

TOWN OF MARBLEHEAD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Photo by Yacht Shotz LLC

**For the Year Ended
June 30, 2020**

On the Cover:
Aerial view of the Abbot Hall Tower on a clear, bright day.



Photo by Brad Smith

View of the harbor from the roof of Abbot Hall.



Photo by Laurie Blaisdell

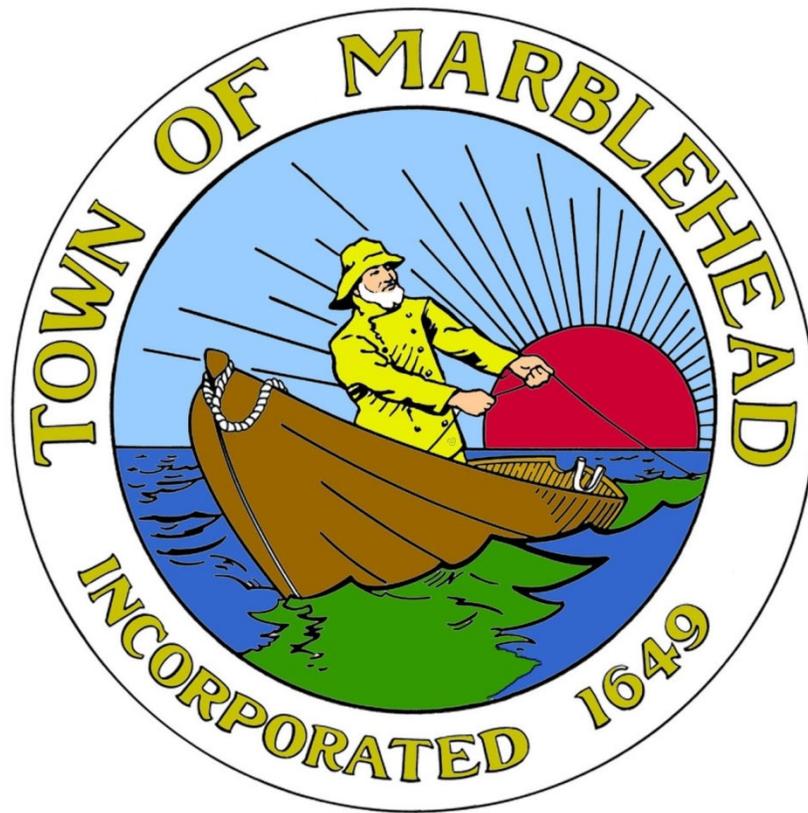
Fire boat on the water during a quiet winter morning.



Photo by Matt Freeman

The Police Station after digging out from two significant snow storms in March 2015.

TOWN OF MARBLEHEAD, MASSACHUSETTS



COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2020 Prepared by the Finance Department

TOWN OF MARBLEHEAD, MASSACHUSETTS
 Comprehensive Annual Financial Report
 Year Ended June 30, 2020

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Introductory Section



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Small sailboats lined up on calm waters.

Introductory Section

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TOWN OF MARBLEHEAD

FINANCIAL SERVICES

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Letter of Transmittal

March 15, 2021

Honorable Members of the Board of Selectmen and Citizens of the Town of Marblehead, Massachusetts:

It is with great pleasure that the Comprehensive Annual Financial Report of the Town of Marblehead, Massachusetts, for the fiscal year ended June 30, 2020 is presented. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report also complies with the financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34.

In addition to the fund financial information traditionally presented in the Town's financial statements, this report also includes government-wide financial statements. The government-wide financial statements include a Statement of Net Position that provides the total net position of the Town including all capital assets (as well as infrastructure) and the Statement of Activities that shows the cost of providing government services.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with the Town's management and progress such as bond analysts, banking institutions and credit raters, as well as residents and taxpayers of the Town of Marblehead.

This report consists of management's representations concerning the finances of the Town of Marblehead. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making those representations, management has established an internal control framework that is designed to both protect the assets of the Town from loss, theft or misuse and to allow for the compiling of sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Marblehead's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Marblehead, for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made

by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion the Town of Marblehead's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the Town of Marblehead was part of a broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Marblehead's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Marblehead's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE TOWN

The Town of Marblehead, originally incorporated in 1649, is a picturesque seacoast town steeped in history. In its early years, fishing and the shoe industry were its two main sources of income. While Marblehead has been known through the years as the "Birthplace of the American Navy," in recent times the Town has also been known as one of the yachting capitals of the world. Pleasure boating is a popular pastime of its residents. Visitors come from all over the world to view the original of the famous painting "The Spirit of '76," which is housed in Abbot Hall in the office of the Board of Selectmen, as well as to see the beautiful harbor crowded with sailing, fishing, lobster, and pleasure boats. Another major attraction for visitors is the Town's historic district, the largest in the State, and the narrow crooked streets lined with Colonial and Victorian buildings, many of which have been placed on the National Register.

With a population of 20,544, Marblehead is located in the Greater Boston Area, 18 miles northeast of Boston, with a land area of 4.53 square miles. Marblehead is situated in eastern Massachusetts, bordered by Swampscott on the south, Salem on the southwest, and the Atlantic Ocean on the west, north, and east. Commuter rail service to North Station in Boston is convenient from the Salem or Swampscott stations and Marblehead is a member of the Massachusetts Bay Transportation Authority, which provides bus service to Swampscott, Lynn, and Boston.

The Town operates under a Board of Selectmen/Open Town Meeting/Town Administrator form of government. The five-member Board of Selectmen, elected annually, makes policy decisions. The Town Administrator is responsible for carrying out the policies and direction of the Board of Selectmen and for managing the day-to-day operations of the Town.

THE REPORTING ENTITY AND ITS SERVICES

The financial reporting entity ("the Town") of the primary government includes all funds and activities considered a part of the Town of Marblehead. Specifically excluded are the Marblehead Housing Authority and the Essex North Shore Agricultural and Technical School since they have substantial autonomy and separate governmental entity characteristics.

The Town includes the Marblehead Contributory Retirement System (the System) in its financial reporting since the Town represents approximately 98% of the members of the System. The System was established to provide retirement benefits to its members, including employees and beneficiaries of the Town of Marblehead and the Marblehead Housing Authority.

The Town provides a range of municipal services normally associated with municipal government including education, public safety (police, fire and emergency medical services), recreation and parks, elder services (Council on Aging), street construction and maintenance, solid waste collection and disposal, library, cemetery, building inspection and general administrative services. The Town also operates electric, water and sewer utilities, and harbor and waterfront services as enterprises.

FACTORS AFFECTING ECONOMIC CONDITION

Given its proximity and accessibility to Boston, the Town of Marblehead real estate market continues to experience a strong period of revitalization, both in terms of value and new construction. Like all communities, COVID-19 has been an unprecedented challenge for the Town on many levels. Still, at a fundamental level, the Town enjoys a healthy and stable local economy. New growth in fiscal year 2020 was \$303,231. In addition, the median family income has remained significantly higher than state averages and the unemployment rate mirrors the state average (6.7%). The Town remains a very desirable community given its close proximity to Boston and for its tourism, history, boating, and the quality of services provided.

Marblehead has 14 miles of seacoast of varying topography. The housing stock is also varied. There are 6,231 single family dwellings as of January 1, 2020. There are 2,059 Colonial style homes, constituting 33% of the single family housing stock. Old Style construction (typically pre-1920) represents 21% with 1,282 properties. Cape, Ranch, Contemporary, Split level, and Antique style properties comprise 38% of the single family inventory. The balance consists of conventional (non-specific architectural style) Bungalows, Split Entries, Row House (attached by common wall), and Mansions. Additionally, there are 1,010 condominiums, 301 two-family properties, and 146 properties with three or more units. A total of 53% of the single family housing stock was built prior to 1950 and Marblehead has one of largest inventories of homes built prior to 1800, including 229 properties built before 1750. The vast majority of early construction is located in the area of town referred to as "Old Town" and designated as the Historic District. The Historic District is a high density, homogeneous, and distinct area. Antique architecture is predominant and lots rarely exceed 5,000 square feet with some lots mirroring only the foundation of the dwelling. The Historic District has a more rigorous building standard than the standard zoning by-laws with regard to permit work involving the exterior.

Residential properties comprise 95% of the tax levy. In FY 2020, single family dwellings had an average assessment of \$873,000, representing an increase of \$53,000 from FY 2019. The average tax bill of \$9,070 is based on a single tax rate of \$10.39.

Commercial properties are typically one and two-story structures located along Atlantic Avenue, Pleasant Street, and in the Historic District. The predominant composition of the commercial properties is small retail, clothing boutiques, restaurants, banks, and office space, with many mixed use properties located in the Historic District. Notable exceptions are three small strip centers located on Pleasant Street and a 15,000 square foot supermarket with attached residential improvements located in the Historic District. Commercial vacancies remain at historic lows and higher rental rates reflect the strong demand for space. Building permits continue to be issued at an unprecedented rate and reflect the ongoing revitalization of properties approaching the end of their economic life.

The Town continues to be in the revitalization stage of the real estate cycle as demonstrated by the continued number of "tear downs" and the redevelopment of 9 new dwellings. All relevant data from multiple sources, particularly sales data and assessment analysis, indicate a very strong real estate market with an aggregate increase of 6.4% for Marblehead in FY 2020. Average marketing time for properties is 30 to 45 days, with many properties selling in less than 30 days if priced properly. Demand continues to outweigh supply, resulting in a seller's market and an upward trend in values, and several properties selling above asking price.

Based on market demand, current and proposed development, and increasing sale prices (in calendar year 2019 and the first 9 months of 2020), indications are that strong real estate market remains in place. This will result in

a continued increase in market values for FY 2021 and similarly, a corresponding increase in assessments. It is expected that for FY 2021 the aggregate value of the community will continue to set new highs for assessments, surpassing the previous high point of 2020.

FINANCIAL AND MANAGEMENT POLICIES

Ongoing Long-Term Financial Planning

The Town manages its financial matters in a prudent manner, which has been affirmed by its ability to maintain its AAA bond rating for twelve consecutive years. The Town's financial actions are generally guided by multi-year planning tools, pay-as-you-go financing strategies for certain capital investments, long-term planning for liabilities such as employee health insurance costs and pension obligations, and establishment of reserves to alleviate volatility in departmental budgets.

The Town of Marblehead has also enhanced its revenue flexibility by establishing self-sufficient enterprise funds for sewer, water, electric and harbor operations. All costs related to the enterprises are funded through user fees and each enterprise pays the Town for its share of general government services.

Minimal Formal Changes to FY20 Approved Operating Budget

The Town's Finance Committee is responsible for reviewing departmental budget requests and submits to Town Meeting an operating budget for the proposed expenditures and other financing uses for the next fiscal year. The budget, as enacted by Town Meeting, also establishes that certain appropriations are to be funded by particular revenues. The original budget can be amended during the fiscal year at special town meetings or at the next annual town meeting held prior to the end of the fiscal year. In FY20, no such budget amendments occurred.

Property Tax Collection Rates Remain Consistently High

The Town has consistently had a first year collection rate for net property taxes due in excess of 98%. This collection rate was achieved again in FY2020 with a rate of 99.4%. Property tax revenue represents approximately 80% of the Town's revenue base.

Funding of Energy and Utility Reserves to Manage Cost Volatility

In response to volatile energy costs, the Town established an energy reserve beginning with its Fiscal Year 2007 operating budget. Departments with energy costs are allowed to access this reserve after they exhaust their entire departmental budget for various forms of energy (heating, electricity, and motor vehicle fuel). Similarly, the Town established a utility reserve as part of the Fiscal Year 2017 operating budget. The utility reserve is used by departments that expend their utility budgets during the year, particularly for water and sewer costs due to usage and/or rate increases.

The use of both the energy and utility reserves has accomplished two important goals. First, it alleviates pressure on departmental budgets that have been historically pitting increases in these costs against other needs. Second, the reserve ensures that the monies appropriated for increased energy and utility costs are not used for other purposes.

SIGNIFICANT EVENTS

COVID-19 Pandemic

The COVID-19 pandemic and its impact is at the top of the list of significant events taking place in FY20.

As is with most communities, the Town's emergency response to the pandemic was its primary focus on FY20. Municipal service interruptions existed for a brief period of time while the Town enacted COVID-19 related policies, procedures, service delivery modifications, and physical changes to work environments.

While challenging, the Town held its Annual Town Meeting and Special Town Meeting in FY20 outdoors under tents with proper safety protocols to ensure a safe environment for all to participate.

Expenses related to the COVID-19 emergency response were paid for through a combination of CARES Act and FEMA available funds.

Town's AAA Bond Rating Affirmed for 12th Consecutive Year

In August of 2020, the Town issued Bonds and Notes for various capital projects. In the process of preparing for these financings, the Town was reviewed by the independent rating agency of Standard and Poor's (S&P). After careful review of the Town's finances and management practices, S&P affirmed the Town's Bond rating at AAA, their highest municipal rating. This represents the 12th consecutive year that S&P has set the Town's bond rating at AAA.

Equipment Purchased

The Town purchased several new pieces of equipment in FY20. This included, by department:

Police Department.....	1 Ford Interceptor
Tree Department.....	Kodiak Model Dump Truck
Waste Department.....	4WD Loader
School Department	School Bus

Significant Capital Improvement Projects

The Town completed and started several major capital projects in FY20. In FY20, the Town substantially completed the renovation of Abbot Hall. In 2018, the annual Town Meeting approved funds to undertake a major exterior restoration project at Abbot Hall. The project included brick, stone and roof work, a new geothermal HVAC system, restoration of the perimeter fence, replacement of windows and other related work.

