**

The net OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3%, average, including inflation
Investment rate of return	6.72%, net of OPEB plan investment expense
Municipal bond rate	2.79%
Discount rate	4.25%
Healthcare cost trend rates	4.5% for 2020, fluctuating 0% to an ultimate rate of 4.5%
Participation rate	80% of employees eligible to receive retirement benefits

Mortality rates were based on RP-2014 mortality table projected generationally with scale MP-2016 for males and females.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

**Target Allocations**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity - large cap	49.75%	4.80%
Domestic equity - small/mid cap	6.25%	5.29%
International equity - developed market	8.50%	5.45%
International equity - emerging market	2.75%	6.42%
Domestic fixed income	20.75%	2.05%
International fixed income	2.00%	3.00%
Alternatives	9.50%	6.50%
Real estate	0.00%	6.25%
Cash and cash equivalents	<u>50.00%</u>	0.00%
Total	<u><u>149.50%</u></u>	

### ***Contributions***

In addition to the implicit subsidy contribution, Town's policy is to contribute the amounts provided annually by the budget. In fiscal 2020 the town contributed \$350,000 (above the implicit subsidy), which will increase \$50,000 annually through fiscal 2023 and ultimately to an annual contribution amount of \$500,000.

The discount rate used to measure the net OPEB liability was 4.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.71% and municipal bond rate of 2.66% (based on index provided by Standard and Poor's on 20-year municipal bond rate as of June 30, 2020).

### ***Net OPEB Liability***

The components of the net OPEB liability, measured as of June 30, 2020, were as follows:

Total OPEB liability	\$ 90,295,302
Plan fiduciary net position	<u>1,296,442</u>
Net OPEB liability	<u><u>\$ 88,998,860</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	  1.44%

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.



**Changes in the Net OPEB Liability**

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances, beginning of year	\$ 85,683,647	\$ 919,017	\$ 84,764,630
Changes for the year:			
Service cost	2,734,023	-	2,734,023
Interest	3,719,907	-	3,719,907
Contributions - employer	-	2,149,641	(2,149,641)
Net investment income	-	27,425	(27,425)
Differences between expected and actual experience	(42,634)	-	(42,634)
Benefit payments	<u>(1,799,641)</u>	<u>(1,799,641)</u>	<u>-</u>
Net Changes	<u>4,611,655</u>	<u>377,425</u>	<u>4,234,230</u>
Balances, end of year	<u>\$ 90,295,302</u>	<u>\$ 1,296,442</u>	<u>\$ 88,998,860</u>

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
\$ 103,294,026	\$ 88,998,860	\$ 77,608,876

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

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

1% Decrease <u>(3.5%)</u>	Current Healthcare Cost Trend Rates <u>(4.5%)</u>	1% Increase <u>(5.5%)</u>
\$ 76,372,560	\$ 88,998,860	\$ 104,998,943

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

For the year ended June 30, 2020, the Town recognized an OPEB expense of \$7,491,325. At June 30, 2020, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (5,014,855)
Change in assumptions	8,808,410	-
Net difference between projected and actual OPEB investment earnings	<u>25,690</u>	<u>-</u>
Total	<u>\$ 8,834,100</u>	<u>\$ (5,014,855)</u>

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

<u>Year Ended June 30:</u>	
2021	\$ 1,110,613
2022	1,110,613
2023	1,110,478
2024	490,990
2025	<u>(3,449)</u>
Total	<u>\$ 3,819,245</u>

**23. Self-Insurance**

The Town self-insures against claims for workers compensation, unemployment, and most employee health coverage. Annual estimated requirements for claims are provided in the Town’s annual operating budget.

*Workers Compensation*

The Town contracts with an insurance consultant for claims processing of the Town’s workers compensation policy, which has no excess liability coverage for any employees. The Workers Compensation claims liability represents an estimate of future costs based on a historical analysis of similar claims for all employees excluding public safety. The Town is unable to make any reasonable estimate of its liability for public safety employees.

*Health Insurance*

The Town contracts with an insurance carrier for excess liability coverage and an insurance consultant for claims processing. Under the terms of its insurance coverage, the Town is liable for claims up to \$100,000 per individual. The claims liability represents an estimate of claims incurred but unpaid at year-end, based on past historical costs and claims paid subsequent to year-end.

Changes in the aggregate liability for claims for the year ended June 30, 2020 are as follows:

	<u>Health Coverage</u>
Claims liability, beginning of year	\$ 611,014
Claims incurred/recognized in fiscal year 2020	12,852,666
Claims paid in fiscal year 2020	<u>(12,767,196)</u>
Claims liability, end of year	<u>\$ 696,484</u>

**24. Subsequent Events**

Management has evaluated subsequent events through January 15, 2021, which is the date the financial statements were available to be issued.