As a result of the severe winter storms of March 2018 during the 2019 and 2020 fiscal years the Town made significant repairs to seawalls across the Town. These locations include seawalls on Front Street, Fort Sewall, Gallison Avenue, Parker Lane, Harvard Street, and along the Causeway on Ocean Avenue.

With a combination of state and private funding sources the Council on Aging completed a renovation and upgrade to its kitchen. This upgrade will allow the Council on Aging to expand the services and programming it provides to seniors. The total project cost was approximately \$200,000.

The renovation and restoration of Fort Sewall commenced in FY20 following the June 18, 2019 Special Election which overwhelmingly approved an appropriation in the amount of \$750,000. The renovation of Fort Sewall includes structural work on the interior of the redoubt and exterior masonry work on the magazines, accessibility

work to the promenade walk, ground penetrating radar to determine original gun positions, a replica cannon position and associated earthworks with cannon and carriage replicate outline positions, improving interpretation of the history of the fort through 3-Dimensional displays, artifacts and additional historical signage.

Also during the June 18, 2019 Special Election, the Town approved a request to appropriate \$54,844,767 for the design and construction of a new Pre-K through Third Grade Elementary School. The new school project is on schedule and will be completed this fall. The Town has partnered with the Massachusetts School Building Authority on the school project and eligible costs are being reimbursed in the amount of 38.56% by the state.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Marblehead for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the sixteenth consecutive year that the Town submitted an annual report to the GFOA. The Town was awarded this Certificate for all sixteen years of submissions. In order to receive this prestigious award, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the FY2020 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

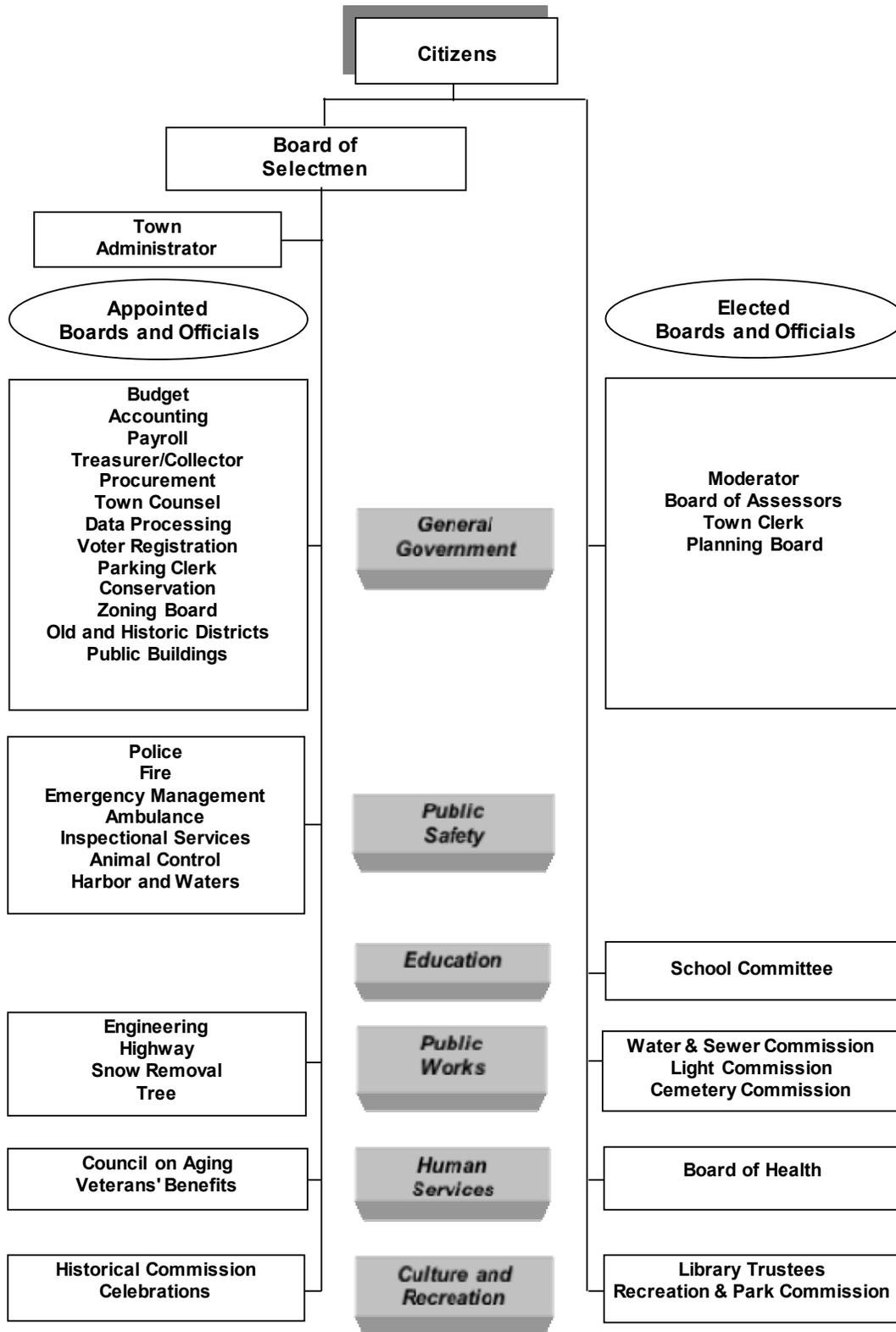
The preparation of this report on a timely basis could not be accomplished without the diligent and dedicated staff of the Financial Services Department, which includes the Treasurer, Accounting, Payroll, and Retirement offices. I would like to express my sincere appreciation to all members of the Town's Financial Services Department who assisted and contributed to the preparation of this report. I would also like to thank the Town Administrator, the Board of Selectmen, the Board of Assessors, and the Finance Committee for their ongoing support in conducting the financial operations of the Town in a responsible and efficient manner.

Respectfully submitted,



Steve Poulos-
Finance Director/Town Accountant

Town of Marblehead, Massachusetts Organization Chart



Town of Marblehead, Massachusetts
Principal Executive Officers

Title	Name	Manner of Selection	Term Expires
Selectmen (Chair)	Jackie Belf-Becker	Elected	2021
Selectmen	Vacant	Elected	
Selectmen	Vacant	Elected	
Selectmen	M. C. Moses Grader	Elected	2021
Selectmen	James E. Nye	Elected	2021
Town Administrator	Jason Silva	Appointed	2021
Finance Director/Town Accountant	Stephen Poulos	Appointed	2024
Treasurer/Collector	Michael Carritte	Appointed	2021
Town Clerk	Robin A. Michaud	Elected	2021

As of March, 2021



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Marblehead
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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Financial Section



Photo by Cami Iannarelli

Sailboats off the coast of Chandler Hovey Park.

Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Marblehead, 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 Marblehead, Massachusetts, as of and for the year ended June 30, 2020 (except for the Marblehead Contributory Retirement System and the Marblehead Municipal Light Department which are as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marblehead Municipal Light Department, which is both a major fund and 48.3%, 36.1%, and 61.7%, respectively, of the assets and deferred outflows of resources, net position, and operating revenues of the business-type activities, for the year ended December 31, 2019. Those statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the Marblehead Municipal Light Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 Marblehead, Massachusetts, as of June 30, 2020 (except for the Marblehead Contributory Retirement System and the Marblehead Municipal Light Department which are as of and for the year ended December 31, 2019), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021, on our consideration of the Town of Marblehead, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Marblehead's internal control over financial reporting and compliance.

Powers & Sullivan LLC

March 15, 2021

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Management's Discussion and Analysis

As management of the Town of Marblehead, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. We encourage readers to consider the information presented in this report in conjunction with the information that we have provided in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (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, human services, culture and recreation, COVID-19 and interest. The business-type activities include the activities of the sewer, water, harbor and municipal light departments.

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

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

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

The Town of Marblehead adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, harbor and municipal light department activities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for Town appropriations used to fund Workers' Compensation Claims.

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

The fiduciary fund financial statements provide combined information for the pension and OPEB trust funds of the Town. The pension and other employee benefits trust fund is used to account for assets accumulated to provide funding for future pension and other postemployment benefits (OPEB) liabilities. Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

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

Government-wide Financial Analysis

During fiscal year 2020, the Town's overall net position of the primary government decreased by \$6.6 million, to a deficit balance of \$92 million. This was comprised of a \$5.6 million decrease in governmental net position and a \$1 million decrease in business-type net position. The \$235 million deficit in unrestricted government-wide net position is attributable to the Town's recognition of \$195.8 million in net OPEB liabilities and the recognition of \$55.1 million in net pension liabilities. These are long-term unfunded liabilities, which do not require significant short-term resources.

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the governmental activities, Marblehead's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$133.3 million, at the close of 2020.

In response to the COVID-19 pandemic, the Town was required to alter some municipal services to ensure a safe environment. State and federal funding is being provided to offset eligible costs related to the pandemic. Please refer to note 17 for more information.

	2020	2019
Assets:		
Current assets.....	\$ 56,717,296	\$ 48,988,319
Capital assets, nondepreciable.....	23,715,349	10,442,735
Capital assets, net of accumulated depreciation....	120,177,794	123,730,673
Total assets.....	200,610,439	183,161,727
Deferred outflows of resources.....	16,617,355	17,705,481
Liabilities:		
Current liabilities (excluding debt).....	10,278,504	5,488,038
Noncurrent liabilities (excluding debt).....	227,136,117	241,922,040
Current debt.....	5,669,213	4,892,112
Noncurrent debt.....	78,915,983	71,740,071
Total liabilities.....	321,999,817	324,042,261
Deferred inflows of resources.....	28,526,326	4,490,227
Net position:		
Net investment in capital assets.....	81,262,886	81,183,548
Restricted.....	13,926,084	13,419,904
Unrestricted.....	(228,487,319)	(222,268,732)
Total net position.....	\$ (133,298,349)	\$ (127,665,280)

Governmental net position of \$81.3 million reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$13.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* has a year-end deficit balance of \$228.5 million. The primary reason for this deficit balance in net position is the recognition of net other postemployment benefit (OPEB) liabilities of \$179.1 million and the recognition of net pension liabilities in the amount of \$44.4 million. Accounting standards require the Town to obtain an actuarial valuation of the Town's liability to pay other postemployment benefits to current employees and retirees. Since there is no legal obligation to fund the liability at this time, the Town has opted to continue to fund the majority of the other postemployment benefits on a pay-as-you-go basis. The Town has begun to partially fund the liability and, as of June 30, 2020, the OPEB trust fund has a combined balance of \$4.5 million. Of this amount, \$1.9 million directly relates to prefunding of the Municipal Light Plant and the remaining \$2.6 million has been prefunded by the Town. The Town's net pension liability is on a schedule to be funded in accordance with state regulations. GASB standards require the entire unfunded pension and OPEB liabilities to be recorded on the full accrual financial statements.

	2020	2019
Program Revenues:		
Charges for services.....	\$ 8,409,383	\$ 7,459,437
Operating grants and contributions.....	22,707,520	19,437,238
Capital grants and contributions.....	2,394,292	699,305
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	69,628,786	67,643,148
Motor vehicle and other excise taxes.....	3,695,922	3,869,773
Penalties and interest on taxes.....	343,990	331,608
Grants and contributions not restricted to specific programs.....	1,380,986	1,415,366
Unrestricted investment income.....	892,542	3,623,438
Total revenues.....	109,453,421	104,479,313
Expenses:		
General government.....	4,810,072	4,618,950
Public safety.....	15,289,243	15,803,260
Education.....	78,027,196	76,926,325
Public works.....	8,606,646	9,143,459
Human services.....	1,516,450	1,519,921
Culture and recreation.....	4,198,451	4,324,769
COVID-19.....	293,726	-
Interest.....	2,344,706	2,185,589
Total expenses.....	115,086,490	114,522,273
Change in net position.....	(5,633,069)	(10,042,960)
Net position, beginning of year.....	(127,665,280)	(117,622,320)
Net position, end of year.....	\$ (133,298,349)	\$ (127,665,280)

Key components of the \$5.6 million overall decrease in governmental net position are the \$6.8 million net increase in net OPEB liability and changes in the related deferred outflows and inflows of resources and \$3.7 million net increase in the Town's net pension liability and changes in the related deferred outflows and inflows of resources. Although both the net OPEB and net pension liabilities decreased, the recognition of changes in these long-term liabilities are deferred and recognized over several years, in according with GASB standards.

The governmental expenses totaled \$115.1 million of which \$33.5 million (29%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$75.9 million, primarily coming from property taxes, motor vehicle excise taxes, and non-restricted state aid.

Business-type Activities

For the Town's business-type activities, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$41.3 million at the close of 2020.

Business-type net position of \$41.2 million represents investments in capital assets, less any related debt used to acquire those assets that are still outstanding. An additional \$6.7 million is restricted for depreciation within the Municipal Light Enterprise Fund, and the remaining balance of unrestricted net position has a year-end deficit balance of \$6.5 million. There was a net decrease of \$1 million in total net position reported in the business-type activities during 2020.

The Town's Water, Sewer, and Harbor funds have a policy of appropriating available funds at the end of each year to fund capital expenses to reduce the need to fund capital projects with long-term debt. As a result, the net position remains relatively consistent from year-to-year. The main changes in net position result from changes in the net OPEB and net pension liabilities.

	2020	2019
Assets:		
Current assets.....	\$ 30,354,940	\$ 27,904,523
Noncurrent assets (excluding capital).....	922,789	684,602
Capital assets, nondepreciable.....	2,222,917	3,222,360
Capital assets, net of accumulated depreciation...	46,006,228	43,661,848
Total assets.....	79,506,874	75,473,333
Deferred outflows of resources.....	2,883,076	2,466,965
Liabilities:		
Current liabilities (excluding debt).....	2,933,949	2,609,508
Noncurrent liabilities (excluding debt).....	27,262,754	24,797,386
Current debt.....	5,075,395	5,077,574
Noncurrent debt.....	1,980,000	-
Total liabilities.....	37,252,098	32,484,468
Deferred inflows of resources.....	3,841,096	3,152,534
Net position:		
Net investment in capital assets.....	41,173,750	41,806,634
Restricted.....	6,671,639	6,949,454
Unrestricted.....	(6,548,633)	(6,452,792)
Total net position.....	\$ 41,296,756	\$ 42,303,296

The Water Enterprise Fund's net position totaled \$12.5 million at year end; a decrease of \$671,000 from the prior year. This balance is approximately 2.5 times the annual operating expenses and has remained consistent over the past several years. Revenues in this fund consist primarily of charges for water service and approximately 51% of the operating expenses consist of assessments paid to the Massachusetts Water Resource Authority (MWRA). During fiscal year 2020, the Water Enterprise Fund, for the first time, issued \$2.2 million of debt through the MWRA for water projects.

The Sewer Enterprise Fund's net position totaled \$11.7 million at year end; a decrease of \$635,000 from the prior year. This balance is approximately 1.9 times the annual operating expenses. Revenues in this fund consist primarily of charges for sewer services and approximately 48% of the Sewer expenses relate to the annual assessment paid to the South Essex Sewerage District (SESD).

The Harbor Enterprise Fund's net position totaled \$2.2 million at year end; a decrease of \$309,000 from the prior year. The balance in the Harbor Enterprise Fund has remained consistent over the past several years. Revenues in this fund consist of a combination of charges for services such as mooring permits, storage, and rent and boat excise taxes assessed.

The Municipal Light Enterprise Fund's net position totaled \$14.9 million at year end; an increase of \$608,000. The majority of the revenue in this fund consists of charges for services and 93% of the expenses relate to cost of services and administration.

	2020	2019
Program Revenues:		
Charges for services.....	\$ 27,587,517	\$ 28,595,179
Operating grants and contributions.....	12,873	208,641
General Revenues:		
Boat excise taxes.....	89,787	104,797
Unrestricted investment income.....	164,778	154,278
Total revenues.....	27,854,955	29,062,895
Expenses:		
Water.....	5,093,532	4,369,277
Sewer.....	6,039,576	5,105,008
Harbor.....	1,242,871	1,078,663
Municipal Light.....	16,485,516	17,740,657
Total expenses.....	28,861,495	28,293,605
Change in net position.....	(1,006,540)	769,290
Net position, beginning of year.....	42,303,296	41,534,006
Net position, end of year.....	\$ 41,296,756	\$ 42,303,296

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$46 million, an increase of \$2.9 million from the prior year.

The General Fund is the chief operating fund. At the end of the current year, unassigned fund balance of the General Fund totaled \$13.4 million, while total fund balance was \$21.5 million. Of the \$7.3 million assigned fund balance, \$7.2 million, has been allocated to balance the 2021 budget and the remainder represents funds encumbered at year end. Articles voted at the Town's Annual Town Meeting that have not been spent as of year-end, have been classified as committed and have a balance of \$771,000 as of June 30, 2020. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to

total fund expenditures. Unassigned fund balance represents 12.9% of total general fund expenditures, while total fund balance represents 20.6% of that same amount.

The General Fund increased by \$391,000. This increase is primarily attributable to the use of \$8.6 million of free cash used to decrease the tax rate, offset by conservative revenue budgeting. Revenues came in over budget by \$4.1 million; appropriations exceeded actual expenditures and encumbrances by \$4.2 million mainly due to group insurance surplus of \$2.8 million; these surpluses were offset by the use of prior year resources to balance the 2020 budget.

The Capital Projects Fund is used to account for the financial activities associated with major capital projects that have been authorized by Town Meeting and approved by the voters to be funded by the proceeds of bond sales. The Town's primary major capital projects during 2020 have been the renovation of Abbot Hall, the Gerry School Construction Project. The capital projects fund had a net increase of approximately \$421,000 million during 2020, which was the net result of \$12.2 million from the issuance of long-term bonds and related premiums, \$2.7 million in state aid and a settlement on the landfill, and \$14.6 million spent on projects.

The Highway Improvement Fund is used to account for financial activities associated with highway and road repair projects funded by the State's Chapter 90 Highway Program. Revenues consisted of reimbursements from the state grant program and expenditures consist of road improvements. The fund had a year-end receivable due from the state of \$93,000 and annual expenditures totaled \$711,000.

The Public Funds major fund is used to account for trust funds that have been established to fund public purposes. This fund had a year-end balance of \$7.3 million and the fund increased by \$109,000 during the year. Revenues consisted of investment earnings and contributions, expenditures and transfers out which totaled \$33,000.

General Fund Budgetary Highlights

The Town experienced a \$4.1 million surplus of actual over budgeted revenues. The largest surpluses were in motor vehicle excises taxes, intergovernmental revenue and charges for services. Revenues exceeded budgets in all categories. These surpluses were the result of conservative budget estimates. In addition, the Town does not budget for police detail administration fees, water, sewer and harbor indirect costs which contributed to a \$360,000 surplus in transfers in.

Actual expenditures ended the year approximately \$4.2 million under budget. The most notable is the group insurance appropriation, which ended the year \$2.8 million under budget. Expenditures exceeded the budget for snow removal by \$10,000; under state law, the Town is allowed to overspend for snow and ice removal and to raise any unfunded deficit in the subsequent year. Expenditures also exceeded the budget for debt service interest and finance operating expenditures. These over-expenditures will be funded by the Town.

The main changes between the original and final budget for the Town consisted of reserve fund transfers within appropriation lines. There were no net increases in appropriations from the original voted budget.

The Town voted to use \$8.6 million of the prior year's available fund balance to fund the fiscal year 2020 budget.

Capital Asset and Debt Administration

Capital assets. In conjunction with the operating budget, departments with proposed capital budgets submit them to the Finance Committee and if large enough, to the Capital Planning Committee. These committees are responsible for reviewing the proposed capital budgets and reporting to the Annual Town Meeting. The major capital asset activity of the governmental activities during the year consisted of Abbot Hall construction and the Gerry School Building Project, which are both reported within construction in progress at year end. Other capital asset activity consisted of building improvements, machinery and equipment and infrastructure improvements, including roadway repairs.

Capital additions of the business-type activities consisted of upgrades to infrastructure and equipment in the Water activities, buildings and improvements, equipment and infrastructure in the Sewer activities, mainly machinery and equipment in the Harbor activities, and Municipal Light plant and equipment improvements.

Debt administration. Outstanding long-term debt of the general government, as of June 30, 2020, totaled \$80 million, of which \$39.8 million is related to school projects, \$900,000 is for land acquisition and remediation projects, \$5.1 million is for the transfer station, \$17.6 million is for the landfill, \$4.1 million is for drainage projects, \$10.6 million is for Abbot Hall, \$900,000 is for a fire ladder truck, and \$1 million is for seawalls. Outstanding long-term debt of the business-type activities consists solely of the new \$2.2 million MWRA bonds issued by the water enterprise fund.

The Town's net long-term debt outstanding increased by \$6.4 million during 2020 through a combination of new issuances and the retirement of existing debt.

Please refer to the notes 5, 6 and 7 of the basic financial statements for further discussion of the Town's major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Marblehead's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Mary Alley Building, 7 Widger Road, Marblehead, Massachusetts 01945.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 51,892,330	\$ 15,303,870	\$ 67,196,200
Restricted cash and cash equivalents.....	-	6,671,639	6,671,639
Investments.....	1,932,973	-	1,932,973
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,632,921	-	1,632,921
Tax liens.....	145,285	-	145,285
Motor vehicle and boat excise taxes.....	232,719	47,847	280,566
User fees.....	-	5,105,122	5,105,122
Departmental and other.....	221,116	-	221,116
Intergovernmental.....	598,117	-	598,117
Tax foreclosures.....	51,835	-	51,835
Inventory.....	-	133,583	133,583
Working capital deposit.....	10,000	-	10,000
Other assets.....	-	1,684,237	1,684,237
Purchased power advanced deposits.....	-	1,408,642	1,408,642
Total current assets.....	56,717,296	30,354,940	87,072,236
NONCURRENT:			
Investment in joint venture.....	-	922,789	922,789
Capital assets, nondepreciable.....	23,715,349	2,222,917	25,938,266
Capital assets, net of accumulated depreciation.....	120,177,794	46,006,228	166,184,022
Total noncurrent assets.....	143,893,143	49,151,934	193,045,077
TOTAL ASSETS.....	200,610,439	79,506,874	280,117,313
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	4,112,963	1,810,614	5,923,577
Deferred outflows related to other postemployment benefits.....	12,504,392	1,072,462	13,576,854
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	16,617,355	2,883,076	19,500,431
LIABILITIES			
CURRENT:			
Warrants payable.....	6,699,340	2,515,830	9,215,170
Tax refunds payable.....	381,619	-	381,619
Accrued interest.....	1,384,383	-	1,384,383
Liabilities due depositors.....	11,840	-	11,840
Other liabilities.....	460,300	-	460,300
Customer deposits.....	-	201,045	201,045
Unearned revenue.....	5,619	-	5,619
Landfill closure.....	114,600	-	114,600
Compensated absences.....	1,099,178	217,074	1,316,252
Workers' compensation.....	121,625	-	121,625
Notes payable.....	506,092	4,855,395	5,361,487
Bonds payable.....	5,163,121	220,000	5,383,121
Total current liabilities.....	15,947,717	8,009,344	23,957,061
NONCURRENT:			
Landfill closure.....	2,635,800	-	2,635,800
Compensated absences.....	246,000	-	246,000
Workers' compensation.....	686,477	-	686,477
Net pension liability.....	44,434,515	10,638,048	55,072,563
Net other postemployment benefits liability.....	179,133,325	16,624,706	195,758,031
Bonds payable.....	78,915,983	1,980,000	80,895,983
Total noncurrent liabilities.....	306,052,100	29,242,754	335,294,854
TOTAL LIABILITIES.....	321,999,817	37,252,098	359,251,915
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	5,251	-	5,251
Contributions in aid of construction.....	-	203,894	203,894
Rate stabilization reserve.....	-	1,430,736	1,430,736
Deferred inflows related to pensions.....	3,473,013	738,236	4,211,249
Deferred inflows related to other postemployment benefits.....	25,048,062	1,468,230	26,516,292
TOTAL DEFERRED INFLOWS OF RESOURCES.....	28,526,326	3,841,096	32,367,422
NET POSITION			
Net investment in capital assets.....	81,262,886	41,173,750	122,436,636
Restricted for:			
Depreciation.....	-	6,671,639	6,671,639
Permanent funds:			
Expendable.....	3,597,862	-	3,597,862
Nonexpendable.....	3,687,580	-	3,687,580
Gifts and grants.....	6,640,642	-	6,640,642
Unrestricted.....	(228,487,319)	(6,548,633)	(235,035,952)
TOTAL NET POSITION.....	\$ (133,298,349)	\$ 41,296,756	\$ (92,001,593)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 4,810,072	\$ 695,346	\$ 537,621	\$ -	\$ (3,577,105)
Public safety.....	15,289,243	1,600,988	57,982	-	(13,630,273)
Education.....	78,027,196	2,107,218	21,299,411	1,123,446	(53,497,121)
Public works.....	8,606,646	3,229,251	85,171	1,270,846	(4,021,378)
Human services.....	1,516,450	102,168	197,167	-	(1,217,115)
Culture and recreation.....	4,198,451	674,412	236,442	-	(3,287,597)
COVID-19.....	293,726	-	293,726	-	-
Interest.....	2,344,706	-	-	-	(2,344,706)
Total Governmental Activities.....	115,086,490	8,409,383	22,707,520	2,394,292	(81,575,295)
<i>Business-Type Activities:</i>					
Water.....	5,093,532	4,387,954	-	-	(705,578)
Sewer.....	6,039,576	5,356,645	-	-	(682,931)
Harbor.....	1,242,871	823,240	12,873	-	(406,758)
Municipal Light.....	16,485,516	17,019,678	-	-	534,162
Total Business-Type Activities.....	28,861,495	27,587,517	12,873	-	(1,261,105)
Total Primary Government.....	\$ 143,947,985	\$ 35,996,900	\$ 22,720,393	\$ 2,394,292	\$ (82,836,400)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(81,575,295)	(1,261,105)	(82,836,400)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	69,628,786	-	69,628,786
Motor vehicle and boat excise taxes.....	3,695,922	89,787	3,785,709
Penalties and interest on taxes.....	343,990	-	343,990
Grants and contributions not restricted to specific programs.....	1,380,986	-	1,380,986
Unrestricted investment income.....	892,542	164,778	1,057,320
Total general revenues.....	75,942,226	254,565	76,196,791
 Change in net position.....	 (5,633,069)	 (1,006,540)	 (6,639,609)
<i>Net position:</i>			
Beginning of year.....	(127,665,280)	42,303,296	(85,361,984)
End of year..... \$	<u>(133,298,349)</u>	<u>41,296,756</u>	<u>(92,001,593)</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	General	Capital Projects Fund	Highway Improvement Fund	Public Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 23,086,641	\$ 10,326,409	\$ 22,249	\$ 7,282,877	\$ 9,806,585	\$ 50,524,761
Investments.....	-	-	-	2,923	1,930,050	1,932,973
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	1,632,921	-	-	-	-	1,632,921
Tax liens.....	145,285	-	-	-	-	145,285
Motor vehicle and boat excise taxes.....	232,719	-	-	-	-	232,719
Departmental and other.....	108,057	-	-	-	113,059	221,116
Intergovernmental.....	37,822	-	92,602	-	467,693	598,117
Tax foreclosures.....	51,835	-	-	-	-	51,835
Working capital deposit.....	-	-	-	-	10,000	10,000
TOTAL ASSETS.....	\$ 25,295,280	\$ 10,326,409	\$ 114,851	\$ 7,285,800	\$ 12,327,387	\$ 55,349,727
LIABILITIES						
Warrants payable.....	\$ 1,772,396	\$ 4,409,770	\$ 3,546	\$ 358	\$ 497,000	\$ 6,683,070
Tax refunds payable.....	381,619	-	-	-	-	381,619
Liabilities due depositors.....	11,840	-	-	-	-	11,840
Other liabilities.....	460,300	-	-	-	-	460,300
Unearned revenue.....	-	-	-	-	5,619	5,619
Notes payable.....	-	506,092	-	-	-	506,092
TOTAL LIABILITIES.....	2,626,155	4,915,862	3,546	358	502,619	8,048,540
DEFERRED INFLOWS OF RESOURCES						
Taxes paid in advance.....	5,251	-	-	-	-	5,251
Unavailable revenue.....	1,115,904	-	111,305	-	39,956	1,267,165
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,121,155	-	111,305	-	39,956	1,272,416
FUND BALANCES						
Nonspendable.....	-	-	-	3,650,055	-	3,650,055
Restricted.....	-	5,410,547	-	3,635,387	11,784,812	20,830,746
Committed.....	771,466	-	-	-	-	771,466
Assigned.....	7,329,283	-	-	-	-	7,329,283
Unassigned.....	13,447,221	-	-	-	-	13,447,221
TOTAL FUND BALANCES.....	21,547,970	5,410,547	-	7,285,442	11,784,812	46,028,771
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 25,295,280	\$ 10,326,409	\$ 114,851	\$ 7,285,800	\$ 12,327,387	\$ 55,349,727