**25. Commitments and Contingencies**

***COVID-19***

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance

will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

***Outstanding Legal Issues***

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town’s management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

***Grants***

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

***Encumbrances***

At year-end the Town’s general fund has \$786,771 in encumbrances that will be honored in the next fiscal year.

**26. Beginning Fund Balance Reclassification**

The beginning (July 1, 2019) fund balance of the Town has been reclassified as follows:

Fund Basis Financial Statements:	Municipal Building Fund	Nonmajor Funds
As previously reported	\$ 4,483,788	\$ 10,772,534
Reclassification of major fund	<u>(4,483,788)</u>	<u>4,483,788</u>
As reclassified	<u>\$ -</u>	<u>\$ 15,256,322</u>

**27. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the Town beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

**TOWN OF SHARON, MASSACHUSETTS**

Required Supplemental Information  
General Fund

Schedule of Revenues and Other Sources, and Expenditures and Other Uses – Budget and Actual  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Property taxes	\$ 69,221,655	\$ 69,221,655	\$ 68,917,754	\$ (303,901)
Excise	3,100,000	3,100,000	2,863,149	(236,851)
Penalties, interest, and other taxes	501,700	501,700	426,858	(74,842)
Charges for services	245,000	245,000	182,396	(62,604)
Intergovernmental	11,035,287	11,035,287	10,966,919	(68,368)
Licenses and permits	650,000	650,000	683,029	33,029
Fines and forfeitures	50,000	50,000	69,425	19,425
Investment income	368,300	368,300	903,875	535,575
Miscellaneous	<u>163,175</u>	<u>163,175</u>	<u>167,696</u>	<u>4,521</u>
Total Revenues	85,335,117	85,335,117	85,181,101	(154,016)
<b>Expenditures</b>				
General government	2,189,236	2,415,276	2,348,022	67,254
Public safety	7,540,635	7,540,635	7,457,720	82,915
Education	45,490,890	45,490,890	45,431,275	59,615
Public works	4,029,767	4,029,767	3,994,081	35,686
Health and human services	718,676	718,676	672,749	45,927
Culture and recreation	1,374,214	1,374,214	1,332,761	41,453
Employee benefits	14,811,517	14,811,517	14,623,243	188,274
Debt service	8,618,367	8,618,367	8,618,367	-
Intergovernmental	<u>832,566</u>	<u>832,566</u>	<u>825,764</u>	<u>6,802</u>
Total Expenditures	<u>85,605,868</u>	<u>85,831,908</u>	<u>85,303,982</u>	<u>527,926</u>
Excess of revenues over expenditures	(270,751)	(496,791)	(122,881)	373,910
<b>Other Financing Sources/(Uses)</b>				
Use of overlay surplus	200,000	200,000	200,000	-
Fund balance reserve for excluded debt	25,293	25,293	25,293	-
Transfers in	729,215	729,215	729,215	-
Transfers out	(1,020,284)	(794,244)	(794,244)	-
Other source(s)	<u>336,527</u>	<u>336,527</u>	<u>336,527</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>270,751</u>	<u>496,791</u>	<u>496,791</u>	<u>-</u>
Overall Budgetary Excess (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>373,910</u>	\$ <u>373,910</u>

See Independent Auditors' Report.

**TOWN OF SHARON, MASSACHUSETTS**

Required Supplemental Information  
 Community Preservation Fund  
 Schedule of Revenues and Other Sources, and Expenditures and Other Uses – Budget and Actual  
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ 540,000	\$ 540,000	\$ 596,088	\$ 56,088
Intergovernmental	60,000	60,000	129,775	69,775
Miscellaneous	-	-	41,200	41,200
Total Revenues	600,000	600,000	767,063	167,063
<b>Expenditures</b>				
General government	7,922,706	7,922,706	7,844,493	78,213
Debt service	20,000	20,000	9,040	10,960
Total Expenditures	7,942,706	7,942,706	7,853,533	89,173
Excess of revenues over expenditures	(7,342,706)	(7,342,706)	(7,086,470)	256,236
<b>Other Financing Sources/(Uses)</b>				
Reservations	(198,004)	(198,004)	(198,004)	-
Bond anticipation notes	5,000,000	5,000,000	5,000,000	-
Use of reserves	2,540,710	2,540,710	-	(2,540,710)
Total Other Financing Sources/(Uses)	7,342,706	7,342,706	4,801,996	(2,540,710)
Overall Budgetary Excess (Deficiency)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(2,284,474)</u></u>	\$ <u><u>(2,284,474)</u></u>