See notes to basic financial statements.

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

JUNE 30, 2020

Total governmental fund balances.....	\$	46,028,771
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		143,893,143
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		1,267,165
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(11,903,720)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		543,197
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,384,383)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(84,079,104)	
Net pension liability.....	(44,434,515)	
Net other postemployment benefits liability.....	(179,133,325)	
Landfill closure.....	(2,750,400)	
Compensated absences.....	<u>(1,345,178)</u>	
Net effect of reporting long-term liabilities.....		<u>(311,742,522)</u>
Net position of governmental activities.....	\$	<u>(133,298,349)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	General	Capital Projects Fund	Highway Improvement Fund	Public Funds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 69,552,355	\$ -	\$ -	\$ -	\$ -	\$ 69,552,355
Motor vehicle and other excise taxes.....	3,671,847	-	-	-	-	3,671,847
Charges for services.....	996,830	-	-	-	3,340,507	4,337,337
Penalties and interest on taxes.....	343,990	-	-	-	-	343,990
Licenses and permits.....	698,671	-	-	-	-	698,671
Fines and forfeitures.....	111,026	-	-	-	-	111,026
Intergovernmental - state aid.....	8,323,601	-	-	-	-	8,323,601
Intergovernmental - School Building Authority.....	-	1,123,446	-	-	-	1,123,446
Intergovernmental - Teachers Retirement.....	11,296,389	-	-	-	-	11,296,389
Intergovernmental - other.....	91,598	-	710,579	-	4,077,468	4,879,645
Intergovernmental - COVID-19 relief.....	-	-	-	-	293,726	293,726
Departmental and other.....	439,971	1,575,000	-	-	1,220,294	3,235,265
Contributions and donations.....	-	-	-	85,119	802,703	887,822
Investment income.....	538,485	-	-	57,163	260,529	856,177
TOTAL REVENUES.....	96,064,763	2,698,446	710,579	142,282	9,995,227	109,611,297
EXPENDITURES:						
Current:						
General government.....	1,778,638	-	-	-	514,720	2,293,358
Public safety.....	8,641,516	-	-	-	951,011	9,592,527
Education.....	40,660,338	-	-	1,932	4,556,755	45,219,025
Public works.....	4,836,534	-	710,579	-	635,871	6,182,984
Human services.....	641,130	-	-	-	309,874	951,004
Culture and recreation.....	1,986,268	-	-	5,324	751,256	2,742,848
COVID-19.....	-	-	-	-	293,726	293,726
Pension benefits.....	3,311,646	-	-	-	-	3,311,646
Pension benefits - Teachers Retirement.....	11,296,389	-	-	-	-	11,296,389
Property and liability insurance.....	475,888	-	-	-	-	475,888
Employee benefits.....	11,999,760	-	-	-	-	11,999,760
State and county charges.....	3,286,263	-	-	-	-	3,286,263
Capital outlay.....	-	14,551,352	-	-	-	14,551,352
Debt service:						
Principal.....	4,425,000	-	-	-	-	4,425,000
Principal payment on current refunding.....	8,665,894	-	-	-	312,826	8,978,720
Interest.....	2,490,992	-	-	-	-	2,490,992
TOTAL EXPENDITURES.....	104,496,256	14,551,352	710,579	7,256	8,326,039	128,091,482
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(8,431,493)	(11,852,906)	-	135,026	1,669,188	(18,480,185)
OTHER FINANCING SOURCES (USES):						
Issuance of bonds.....	-	8,911,000	-	-	-	8,911,000
Issuance of long term BANs.....	-	2,243,908	-	-	-	2,243,908
Issuance of refunding BANs.....	6,081,894	-	-	-	-	6,081,894
Issuance of refunding bonds.....	2,584,000	-	-	-	-	2,584,000
Premium from issuance of debt.....	-	1,089,000	-	-	423,322	1,512,322
Transfers in.....	439,691	30,388	-	-	261,590	731,669
Transfers out.....	(282,778)	-	-	(26,000)	(422,891)	(731,669)
TOTAL OTHER FINANCING SOURCES (USES)...	8,822,807	12,274,296	-	(26,000)	262,021	21,333,124
NET CHANGE IN FUND BALANCES.....	391,314	421,390	-	109,026	1,931,209	2,852,939
FUND BALANCES AT BEGINNING OF YEAR.....	21,156,656	4,989,157	-	7,176,416	9,853,603	43,175,832
FUND BALANCES AT END OF YEAR.....	\$ 21,547,970	\$ 5,410,547	\$ -	\$ 7,285,442	\$ 11,784,812	\$ 46,028,771

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds.....	\$	2,852,939
<p>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.</p>		
Capital outlay.....		15,261,598
Depreciation expense.....		<u>(5,541,863)</u>
Net effect of reporting capital assets.....		9,719,735
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(93,174)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....		(8,911,000)
Issuance of long term BANS.....		(2,243,908)
Issuance of refunding BANS.....		(6,081,894)
Issuance of refunding bonds.....		(2,584,000)
Premium from issuance of bonds.....		(1,512,322)
Payments of refunded debt.....		8,978,720
Net amortization of premium from issuance of bonds.....		347,550
Debt service principal payments.....		<u>4,425,000</u>
Net effect of reporting long-term debt.....		(7,581,854)
<p>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.</p>		
Net change in compensated absences accrual.....		(212,872)
Net change in accrued interest on long-term debt.....		(201,264)
Net change in deferred outflow/(inflow) of resources related to pensions.....		(5,808,105)
Net change in net pension liability.....		2,117,858
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...		(19,310,869)
Net change in other postemployment benefits liability.....		12,518,390
Net change in landfill closure.....		<u>114,600</u>
Net effect of recording long-term liabilities.....		(10,782,262)
<p>The net activity of internal service funds is reported with Governmental Activities.....</p>		
		<u>251,547</u>
Change in net position of governmental activities.....	\$	<u><u>(5,633,069)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Harbor	Municipal Light December 31, 2019	Total	
ASSETS						
CURRENT:						
Cash and cash equivalents.....	\$ 4,683,511	\$ 3,355,630	\$ 848,394	\$ 6,416,335	\$ 15,303,870	\$ 1,367,569
Restricted cash and cash equivalents.....	-	-	-	6,671,639	6,671,639	-
Receivables, net of allowance for uncollectibles:						
Boat excise taxes.....	-	-	47,847	-	47,847	-
User fees.....	890,495	1,901,602	25,666	2,287,359	5,105,122	-
Inventory.....	-	-	-	133,583	133,583	-
Other assets.....	-	-	-	1,684,237	1,684,237	-
Purchased power advanced deposits.....	-	-	-	1,408,642	1,408,642	-
Total current assets.....	5,574,006	5,257,232	921,907	18,601,795	30,354,940	1,367,569
NONCURRENT:						
Investment in joint venture.....	-	922,789	-	-	922,789	-
Capital assets, nondepreciable.....	49,427	115,466	2,004,077	53,947	2,222,917	-
Capital assets, net of accumulated depreciation.....	13,386,911	11,679,135	1,758,496	19,181,686	46,006,228	-
Total noncurrent assets.....	13,436,338	12,717,390	3,762,573	19,235,633	49,151,934	-
TOTAL ASSETS.....	19,010,344	17,974,622	4,684,480	37,837,428	79,506,874	1,367,569
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions.....	109,253	158,106	60,844	1,482,411	1,810,614	-
Deferred outflows related to other postemployment benefits..	170,231	274,987	117,852	509,392	1,072,462	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	279,484	433,093	178,696	1,991,803	2,883,076	-
LIABILITIES						
CURRENT:						
Warrants payable.....	497,615	333,986	19,664	1,664,565	2,515,830	16,270
Customer deposits.....	-	-	-	201,045	201,045	-
Compensated absences.....	59,017	60,183	23,245	74,629	217,074	-
Workers' compensation.....	-	-	-	-	-	121,625
Notes payable.....	-	-	-	4,855,395	4,855,395	-
Bonds payable.....	220,000	-	-	-	220,000	-
Total current liabilities.....	776,632	394,169	42,909	6,795,634	8,009,344	137,895
NONCURRENT:						
Workers' compensation.....	-	-	-	-	-	686,477
Net pension liability.....	1,180,314	1,708,097	657,329	7,092,308	10,638,048	-
Net other postemployment benefits liability.....	2,433,368	3,930,826	1,684,639	8,575,873	16,624,706	-
Bonds payable.....	1,980,000	-	-	-	1,980,000	-
Total noncurrent liabilities.....	5,593,682	5,638,923	2,341,968	15,668,181	29,242,754	686,477
TOTAL LIABILITIES.....	6,370,314	6,033,092	2,384,877	22,463,815	37,252,098	824,372
DEFERRED INFLOWS OF RESOURCES						
Contributions in aid of construction.....	-	-	-	203,894	203,894	-
Rate stabilization reserve.....	-	-	-	1,430,736	1,430,736	-
Deferred inflows related to pensions.....	92,254	133,505	51,376	461,101	738,236	-
Deferred inflows related to other postemployment benefits....	340,625	550,241	235,817	341,547	1,468,230	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	432,879	683,746	287,193	2,437,278	3,841,096	-
NET POSITION						
Net investment in capital assets.....	11,236,338	11,794,601	3,762,573	14,380,238	41,173,750	-
Restricted for:						
Depreciation.....	-	-	-	6,671,639	6,671,639	-
Unrestricted.....	1,250,297	(103,724)	(1,571,467)	(6,123,739)	(6,548,633)	543,197
TOTAL NET POSITION.....	\$ 12,486,635	\$ 11,690,877	\$ 2,191,106	\$ 14,928,138	\$ 41,296,756	\$ 543,197

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Harbor	Municipal Light December 31, 2019	Total	
OPERATING REVENUES:						
Charges for services.....	\$ 4,386,353	\$ 5,343,542	\$ 823,240	\$ 17,019,678	\$ 27,572,813	\$ 397,169
Licenses and permits.....	-	12,350	-	-	12,350	-
Other operating revenues.....	1,601	753	-	-	2,354	-
TOTAL OPERATING REVENUES	4,387,954	5,356,645	823,240	17,019,678	27,587,517	397,169
OPERATING EXPENSES:						
Cost of services and administration.....	1,007,940	1,964,837	730,729	15,144,921	18,848,427	-
Salaries and wages.....	974,920	737,901	372,660	-	2,085,481	-
Operating assessments.....	2,580,646	2,925,437	-	-	5,506,083	-
Depreciation.....	530,026	411,401	139,482	1,180,531	2,261,440	-
Employee benefits.....	-	-	-	-	-	151,862
TOTAL OPERATING EXPENSES.....	5,093,532	6,039,576	1,242,871	16,325,452	28,701,431	151,862
OPERATING INCOME (LOSS).....	(705,578)	(682,931)	(419,631)	694,226	(1,113,914)	245,307
NONOPERATING REVENUES (EXPENSES):						
Boat excise taxes.....	-	-	89,787	-	89,787	-
Investment income.....	34,302	48,297	8,181	73,998	164,778	6,240
Interest expense.....	-	-	-	(160,064)	(160,064)	-
Intergovernmental assessments.....	-	-	12,873	-	12,873	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	34,302	48,297	110,841	(86,066)	107,374	6,240
CHANGE IN NET POSITION.....	(671,276)	(634,634)	(308,790)	608,160	(1,006,540)	251,547
NET POSITION AT BEGINNING OF YEAR.....	13,157,911	12,325,511	2,499,896	14,319,978	42,303,296	291,650
NET POSITION AT END OF YEAR.....	\$ 12,486,635	\$ 11,690,877	\$ 2,191,106	\$ 14,928,138	\$ 41,296,756	\$ 543,197

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Harbor	Municipal Light December 31, 2019	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users.....	\$ 4,686,099	\$ 5,588,800	\$ 807,979	\$ 17,257,879	\$ 28,340,757	\$ -
Receipts from interfund services provided.....	-	-	-	-	-	397,169
Payments to vendors.....	(2,568,122)	(4,017,516)	(406,204)	(14,840,780)	(21,832,622)	-
Payments to employees.....	(964,173)	(724,970)	(376,516)	(9,605)	(2,075,264)	-
Payments for interfund services used.....	-	-	-	-	-	(246,675)
NET CASH FROM OPERATING ACTIVITIES.....	1,153,804	846,314	25,259	2,407,494	4,432,871	150,494
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Boat excise taxes.....	-	-	127,974	-	127,974	-
Intergovernmental assessments.....	-	-	12,873	-	12,873	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	-	-	140,847	-	140,847	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from the issuance of notes.....	2,200,000	-	-	-	2,200,000	-
Acquisition and construction of capital assets.....	(1,623,799)	(1,157,150)	(89,589)	(735,839)	(3,606,377)	-
Principal payments on bonds and notes.....	-	-	-	(222,179)	(222,179)	-
Interest expense.....	-	-	-	(160,064)	(160,064)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	576,201	(1,157,150)	(89,589)	(1,118,082)	(1,788,620)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income.....	34,302	48,297	8,181	73,998	164,778	6,240
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,764,307	(262,539)	84,698	1,363,410	2,949,876	156,734
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,919,204	3,618,169	763,696	11,724,564	19,025,633	1,210,835
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,683,511	\$ 3,355,630	\$ 848,394	\$ 13,087,974	\$ 21,975,509	\$ 1,367,569
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH						
FROM OPERATING ACTIVITIES:						
Operating income (loss).....	\$ (705,578)	\$ (682,931)	\$ (419,631)	\$ 694,226	\$ (1,113,914)	\$ 245,307
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	530,026	411,401	139,482	1,180,531	2,261,440	-
Deferred (outflows)/inflows related to pensions.....	165,173	172,809	89,584	(887,561)	(459,995)	-
Deferred (outflows)/inflows related to other postemployment benefits.....	245,556	411,033	173,294	(266,174)	563,709	-
Deferred (outflows)/inflows related to rate stabilization reserve.....	-	-	-	143,260	143,260	-
Deferred (outflows)/inflows related to contributions in aid of construction.....	-	-	-	25,477	25,477	-
Changes in assets and liabilities:						
User charges.....	299,662	232,155	(15,261)	220,954	737,510	-
Inventory.....	-	-	-	(38,661)	(38,661)	-
Other assets.....	-	-	-	(237,577)	(237,577)	-
Investment in joint venture.....	-	(238,187)	-	-	(238,187)	-
Warrants payable.....	433,775	147,738	(2,786)	(254,756)	323,971	(13,258)
Customer deposits.....	(1,517)	-	-	(8,230)	(9,747)	-
Compensated absences.....	10,747	12,931	(3,856)	(9,605)	10,217	-
Workers' compensation.....	-	-	-	-	-	(81,555)
Net pension liability.....	(134,894)	282,871	(57,784)	1,339,408	1,429,601	-
Other postemployment benefits.....	310,854	96,494	122,217	506,202	1,035,767	-
Total adjustments.....	1,859,382	1,529,245	444,890	1,713,268	5,546,785	(94,813)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,153,804	\$ 846,314	\$ 25,259	\$ 2,407,494	\$ 4,432,871	\$ 150,494

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 288,159	\$ 3,347,970	\$ 422,480
Investments:			
Investments in Pension Reserve Investment Trust.....	110,259,002	-	-
U.S. treasuries.....	-	100,255	-
Government sponsored enterprises.....	-	10,003	-
Corporate bonds.....	-	250,571	-
Equity securities.....	-	71,779	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	3,768	2,175	-
Capital assets, nodepreciable.....	-	2,045	-
Capital assets, net of accumulated depreciation.....	-	138,102	-
TOTAL ASSETS	110,550,929	3,922,900	422,480
LIABILITIES			
Warrants payable.....	483	4,661	-
Liabilities due depositors.....	-	-	422,480
Other liabilities.....	-	2,175	-
TOTAL LIABILITIES	483	6,836	422,480
NET POSITION			
Restricted for pensions.....	106,088,596	-	-
Restricted for other postemployment benefits.....	4,461,850	-	-
Held in trust for other purposes.....	-	3,916,064	-
TOTAL NET POSITION	\$ 110,550,446	\$ 3,916,064	\$ -

(1) The Pension Trust Fund is as of December 31, 2019

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 4,331,162	\$ -
Employer contributions for other postemployment benefit payments.....	4,055,705	-
Member contributions.....	2,225,426	-
Transfers from other systems.....	171,154	-
3(8)c contributions from other systems.....	170,856	-
Workers compensation settlements.....	8,101	-
State COLA reimbursements.....	68,528	-
Private donations.....	-	578,143
	<u>11,030,932</u>	<u>578,143</u>
Total contributions.....		
	<u>11,030,932</u>	<u>578,143</u>
Net investment income:		
Investment income.....	15,621,641	100,975
Less: investment expense.....	<u>(518,753)</u>	<u>-</u>
	<u>15,102,888</u>	<u>100,975</u>
Net investment income (loss).....		
	<u>15,102,888</u>	<u>100,975</u>
TOTAL ADDITIONS.....		
	<u>26,133,820</u>	<u>679,118</u>
DEDUCTIONS:		
Administration.....	147,864	37,512
Transfers to other systems.....	504,410	-
Retirement benefits and refunds.....	10,022,984	-
Depreciation.....	-	12,632
Other postemployment benefit payments.....	4,055,705	-
Educational scholarships.....	-	18,018
	<u>14,730,963</u>	<u>68,162</u>
TOTAL DEDUCTIONS.....		
	<u>14,730,963</u>	<u>68,162</u>
NET INCREASE (DECREASE) IN NET POSITION.....		
	11,402,857	610,956
NET POSITION AT BEGINNING OF YEAR.....		
	<u>99,147,589</u>	<u>3,305,108</u>
NET POSITION AT END OF YEAR.....		
	<u>\$ 110,550,446</u>	<u>\$ 3,916,064</u>

(1) The Pension Trust Fund is as of the year ended December 31, 2019

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying summary of the Town of Marblehead's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements. The financial statements and notes are representations of the Town's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP), as applicable to governments, and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Town of Marblehead is a municipal corporation that is governed by an elected five member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the Town is considered to be financially accountable. Component units, although legally separate entities, are, in substance, part of the government's operations and data from these units are combined with the data of the primary government. Specifically excluded from the Town's financial statements because they are autonomous entities or agencies are the Marblehead Housing Authority and Essex North Shore Agricultural and Technical School District.

The Town presents the financial position of the Marblehead Municipal Light Plant (MMLP) and the results of its operations on a calendar year basis as an Enterprise Fund in the Proprietary Fund Financial Statements. The MMLP is a department of the Town of Marblehead that maintains a separate set of books and records on a calendar year basis, and issues yearly financial statements. The MMLP's financial statements for the year ended December 31, 2019, were audited by other independent public accountants. A copy of the report can be obtained by contacting the MMLP at 80 Commercial Street, Marblehead, MA 01945.

Component Unit Presented as a Fiduciary Fund – The Marblehead Contributory Retirement System (the System) is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. The System is governed by a five-member board comprised of the Town's Finance Director (ex-officio), two elected members and one member appointed by the Board of Selectmen and one member appointed by the Board members. The System is a legally separate entity, but the nature and significance of its relationship with the Town warrants inclusion in the basic financial statements. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System at 7 Widger Road, Marblehead, MA 01945.

Joint Ventures – The South Essex Sewerage District (District), a joint venture with the Cities of Salem, Peabody and Beverly and the Towns of Marblehead and Danvers, for the operation of a septage disposal facility. The members share in overseeing the operations of the District. Each member is responsible for its proportionate share of the operational costs of the District, which are paid in the form of assessments. As of June 30, 2020, the Town's equity interest in the operations of the District is \$923,000, which is recorded in the Sewer Enterprise Fund. Complete financial statements can be obtained directly from their administrative offices located at 50 Fort Avenue, Salem, MA 01970.

The Town is a member of the Essex North Shore Agricultural and Technical School District that serves the members' students seeking an education in academic, technical and agricultural studies. The members' share in

the operations of the Essex North Shore Agricultural and Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Essex North Shore Agricultural and Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Essex North Shore Agricultural and Technical School District and the 2020 assessment was \$723,921. Complete financial information can be obtained by contacting them at 565 Maple Street, Danvers, MA 01923.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Property taxes, excise taxes, police detail fees and trash user charges are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become available when the cash is received and are recognized as revenue at that time.

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

The following major governmental funds are reported:

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

The *Capital Projects Fund* is used to account for the financial activities associated with major capital projects that have been authorized by Town Meeting and approved by the voters to be funded by the proceeds of bonds sales.

The *Highway Improvement Fund* is used to account for financial activities associated with highway and road repair projects funded by the State's Chapter 90 Highway Program.

The *Public Funds* are the Town's Permanent Funds which are used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

The nonmajor governmental funds consist of special revenue funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describe the general use of this fund type:

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

Proprietary funds are accounted for using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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

The following major enterprise funds are reported:

The *Water* enterprise fund is used to account for the Town's water activities.

The *Sewer* enterprise fund is used to account for the Town's sewer activities.

The *Harbor* enterprise fund is used to account for the Town's harbor activities.

The *Municipal Light* enterprise fund is used to account for the Town's electricity activities.

The *Internal Service Funds* are used to account for the financing of services provided by one department to other departments or governmental units.

The following activity within the internal service fund is reported:

The workers' compensation activity is used to account for Town appropriations and investment earnings which are expended for the payment of injury claims, resulting from on-the-job accidents of Town employees.

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

The following Fiduciary funds are reported:

The *pension and other employee benefit trust funds* are used to account for the activities of the Retirement System and the Town's defined benefit healthcare plan, which accumulate resources to provide pension and OPEB benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies

that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarships and assistance to benefit the needy are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The Town's agency fund consist of performance bonds and the collection and payment of hunting and fishing licenses, firearm permits, sales taxes, meals taxes, and dog licenses to the State, proceeds of extra work details to the Town employees, and school student activity accounts.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market. The fair value of real estate investments is based upon independent appraisals. Investments that do not have an established market are reported at estimated fair values.

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable and Allowance for Uncollectible Accounts

Government-Wide and Fund Financial Statements

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

Real and personal property taxes are based upon values assessed as of January 1 and are levied each July for the following year ending June 30. Taxes for each year are due in quarterly installments and are normally payable August 1, November 1, February 1 and May 1. Interest accrues on delinquent taxes and is recognized as revenue when received. Tax liens are processed within twelve months after the close of the valuation year on delinquent properties.

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 the sale or taking of the property by the Town.

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

Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value. Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grant requirements are met.

Water and Sewer user fees are based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period.

Harbor user fees are assessed based on an annual basis and the portion of the fees that relate to July 1 through December 31 is recorded as unearned revenue at June 30.

The allowance for uncollectible accounts has been estimated based on historical trends and is reflected as a reduction to the receivables in the asset section of the financial statements.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase except in the Municipal Light Enterprise Fund where inventories of parts and accessories purchased for use in the utility business for construction, operation and maintenance purposes are stated at average cost at December 31, 2019. Such inventories of both the Governmental Funds and Enterprise Funds, except the Municipal Light Fund, are not material in total to the basic financial statements and therefore are not reported.

H. Capital Assets

Government-Wide and Fund Financial Statements

Capital assets, which include land, construction in progress, piers, buildings, building improvements, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental, business-type activity and fiduciary column of the government-wide and fund based financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Except for capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000, and with the expected useful lives of greater than one year, are capitalized at the date of acquisition or construction. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis.

The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	10-30
Buildings.....	40
Buildings and improvements.....	6-20
Machinery and equipment.....	3-15
Light plant and equipment.....	20
Piers.....	15-75
Infrastructure.....	5-50

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resources related to pensions, other postemployment benefits, contributions in aid of construction, and a provision for rate stabilization in this category.

Governmental Fund Financial Statements

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has recorded taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Compensated Absences

Government-Wide and Fund Financial Statements

Under the terms of various union contracts, Town employees are granted vacation and sick leave benefits in varying amounts. In the event of termination, an employee is paid for all accumulated vacation. Vacation earned in one year may be carried forward to be used in the following year. Town employees are granted a varying proportion of their unused sick leave upon death or retirement. Accumulated unpaid vacation, sick pay and other employee benefit amounts are reported as liabilities in the government-wide and enterprise financial statements.

K. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been “restricted for” the following:

Depreciation – represents amounts restricted in the Municipal Light for the statutory reserve for funded depreciation.

Permanent Funds - Expendable Trust Funds - represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings to support governmental programs.

Permanent Funds – Nonexpendable Trust Funds - represents the endowment portion of donor restricted trusts that support governmental programs.