**Notes to the Required Supplemental Information  
for General Fund and Community Preservation Fund Budgets**

***Budgetary Basis***

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

***Budget/GAAP Reconciliation***

The budgetary data for the general is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP basis	\$ 91,296,539	\$ 90,555,256	\$ (121,259)
Add end-of-year appropriation carryforwards from expenditures	-	868,149	-
To record use of overlay surplus	-	-	200,000
To record use of debt reserves (fund balance)	-	-	25,293
To reverse the effect of non-budgeted State contributions for teachers retirement	(6,062,294)	(6,062,294)	-
To remove the effects of non-budgeted stabilization fund	(53,144)	-	-
Other adjustments	<u>-</u>	<u>(57,129)</u>	<u>392,757</u>
Budgetary basis	<u>\$ 85,181,101</u>	<u>\$ 85,303,982</u>	<u>\$ 496,791</u>

<u>Community Preservation Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP basis	\$ 3,267,063	\$ 10,584,029	\$ -
Reverse beginning of year appropriation carryforwards from expenditures	-	(230,496)	-
Record budgeted reserves	-	-	(198,004)
Other adjustments	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>5,000,000</u>
Budgetary basis	<u>\$ 767,063</u>	<u>\$ 7,853,533</u>	<u>\$ 4,801,996</u>

See Independent Auditors' Report.



**TOWN OF SHARON, MASSACHUSETTS**  
 Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

Norfolk County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2020	December 31, 2019	5.920400%	\$34,759,460	\$ 18,686,741	186.01%	64.60%
June 30, 2019	December 31, 2018	8.105600%	\$38,233,635	\$ 18,408,802	207.69%	58.30%
June 30, 2018	December 31, 2017	5.861500%	\$32,414,349	\$ 17,786,282	182.24%	63.50%
June 30, 2017	December 31, 2016	5.985200%	\$31,244,098	\$ 17,142,063	182.27%	61.60%
June 30, 2016	December 31, 2015	5.985212%	\$32,512,437	\$ 16,355,566	198.79%	58.60%
June 30, 2015	December 31, 2014	6.404452%	\$33,215,101	\$ 16,148,680	205.68%	60.10%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town</u>	<u>Total Net Pension Liability Associated with the Town</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2020	June 30, 2019	0.419911%	\$ 105,876,389	\$ -	\$ 105,876,389	\$ 28,513,922	-	55.43%
June 30, 2019	June 30, 2018	0.430032%	\$ 101,966,040	\$ -	\$ 101,966,040	\$ 30,200,571	-	54.84%
June 30, 2018	June 30, 2017	0.411686%	\$ 94,215,921	\$ -	\$ 94,215,921	\$ 27,955,406	-	54.25%
June 30, 2017	June 30, 2016	0.428057%	\$ 95,704,726	\$ -	\$ 95,704,726	\$ 28,156,113	-	52.73%
June 30, 2016	June 30, 2015	0.415103%	\$ 85,053,177	\$ -	\$ 85,053,177	\$ 26,312,914	-	55.38%
June 30, 2015	June 30, 2014	0.418239%	\$ 66,484,812	\$ -	\$ 66,484,812	\$ 25,644,299	-	61.64%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**TOWN OF SHARON, MASSACHUSETTS**  
 Required Supplementary Information  
 Schedule of Pension Contributions

(Unaudited)

Norfolk County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	December 31, 2019	\$ 4,434,384	\$ 4,434,384	\$ -	\$ 18,686,741	23.73%
June 30, 2019	December 31, 2018	\$ 4,109,068	\$ 4,109,068	\$ -	\$ 18,408,802	22.32%
June 30, 2018	December 31, 2017	\$ 3,751,960	\$ 3,751,960	\$ -	\$ 17,786,282	21.09%
June 30, 2017	December 31, 2016	\$ 3,686,874	\$ 3,686,874	\$ -	\$ 17,142,063	21.51%
June 30, 2016	December 31, 2015	\$ 3,824,140	\$ 3,824,140	\$ -	\$ 16,355,566	23.38%
June 30, 2015	December 31, 2014	\$ 3,098,701	\$ 3,098,701	\$ -	\$ 16,148,680	19.19%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2020	June 30, 2019	\$ 6,062,294	\$ 6,062,294	\$ -	\$ 28,513,922	21.26%
June 30, 2019	June 30, 2018	\$ 5,653,983	\$ 5,653,983	\$ -	\$ 30,200,571	18.72%
June 30, 2018	June 30, 2017	\$ 5,086,441	\$ 5,086,441	\$ -	\$ 27,955,406	18.19%
June 30, 2017	June 30, 2016	\$ 4,813,859	\$ 4,813,859	\$ -	\$ 28,156,113	17.10%
June 30, 2016	June 30, 2015	\$ 4,242,065	\$ 4,242,065	\$ -	\$ 26,312,914	16.12%
June 30, 2015	June 30, 2014	\$ 3,920,489	\$ 3,920,489	\$ -	\$ 25,644,299	15.29%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**TOWN OF SHARON, MASSACHUSETTS**