Gifts and Grants - represents grants and gifts restricted by outside parties.

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

Fund Financial Statements (Fund Balance)

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

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

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

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Town management is authorized by state law the ability to assign fund balance when there is an obligation to purchase goods or services from the current years’ appropriation. The Finance Director is responsible making the assignment. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

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

M. Investment Income

Investment income from Special Revenue, Capital Projects, and Agency Funds is legally assigned to the General Fund unless otherwise directed by Massachusetts General Law (MGL).

N. Pensions

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

O. Total Columns

Government-Wide Financial Statements

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

Fund Financial Statements

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

P. On-Behalf Payments

Government-Wide and Fund Financial Statements

The Commonwealth makes contributions to a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board (the "State Plan") on behalf of the Town's teaching employees. The Town is not legally required to contribute to the State Plan, which is fully funded by the Commonwealth. The accompanying basic financial statements include the required adjustments, which have increased both intergovernmental revenue and pension expenditures by the same amount. The effect of such an adjustment has not changed the excess of revenues and other financing sources over expenditures and other financing uses or fund balances.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of 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 disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

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

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

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

The Town's trust funds and retirement system have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other investments. The retirement system and the OPEB trust fund participate in the Commonwealth of Massachusetts' Pensions Reserves Investment Trust (PRIT) Fund which is a pooled investment fund that meets the criteria of an external investment pool. The Pension Reserves Investment Management (PRIM) Board is charged with the general supervision of the PRIT Fund. The fair value of the position in the PRIT fund is the same as the value of the PRIT shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy limits unsecured bank deposits to no more than 10% of the Town's cash. At year-end, the carrying amount of deposits totaled \$60,610,502 and the bank balance totaled \$62,506,633. Of the bank balance, \$2,000,000 was covered by Federal Depository Insurance, \$11,905,227 was covered by DIF Insurance, \$47,684,236 was collateralized and \$917,170 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Restricted cash of \$6,671,639 consisted of the Municipal Light Plant's depreciation fund which may be used for the cost of plant, nuclear decommissioning costs, costs of contractual commitments, and future costs related to such commitments which the Municipal Light Board determines are above market value.

At December 31, 2019, the carrying amount of deposits for the System totaled \$38,159, and the bank balance of \$163,286, was fully covered by Federal Depository Insurance.

Investments

At year end, the Town and the System had the following investments:

Town balances at June 30, 2020:		Maturities	
<u>Investment Type</u>	<u>Fair value</u>	<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 100,255	-	\$ 100,255
Government sponsored enterprises.....	10,003	-	10,003
Corporate bonds.....	<u>250,571</u>	<u>25,309</u>	<u>225,262</u>
Total debt securities.....	360,829	<u>25,309</u>	<u>\$ 335,520</u>
<u>Other investments:</u>			
Equity securities.....	\$ 2,004,752		
Money market mutual funds.....	2,376,562		
Pension Reserve Investment Trust (PRIT)....	4,211,850		
MMDT - Cash portfolio.....	<u>14,901,225</u>		
Total investments.....	<u>\$ 23,855,218</u>		

System balances at December 31, 2019:

<u>Investment Type</u>	<u>Fair value</u>
Pension Reserve Investment Trust (PRIT).....	<u>\$ 106,047,152</u>

The Town participates in the MMDT Cash Portfolio. MMDT maintains a cash portfolio and a short-term bond portfolio with combined average maturities of approximately 33 to 77 days and a weighted average maturity of 2.78 years, respectively. The Town’s investment in MMDT is unrated.

The Town and the System participate in PRIT. The effective weighted duration rate for PRIT investments ranged from 0.18 to 15.31 years.

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that, in the event of a failure by the counterparty, the government will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The primary objective of the Town’s investment policy for custodial credit risk is to minimize the risk to investment principal through the careful selection of investment custodians. The Town does not have any custodial credit risk exposure as of June 30, 2020, because the \$2,004,752 in equity securities are held by the Town and the \$14,901,225 in shares of MMDT and \$4,211,850 in PRIT are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2019, the System’s \$106,047,152 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

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

Interest Rate Risk

The Town has a formal investment policy limiting investment maturities up to one year as a means of managing its exposure to fair value losses arising from increasing interest rates. The System does not have a formal investment policy related to interest rate risk.

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

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. The Town’s investments in MMDT and PRIT are unrated. The System has not adopted a formal policy related to Credit Risk. The System’s investments in PRIT are unrated. At June 30, 2020, the Town’s investments were rated as follows:

Quality Rating	U.S. Treasury Notes	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ 100,255	\$ -	\$ -
AA+.....	-	10,003	-
A+.....	-	-	26,186
A-.....	-	-	100,519
BBB+.....	-	-	51,149
BBB.....	-	-	72,717
Total	\$ 100,255	\$ 10,003	\$ 250,571

Concentration of Credit Risk

The Town restricts investments to no more than 5% in any one issue. The Town did not have more than 5% of its investments in any one individual security

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

Fair Market Value of Investments

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

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

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

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 100,255	\$ 100,255	\$ -	-
Government sponsored enterprises.....	10,003	10,003	-	-
Corporate bonds.....	250,571	-	250,571	-
Total debt securities.....	360,829	110,258	250,571	-
<u>Other investments:</u>				
Equity securities.....	2,004,752	2,004,752	-	-
Money market mutual funds.....	2,376,562	2,376,562	-	-
Total investments measured at fair value.....	4,742,143	4,491,572	250,571	-
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	14,901,225			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	4,211,850			
Total investments.....	\$ 23,855,218			

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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

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

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the System’s activities, the plan shows greater disaggregation in its disclosures. The System chooses a narrative format for disclosing the levels within the fair

value hierarchy. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System's investments in PRIT are valued at \$106,047,152 as of December 31, 2019. The PRIT Investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The values of the positions in each investment pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 3 – RECEIVABLES

At June 30, 2020, receivables for the individual major and non-major governmental funds; and the fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes....	\$ 1,654,667	\$ (21,746)	\$ 1,632,921
Tax liens.....	145,285	-	145,285
Motor vehicle excise taxes.....	312,004	(79,285)	232,719
Departmental and other.....	226,070	(4,954)	221,116
Intergovernmental - governmental funds.....	598,117	-	598,117
Intergovernmental - pension fund.....	3,768	-	3,768
 Total.....	 \$ <u>2,939,911</u>	 \$ <u>(105,985)</u>	 \$ <u>2,833,926</u>

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	\$ 918,318	\$ (27,823)	\$ 890,495
Sewer user fees.....	1,965,740	(64,138)	1,901,602
Harbor user fees.....	31,247	(5,581)	25,666
Boat excise taxes.....	50,353	(2,506)	47,847
Municipal light user charges (December 31, 2019)...	2,287,359	-	2,287,359
 Total.....	 \$ <u>5,253,017</u>	 \$ <u>(100,048)</u>	 \$ <u>5,152,969</u>

Unavailable Revenue

Property taxes and other receivables in Governmental Funds that are measurable but not available have been classified as deferred inflows of resources on June 30, 2020, as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes... \$	763,604	-	\$ 763,604
Tax liens.....	120,868	-	120,868
Motor vehicle excise taxes.....	138,025	-	138,025
Departmental and other.....	19,817	14,136	33,953
Intergovernmental.....	37,822	137,125	174,947
Tax foreclosures.....	35,768	-	35,768
 Total.....	 <u>\$ 1,115,904</u>	 <u>\$ 151,261</u>	 <u>\$ 1,267,165</u>

NOTE 4 – INTERFUND TRANSFERS AND BALANCES

Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers within fund types have been eliminated. Transfers between funds during the year ended June 30, 2020, have been reported as follows:

	Transfers In:			
	General fund	Capital Projects fund	Nonmajor governmental funds	Total
<u>Transfers Out:</u>				
General fund..... \$	-	\$ 30,388	\$ 252,390	\$ 282,778 (1)
Public funds.....	26,000	-	-	26,000 (2)
Nonmajor governmental funds....	413,691	-	9,200	422,891 (3)
 Total.....	 <u>\$ 439,691</u>	 <u>\$ 30,388</u>	 <u>\$ 261,590</u>	 <u>\$ 731,669</u>

- (1) Transfers from General Fund to the Capital Projects Fund and the Revolving Special Revenue Nonmajor Governmental Funds.
- (2) Transfer from Public Funds to the General fund to support the cemetery budget from the perpetual care trust.
- (3) Transfers from Nonmajor Governmental Funds Revolving Funds and Receipts Reserved for Appropriation to the General Fund to support the general operating budget. Transfers to Nonmajor governmental funds are one-time transfers to support the Other Grants and Gifts Nonmajor Governmental Funds.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 8,057,539	\$ -	\$ -	\$ 8,057,539
Construction in progress.....	2,385,196	13,542,614	(270,000)	15,657,810
Total capital assets not being depreciated...	<u>10,442,735</u>	<u>13,542,614</u>	<u>(270,000)</u>	<u>23,715,349</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	9,315,924	-	-	9,315,924
Buildings.....	106,786,868	-	(79,892)	106,706,976
Buildings and improvements.....	32,829,862	483,111	(33,800)	33,279,173
Machinery and equipment.....	13,729,391	557,048	(577,548)	13,708,891
Infrastructure.....	41,090,532	948,825	(195,780)	41,843,577
Total capital assets being depreciated.....	<u>203,752,577</u>	<u>1,988,984</u>	<u>(887,020)</u>	<u>204,854,541</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,689,379)	(313,290)	-	(3,002,669)
Buildings.....	(42,364,948)	(2,492,064)	79,892	(44,777,120)
Buildings and improvements.....	(11,842,787)	(852,496)	33,800	(12,661,483)
Machinery and equipment.....	(9,536,540)	(922,364)	577,548	(9,881,356)
Infrastructure.....	(13,588,250)	(961,649)	195,780	(14,354,119)
Total accumulated depreciation.....	<u>(80,021,904)</u>	<u>(5,541,863)</u>	<u>887,020</u>	<u>(84,676,747)</u>
Total capital assets being depreciated, net.....	<u>123,730,673</u>	<u>(3,552,879)</u>	<u>-</u>	<u>120,177,794</u>
Total governmental activities capital assets, net.....	<u>\$ 134,173,408</u>	<u>\$ 9,989,735</u>	<u>\$ (270,000)</u>	<u>\$ 143,893,143</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 49,427	\$ -	\$ -	\$ 49,427
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,574,820	-	-	1,574,820
Buildings.....	1,228,719	-	-	1,228,719
Machinery and equipment.....	1,408,025	83,143	-	1,491,168
Infrastructure.....	15,773,494	1,540,656	-	17,314,150
Total capital assets being depreciated...	19,985,058	1,623,799	-	21,608,857
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(207,473)	(63,089)	-	(270,562)
Buildings.....	(357,876)	(30,718)	-	(388,594)
Machinery and equipment.....	(803,011)	(110,564)	-	(913,575)
Infrastructure.....	(6,323,560)	(325,655)	-	(6,649,215)
Total accumulated depreciation.....	(7,691,920)	(530,026)	-	(8,221,946)
Total capital assets being depreciated, net.....	12,293,138	1,093,773	-	13,386,911
Total water activities capital assets, net.....	\$ 12,342,565	\$ 1,093,773	\$ -	\$ 13,436,338
Sewer:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 115,466	\$ -	\$ -	\$ 115,466
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	562,977	616,028	-	1,179,005
Machinery and equipment.....	1,242,605	423,326	-	1,665,931
Infrastructure.....	16,051,399	117,796	(244,353)	15,924,842
Total capital assets being depreciated...	17,856,981	1,157,150	(244,353)	18,769,778
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(157,317)	(15,412)	-	(172,729)
Machinery and equipment.....	(1,023,385)	(70,454)	-	(1,093,839)
Infrastructure.....	(5,742,893)	(325,535)	244,353	(5,824,075)
Total accumulated depreciation.....	(6,923,595)	(411,401)	244,353	(7,090,643)
Total capital assets being depreciated, net.....	10,933,386	745,749	-	11,679,135
Total sewer activities capital assets, net.....	\$ 11,048,852	\$ 745,749	\$ -	\$ 11,794,601

	Beginning Balance	Increases	Decreases	Ending Balance
Harbor:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,004,077	\$ -	\$ -	\$ 2,004,077
<u>Capital assets being depreciated:</u>				
Land improvements.....	995,599	1,963	-	997,562
Piers.....	453,547	5,715	-	459,262
Buildings.....	883,440	-	-	883,440
Buildings and improvements.....	129,160	17,978	-	147,138
Machinery and equipment.....	1,679,015	63,933	-	1,742,948
Total capital assets being depreciated....	4,140,761	89,589	-	4,230,350
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(540,530)	(19,154)	-	(559,684)
Piers.....	(99,554)	(15,202)	-	(114,756)
Buildings.....	(473,417)	(21,563)	-	(494,980)
Buildings and improvements.....	(78,677)	(4,248)	-	(82,925)
Machinery and equipment.....	(1,140,194)	(79,315)	-	(1,219,509)
Total accumulated depreciation.....	(2,332,372)	(139,482)	-	(2,471,854)
Total capital assets being depreciated, net.....	1,808,389	(49,893)	-	1,758,496
Total harbor activities capital assets, net.....	\$ 3,812,466	\$ (49,893)	\$ -	\$ 3,762,573
Municipal Light:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 53,947	\$ -	\$ -	\$ 53,947
Construction in progress.....	999,443	-	(999,443)	-
Total capital assets not being depreciated....	1,053,390	-	(999,443)	53,947
<u>Capital assets being depreciated:</u>				
Light plant and equipment.....	39,322,417	1,735,282	(225,183)	40,832,516
<u>Less accumulated depreciation for:</u>				
Light plant and equipment.....	(20,695,482)	(1,180,531)	225,183	(21,650,830)
Total capital assets being depreciated, net.....	18,626,935	554,751	-	19,181,686
Total municipal light activities capital assets, net....	\$ 19,680,325	\$ 554,751	\$ (999,443)	\$ 19,235,633

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

	Beginning Balance	Increases	Decreases	Ending Balance
Fiduciary Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,045	\$ -	\$ -	\$ 2,045
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	294,455	-	-	294,455
Equipment.....	25,940	-	-	25,940
Total capital assets being depreciated..	<u>320,395</u>	<u>-</u>	<u>-</u>	<u>320,395</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(158,982)	(11,832)	-	(170,814)
Equipment.....	(10,679)	(800)	-	(11,479)
Total accumulated depreciation.....	<u>(169,661)</u>	<u>(12,632)</u>	<u>-</u>	<u>(182,293)</u>
Total capital assets being depreciated, net.....	<u>150,734</u>	<u>(12,632)</u>	<u>-</u>	<u>138,102</u>
Total fiduciary activities capital assets, net.....	<u>\$ 152,779</u>	<u>\$ (12,632)</u>	<u>\$ -</u>	<u>\$ 140,147</u>

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

Governmental Activities:	
General government.....	\$ 233,529
Public safety.....	332,156
Education.....	3,092,307
Public works.....	1,408,615
Human services.....	38,888
Culture and recreation.....	<u>436,368</u>
Total depreciation expense - governmental activities.....	<u>\$ 5,541,863</u>
Business-Type Activities:	
Water.....	\$ 530,026
Sewer.....	411,401
Harbor.....	139,482
Municipal Light.....	<u>1,180,531</u>
Total depreciation expense - business-type activities...	<u>\$ 2,261,440</u>
Fiduciary Activities:	
Private purpose trust funds.....	<u>\$ 12,632</u>

NOTE 6 – SHORT-TERM FINANCING

The Town of Marblehead is authorized, through its Treasurer, to borrow in anticipation of taxes (TANS), to fund capital project costs in anticipation of the issuance of bonds (BANS) or in anticipation of the receipt of federal (FANS) and state (SANS) grants.

The Town had \$8.8 million in outstanding Bond Anticipation Notes as of June 30, 2020. The BANs had a 1.50% interest rate and matured on July 31, 2020. Subsequent to year end, \$506,000 was retired with grant reimbursements. The remaining \$8.3 million of the Town's BANs have been classified as long-term debt. Refer to Note 7 for information regarding BANs classified as long-term debt as of June 30, 2020.

As of September 2017, the Marblehead Municipal Light Department entered into a Pooled Loan Program Agreement with the Massachusetts Municipal Wholesale Electric Company ("MMWEC") for the purpose of financing renovations on the Department's existing office building. Interest only is due monthly at a fixed interest rate of 2.50% per annum. Interest amounted to \$160,000 as of December 31, 2019, which has been capitalized. The outstanding principal balance as of December 31, 2019, was \$4.9 million.

At the inception of the loan, MMWEC was required to collect 10% of the initial borrowing amount to be deposited into a Reserve Requirement Account to serve as collateral for the bank. MMWEC is also required to collect 10% of the amount of interest due monthly from each Pooled Loan Participant to further fund the Pooled Financing Reserve Account. These funds will either be returned to the Department or used as the final loan payments at the end of the amortization period. The balance in the Pooled Financing Reserve Account as of December 31, 2019, was \$1.4 million.

NOTE 7 – LONG-TERM DEBT

The Town of Marblehead's long-term debt issues constitute a pledge of the Town's full faith and credit. Payment is not limited to a particular revenue source. However, as previously noted, the Town's ability to raise property taxes is restricted by the enactment of legislation known as "Proposition 2½."

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

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

General Obligation Bonds – Governmental Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Village School.....	2031	\$ 2,600,000	3.08	\$ 1,685,000
Village School.....	2031	12,000,000	3.06	7,695,000
School Refunding Bonds of 2012.....	2025	15,860,000	5.00	8,615,000
General Obligation Bonds of 2012.....	2033	9,171,000	2.39	6,240,000
General Obligation Bonds of 2013.....	2034	8,974,000	3.51	7,085,000
General Obligation Bonds of 2014.....	2035	8,158,000	3.36	6,280,000
General Obligation Bonds of 2015.....	2036	9,225,000	3.81	8,130,000
General Obligation Bonds of 2016.....	2037	7,767,000	2.00	7,090,000
General Obligation Bonds of 2017.....	2038	7,780,000	2.00	7,275,000
General Obligation Bonds of 2019.....	2040	11,495,000	3-5	11,495,000
General Obligation Long-term BAN of 2020.....	2022	8,325,802	1.50	8,325,802
Total Bonds Payable.....				79,915,802
Add: Unamortized premium on bonds.....				4,163,302
Total Bonds Payable, net.....				\$ 84,079,104

As of June 30, 2020, the Town has approximately \$1.6 million in Massachusetts School Building Authority (MSBA) reimbursements and unamortized premiums on bonds reserved in a special revenue fund to offset future interest expenses related to long-term bonds. During 2020, the Town released \$345,000 from this fund to offset interest expenses and the Town added \$110,000 of bond premiums received.

On June 30, 2019, the Town had \$9 million in long-term BANs outstanding which were due on August 2, 2019. In 2020, the Town reissued \$6.1 million as part of a new long-term refunding BAN with an interest rate of 1.5% due July 31, 2021; and paid \$135,000 of the BAN with available funds and grant proceeds. The Town permanently financed the remaining \$2.9 million of the long-term BAN's as part of the General Obligation Bonds of 2019.

The \$6.1 million long-term refunding BAN, along with \$2.2 million in new BAN funds have been classified as long-term debt in the financial statements.

Subsequent to year-end the Town permanently financed \$5.1 million of the long-term BAN's and reissued \$3.2 million as part of a new long-term refunding BAN with an interest rate of 2.0%, which will mature on July 30, 2021.

Annual Requirements

The annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2020, are as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2021.....	\$ 4,640,000	\$ 2,735,837	\$ 7,375,837
2022.....	13,370,802	2,431,966	15,802,768
2023.....	5,275,000	2,088,273	7,363,273
2024.....	5,350,000	1,880,598	7,230,598
2025.....	5,545,000	1,680,013	7,225,013
2026.....	3,855,000	1,504,194	5,359,194
2027.....	4,010,000	1,351,198	5,361,198
2028.....	4,145,000	1,197,129	5,342,129
2029.....	4,255,000	1,037,270	5,292,270
2030.....	4,415,000	880,171	5,295,171
2031.....	4,470,000	727,043	5,197,043
2032.....	3,665,000	589,882	4,254,882
2033.....	3,785,000	469,373	4,254,373
2034.....	3,355,000	347,777	3,702,777
2035.....	2,815,000	249,121	3,064,121
2036.....	2,360,000	171,587	2,531,587
2037.....	1,740,000	111,076	1,851,076
2038.....	1,265,000	66,975	1,331,975
2039.....	785,000	36,225	821,225
2040.....	815,000	12,225	827,225
Total.....	\$ <u>79,915,802</u>	\$ <u>19,567,934</u>	\$ <u>99,483,736</u>

Direct Borrowings Payable – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
MWRA Water Bonds.....	2030	\$ 2,200,000	0.00	\$ <u>2,200,000</u>

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The Town has \$2.2 million in loans outstanding at year end. The imputed interest on this loan is immaterial and has not been recognized by the Town.

Annual Requirements

The annual requirements to amortize all long-term debt outstanding of the water enterprise fund as of June 30, 2020, are as follows:

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2021.....	\$ 220,000	\$ -	\$ 220,000
2022.....	220,000	-	220,000
2023.....	220,000	-	220,000
2024.....	220,000	-	220,000
2025.....	220,000	-	220,000
2026.....	220,000	-	220,000
2027.....	220,000	-	220,000
2028.....	220,000	-	220,000
2029.....	220,000	-	220,000
2030.....	220,000	-	220,000
Total.....	\$ <u>2,200,000</u>	\$ <u>-</u>	\$ <u>2,200,000</u>

Bond Authorizations

Long-term debt authorizations voted by Town Meetings which have not been issued or rescinded as of June 30, 2020, are as follows:

Date Authorized	Purpose	Amount
June 2018	Abbott Hall Repairs.....	\$ 332,963
May 2019	Water Distribution System....	3,059,400
June 2019	Fort Sewall Repairs.....	150,000
June 2019	New Gerry School.....	44,844,767
Total.....		\$ <u>48,387,130</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
General obligation bonds payable.....	\$ 73,498,720	\$ 19,820,802	\$ (13,403,720)	\$ -	\$ -	\$ 79,915,802	\$ 4,640,000
Add: Unamortized premium on bonds.....	2,998,530	1,512,322	(347,550)	-	-	4,163,302	523,121
Total bonds payable.....	76,497,250	21,333,124	(13,751,270)	-	-	84,079,104	5,163,121
Landfill closure.....	2,865,000	-	-	-	(114,600)	2,750,400	114,600
Compensated absences.....	1,132,306	-	-	1,126,811	(913,939)	1,345,178	1,099,178
Workers' compensation.....	889,657	-	-	58,917	(140,472)	808,102	121,625
Net pension liability.....	46,552,373	-	-	1,135,422	(3,253,280)	44,434,515	-
Net other postemployment benefits liability..	191,651,715	-	-	11,701,439	(24,219,829)	179,133,325	-
Total governmental activity long-term liabilities.....	\$ 319,588,301	\$ 21,333,124	\$ (13,751,270)	\$ 14,022,589	\$ (28,642,120)	\$ 312,550,624	\$ 6,498,524
Business-Type Activities:							
Direct borrowings payable.....	\$ -	\$ 2,200,000	\$ -	\$ -	\$ -	\$ 2,200,000	\$ 220,000
Compensated absences.....	206,857	-	-	217,074	(206,857)	217,074	217,074
Net pension liability.....	9,208,447	-	-	2,075,466	(645,865)	10,638,048	-
Net other postemployment benefits liability..	15,588,939	-	-	1,455,081	(419,314)	16,624,706	-
Total business-type activity long-term liabilities.....	\$ 25,004,243	\$ 2,200,000	\$ -	\$ 3,747,621	\$ (1,272,036)	\$ 29,679,828	\$ 437,074

Long-term liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, which consist of the general fund and the water, sewer, harbor, and municipal light enterprise funds.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town’s highest level of decision making authority is the Town Meeting.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Management determines the need for an assignment of fund balance. The approval of the Town’s highest level of decision making authority is not required for the assignment.

- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose and the deficit fund balances for other funds that would otherwise be restricted, committed, or assigned. The general fund is the only fund that reports a positive unassigned fund balance amount.

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

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purpose exceed the amounts that are restricted, committed, or assigned to those purpose, it may be necessary to report a negative unassigned fund balance in that fund.

As of June 30, 2020, the governmental fund balances consisted of the following:

	General	Capital Projects Fund	Public Funds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ 3,650,055	\$ -	\$ 3,650,055
Restricted for:					
Capital projects fund.....	-	5,410,547	-	-	5,410,547
Public funds.....	-	-	3,635,387	-	3,635,387
Federal grants.....	-	-	-	211,338	211,338
State grants.....	-	-	-	111,205	111,205
Other grants.....	-	-	-	1,200,811	1,200,811
Revolving funds.....	-	-	-	3,749,350	3,749,350
Receipts reserved for appropriation.....	-	-	-	1,531,945	1,531,945
Gifts.....	-	-	-	930,256	930,256
Special revenue trust funds.....	-	-	-	4,049,907	4,049,907
Committed to:					
Articles and continuing appropriations:					
General government:					
Equipment.....	10,599	-	-	-	10,599
Improving public buildings.....	246,881	-	-	-	246,881
Affordable housing trust.....	40,000	-	-	-	40,000
Transportation network.....	4,318	-	-	-	4,318
Public works:					
Walls and fences.....	42,229	-	-	-	42,229
Drain construction.....	377,439	-	-	-	377,439
Planting of trees.....	50,000	-	-	-	50,000
Assigned to:					
Encumbrances:					
General government:					
Selectmen officials.....	18,150	-	-	-	18,150
Finance.....	10,000	-	-	-	10,000
Public safety:					
Police.....	5,500	-	-	-	5,500
Building commissioner.....	14,297	-	-	-	14,297
Education:					
Schools.....	35,000	-	-	-	35,000
Culture and recreation:					
Parks department.....	9,086	-	-	-	9,086
Fringe benefits:					
Salary Reserve.....	37,250	-	-	-	37,250
Free cash used for subsequent year budget.....	7,200,000	-	-	-	7,200,000
Unassigned.....	13,447,221	-	-	-	13,447,221
Total Fund Balances.....	\$ 21,547,970	\$ 5,410,547	\$ 7,285,442	\$ 11,784,812	\$ 46,028,771

NOTE 9 – PENSION PLAN*Plan Description*

The Town is a member of the Marblehead Contributory Retirement System (MCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$11,296,389 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$93,152,763, as of the measurement date.

Benefits Provided

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

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

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

System. There were no changes in benefit terms that effected the measurement of the total pension liability at December 31, 2019.