Required Supplementary Information  
Other Post-Employment Benefits (OPEB)  
Schedule of Changes in Net OPEB Liability

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 2,734,023	\$ 2,609,939	\$ 2,423,454	\$ 2,475,181
Interest	3,719,907	3,467,826	3,520,469	3,021,054
Differences between expected and actual experience	(42,634)	(7,875,438)	-	-
Changes of assumptions	-	13,929,578	(5,004,946)	-
Benefit payments, including refunds of member contributions	<u>(1,799,641)</u>	<u>(1,782,627)</u>	<u>(2,796,860)</u>	<u>(2,684,008)</u>
Net change in total OPEB liability	4,611,655	10,349,278	(1,857,883)	2,812,227
Total OPEB liability - beginning	<u>85,683,647</u>	<u>75,334,369</u>	<u>77,192,252</u>	<u>74,380,025</u>
Total OPEB liability - ending (a)	90,295,302	85,683,647	75,334,369	77,192,252
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	2,149,641	2,082,627	2,996,860	2,834,008
Net investment income	27,425	65,783	27,436	14,623
Benefit payments, including refunds of member contributions	<u>(1,799,641)</u>	<u>(1,782,627)</u>	<u>(2,796,860)</u>	<u>(2,684,008)</u>
Net change in plan fiduciary net position	377,425	365,783	227,436	164,623
Plan fiduciary net position - beginning	<u>919,017</u>	<u>553,234</u>	<u>325,798</u>	<u>161,175</u>
Plan fiduciary net position - ending (b)	<u>1,296,442</u>	<u>919,017</u>	<u>553,234</u>	<u>325,798</u>
Net OPEB liability (asset) - ending (a-b)	<u>\$ 88,998,860</u>	<u>\$ 84,764,630</u>	<u>\$ 74,781,135</u>	<u>\$ 76,866,454</u>

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**TOWN OF SHARON, MASSACHUSETTS**

Required Supplementary Information  
Other Post-Employment Benefits (OPEB)  
Schedules of Net OPEB Liability, Contributions, and Investment Returns

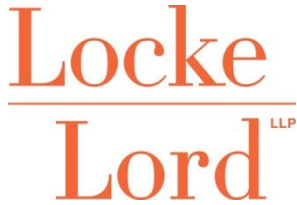
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Net OPEB Liability</b>				
Total OPEB liability	\$ 90,295,302	\$ 85,683,647	\$ 75,334,369	\$ 77,192,252
Plan fiduciary net position	<u>(1,296,442)</u>	<u>(919,017)</u>	<u>(553,234)</u>	<u>(325,798)</u>
Net OPEB liability (asset)	<u>\$ 88,998,860</u>	<u>\$ 84,764,630</u>	<u>\$ 74,781,135</u>	<u>\$ 76,866,454</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.44%	1.07%	0.73%	0.42%
Covered employee payroll	45,915,232	44,577,895	39,449,452	38,300,439
Net OPEB liability as a percentage of covered employee payroll	194%	190%	190%	201%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Contributions</b>				
Actuarially determined contribution	\$ 7,455,813	\$ 7,455,813	\$ 6,939,196	\$ 6,602,184
Contributions in relation to the actuarially determined contribution	<u>2,082,627</u>	<u>2,082,627</u>	<u>2,996,860</u>	<u>2,834,008</u>
Contribution deficiency (excess)	<u>\$ 5,373,186</u>	<u>\$ 5,373,186</u>	<u>\$ 3,942,336</u>	<u>\$ 3,768,176</u>
Covered employee payroll	45,915,232	44,577,895	39,449,452	38,300,439
Contributions as a percentage of covered employee payroll	12%	12%	10%	10%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Investment Returns</b>				
Annual money weighted rate of return, net of investment expense	2.21%	7.95%	6.47%	6.51%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.



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(Date of Delivery)

Lisa Clark, Treasurer  
Town of Sharon  
Sharon, Massachusetts

\$24,495,000  
Town of Sharon, Massachusetts  
General Obligation Municipal Purpose Loan of 2021 Bonds  
Dated March 30, 2021

We have acted as bond counsel to the Town of Sharon, 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.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings 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 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 individual 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.

LOCKE LORD LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Sharon, Massachusetts (the “Issuer”) in connection with the issuance of its \$24,495,000 General Obligation Municipal Purpose Loan of 2021 Bonds dated March 30, 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. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“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 B.

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 March 9, 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.

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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.

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 electronic format 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: March 30, 2021

TOWN OF SHARON, MASSACHUSETTS

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Select Board

[EXHIBIT A: Filing Information for the MSRB]  
[EXHIBIT B: Form of Notice of Failure to File Annual Report]