At December 31, 2019, the MCRS membership consists of the following:

Active members.....	396
Inactive members.....	154
Retirees and beneficiaries currently receiving benefits.....	<u>360</u>
 Total.....	 <u><u>910</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the MCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2019, was \$4,078,761, 18.84% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution for the year ended December 31, 2019, was \$3,512,882, and equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2019, were as follows:

Total pension liability.....	\$ 161,797,840
Total pension plan's fiduciary net position.....	<u>(106,088,596)</u>
Total net pension liability.....	<u><u>\$ 55,709,244</u></u>
 The pension plan's fiduciary net position as a percentage of the total pension liability.....	 65.57%

At June 30, 2020, the Governmental Activities, Water, Sewer and Harbor enterprise reported a liability of \$47,980,255, for its proportionate share of the net pension liability measured at December 31, 2019. The Municipal Light enterprise fund net pension liability of \$7,092,308 was measured as of December 31, 2018 for their year ended December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2019, the Town's proportion was 98.331% (including the Municipal Light Department).

Pension Expense

For the year ended June 30, 2020, the Town recognized pension expense of \$7,720,888, exclusive of the Municipal Light Department. At June 30, 2020, the Town and the Municipal Light Department reported deferred outflows of resources related to pensions of \$4,441,166, and \$1,482,411, respectively. At June 30, 2020, the Town and the Municipal Light Department reported deferred inflows of resources related to pensions of \$3,750,148 and \$461,101, respectively. The balances of deferred outflows and inflows at June 30, 2020, for the Town, excluding the Municipal Light Department are as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 666,733	\$ (128,889)	\$ 537,844
Difference between projected and actual earnings, net.....	-	(3,621,259)	(3,621,259)
Changes in assumptions.....	3,531,756	-	3,531,756
Changes in proportion and proportionate share of contributions...	242,677	-	242,677
Total deferred outflows/(inflows) of resources.....	\$ <u>4,441,166</u>	\$ <u>(3,750,148)</u>	\$ <u>691,018</u>

The balances of deferred outflows and inflows at December 31, 2019, for the Municipal Light Department are as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 162,056	\$ (50,578)	\$ 111,478
Difference between projected and actual earnings, net.....	465,451	-	465,451
Changes in assumptions.....	357,112	-	357,112
Changes in proportion and proportionate share of contributions...	-	(410,523)	(410,523)
Contributions made subsequent to the measurement date.....	497,792	-	497,792
Total deferred outflows/(inflows) of resources.....	\$ <u>1,482,411</u>	\$ <u>(461,101)</u>	\$ <u>1,021,310</u>

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

Year ended June 30/December 31:	Town	Municipal Light	Total
2021.....	\$ 751,754	\$ 302,427	\$ 1,054,181
2022.....	50,769	59,035	109,804
2023.....	1,069,099	8,837	1,077,936
2024.....	(1,180,604)	153,219	(1,027,385)
Subtotal amortized deferred outflows/(inflows) of resources.....	<u>691,018</u>	<u>523,518</u>	<u>1,214,536</u>
Contributions made subsequent to the measurement date.....	<u>-</u>	<u>497,792</u>	<u>497,792</u>
Total deferred outflows/(inflows) of resources... \$	<u>691,018</u>	<u>1,021,310</u>	<u>1,712,328</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 in the measurement that was rolled-forward to December 31, 2019, for the Town’s measurement date:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Entry age normal cost method
Amortization method.....	Total appropriation increases 8.6% per year until FY38 with a final amortization payment in FY39
Remaining amortization period.....	19 years from July 1, 2020
Asset valuation method.....	Market value for GASB 67/68. For funding purposes, gains and losses each year are recognized over 5 years
Investment rate of return/discount rate.....	7.15% net of pension plan investment expense, including inflation
Inflation rate.....	Not explicitly assumed
Projected salary increases.....	Select and ultimate by job group, ultimate rates 4.25% for Group 1 and 4.75% for Group 4
Cost of living adjustments.....	3% of first \$12,000
Mortality Rates:	
Pre-Retirement.....	Rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct).
Post-Retirement.....	Rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct).
Disabled Retirees.....	Rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2018 (gender distinct).

Changes of Assumptions

The most recent actuarial valuation as of January 1, 2020, included several changes of assumptions from the prior actuarial valuation. These changes include a decrease in the assumed discount rate from 7.35% down to 7.15%, as well as changes in the applied mortality tables.

Changes in Plan Provisions

None.

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity.....	22.50%	7.62%
International Equity.....	15.10%	7.80%
Emerging International Equity.....	6.40%	9.31%
Core Fixed Income.....	14.70%	15.88%
Value-Added Fixed Income.....	7.50%	7.58%
Private Equity.....	11.00%	11.15%
Real Estate.....	9.50%	6.43%
Timberland.....	3.50%	7.00%
Hedge Funds PCS.....	9.20%	13.65%
Liquidating Portfolios.....	0.10%	0.00%
Overlay.....	0.50%	0.00%
	100.00%	

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount (7.15%)	1% Increase (8.15%)
<u>December 31, 2019 Measurement Date</u>			
The Town's proportionate share of the net pension liability.....	\$ 63,004,760	\$ 47,980,255	\$ 35,249,731
The Retirement System's total net pension liability..	\$ 73,154,000	\$ 55,709,243	\$ 40,928,000
<u>December 31, 2018 Measurement Date</u>			
The Municipal Light Plant's proportionate share of the net pension liability.....	\$ 9,120,077	\$ 7,092,308	\$ 5,370,569

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Marblehead administers a single-employer defined benefit healthcare plan (“the Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s participation in the Group Insurance Commission of the Commonwealth of Massachusetts (GIC), which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The Plan does not issue a publicly available financial report.

Funding Policy – The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 65-83 percent of the cost of pre-Medicare coverage and 75 percent of the cost of the Medex plan and Medicare Part B. Plan members receiving benefits contribute the remaining 17-35 percent of the cost of pre-Medicare and 25 percent of the cost of Medex plan and Medicare Part B. For 2020, the Town’s age-adjusted contribution to the plan totaled \$4.3 million. For the year ended June 30, 2020, the Town’s average contribution rate was 7.47% of covered-employee payroll.

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

During fiscal year 2020, the Town pre-funded \$250,000 of future OPEB liabilities to the Other Postemployment Benefits Trust Fund in excess of the pay-as-you-go required contribution. The balance of the Fund at year end is \$4.5 million, which is reported within the Fiduciary Fund financial statements.

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

OPEB Plan Financial Reporting & OPEB Employer Reporting for the Town, inclusive of the Municipal Light Plant

Measurement Date – The net OPEB liability for the Town was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. The Municipal Light Plant has a fiscal year end of December 31st, and uses a measurement date of June 30, 2019. The following disclosures for the Town as a whole, include the Municipal Light Plant as of June 30, 2020. The disclosures for the Municipal Light Plant as of June 30, 2019 are presented separately, following the Town’s disclosures below.

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

Active members.....	720
Inactive members currently receiving benefits....	<u>476</u>
Total.....	<u><u>1,196</u></u>

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

Total OPEB liability.....	\$ 197,877,520
Less: OPEB plan's fiduciary net position.....	<u>(4,461,850)</u>
Net OPEB liability.....	193,415,670
Liability related to Municipal Light Department June 30, 2020.....	(6,233,512)
Liability recorded by Municipal Light Department as of June 30, 2019..	<u>8,575,873</u>
Total OPEB liability reported on Statement of Net Position.....	\$ <u><u>195,758,031</u></u>
 The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	 2.25%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020.

Valuation date.....	July 1, 2019
Actuarial cost method.....	Entry Age Normal
Asset valuation method.....	Market Value
Discount rate.....	2.66%
Inflation rate.....	3.0% per annum
Healthcare cost trend rate....	8% for the first year, decreases by .5% per year through year 7 to 5% thereafter
Salary increases.....	3% per annum
Mortality rates.....	RP-2006 mortality table with MP-2019 projection

Rate of Return – For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce 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. The Plan’s expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity.....	40.00%	6.50%
Fixed income.....	23.00%	1.50%
Private equity.....	10.00%	6.00%
Real estate.....	10.00%	5.50%
Other.....	<u>17.00%</u>	0.00%
Total.....	<u>100.00%</u>	

Discount Rate – The Town’s net other postemployment benefits liability was determined based on the Standard & Poor’s Municipal Bond 20-year High Grade Rate Index as of June 30, 2020, which is 2.66%. Due to the low value of the OPEB trust compared to the Town’s liability, the Plan fiduciary net position is not projected to satisfy future benefit payments and, accordingly, the Municipal Bond Rate was applied rather than the projected investment return.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019.....	\$ 211,877,452	\$ 4,130,596	\$ 207,746,856
Changes for the year:			
Service cost.....	8,506,027	-	8,506,027
Interest.....	5,854,804	-	5,854,804
Differences between expected and actual experience....	(28,170,165)	-	(28,170,165)
Changes in assumptions and other inputs.....	3,865,107	-	3,865,107
Benefit payments.....	(4,055,705)	(4,055,705)	-
Contributions - employer.....	-	4,305,705	(4,305,705)
Net investment income.....	-	81,254	(81,254)
Net change.....	<u>(13,999,932)</u>	<u>331,254</u>	<u>(14,331,186)</u>
Balances at June 30, 2020.....	<u>\$ 197,877,520</u>	<u>\$ 4,461,850</u>	<u>\$ 193,415,670</u>

Sensitivity of the Net Other Postemployment Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 2.66%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate.

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Net OPEB liability....	\$ <u>223,439,618</u>	\$ <u>193,415,670</u>	\$ <u>163,891,726</u>

Sensitivity of the Net Other Postemployment Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 8.00% decreasing to 5.00% as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (7.00% decreasing to 4.00%) or 1-percentage-point higher (9.00% decreasing to 6.00%).

	1% Decrease (7.00% decreasing to 4.00%)	Current Trend (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Net OPEB liability....	\$ <u>156,740,264</u>	\$ <u>193,415,670</u>	\$ <u>238,503,120</u>

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 OPEB expense of \$12,384,791 and the municipal light plant recognized \$478,414 for a total of \$12,863,205. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,634,137	\$ (26,017,847)	\$ (24,383,710)
Difference between projected and actual earnings, net.....	-	(156,898)	(156,898)
Changes in assumptions.....	11,433,325	-	11,433,325
Total deferred outflows/(inflows) of resources.....	\$ 13,067,462	\$ (26,174,745)	\$ (13,107,283)

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

Year ended June 30:

2021.....	\$ (1,603,658)
2022.....	(1,603,658)
2023.....	(1,603,658)
2024.....	(1,546,174)
2025.....	(1,552,033)
Thereafter.....	(5,198,102)
	\$ (13,107,283)

Changes in Assumptions – The discount rate was lowered from 2.79% to 2.66%. The mortality rates were changed from RP-2014 mortality table with MP-2016 projection to RP-2006 mortality table with MP-2019 projection.

Changes in Plan Provisions – None.

OPEB Employer Financial Reporting for the Marblehead Municipal Light Plant as of December 31, 2019

Plan Description – The Municipal Light Department (Department) participates in the Town sponsored single employer defined benefit health plan. The Department provides certain health care and life insurance benefits for eligible retirees, spouse and dependents. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2019, OPEB plan membership consisted of the following:

Active members.....	31
Inactive employees or beneficiaries currently receiving benefits.....	21
Total.....	52

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2019:

Total OPEB liability.....	\$	10,402,811
Less: OPEB plan's fiduciary net position.....		<u>(1,826,938)</u>
Net OPEB liability.....	\$	<u><u>8,575,873</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		17.56%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date.....	July 1, 2018
Healthcare cost trend rate.....	8% for 2018, decreasing by .5% per year to an ultimate rate of 5% for 2023 and later years.
Inflation rate.....	3.0% per annum
Discount Rate / Investment Rate of Return..	2.79% as of 6/30/19; 2.98% as of 6/30/2018
Mortality rates.....	RP-2014 Mortality table with MP-2016 projection

Rate of Return – The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amounts of OPEB plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equals the sum of the weighted external cash flows into and out of the OPEB plan investments to the ending fair value of OPEB plan investments.

The long- term expected rate of return on OPEB plan investment was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (Town)</u>	<u>Long-Term Expected Real Rate of Return (Town)</u>
Global equity.....	40.00%	6.50%
Fixed income.....	23.00%	1.50%
Private equity.....	10.00%	6.00%
Real estate.....	10.00%	5.50%
Other.....	<u>17.00%</u>	0.00%
Total.....	<u><u>100.00%</u></u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 2.79% as of June 30, 2019. The discount rate is determined by the S&P 20 AA Municipal Bond Index due to the small OPEB Trust asset levels versus Plan liabilities. The Plan is not projected to have a Plan fiduciary net position in excess of benefits payments for any year.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculates using the discount rate of 2.79%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79%) and 1-percentage-point higher (3.79%) than the current rate.

	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
Net OPEB liability.... \$	\$ 9,919,984	\$ 8,575,873	\$ 7,231,763

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (7% year 1 decreasing to 4%) and 1-percentage-point higher (9% year 1 decreasing to 6%) than the current healthcare trend rate.

	1% Decrease (7.00% decreasing to 4.00%)	Current Trend (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Net OPEB liability.... \$	\$ 6,930,194	\$ 8,575,873	\$ 10,503,617

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB- For the year ended December 31, 2019, the Department recognized OPEB expense of \$478,414. Deferred outflows and deferred inflows of resources related to OPEB at December 31, 2019 were reported as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 63,990	\$ (221,946)	\$ (157,956)
Difference between projected and actual earnings, net.....	-	(119,601)	(119,601)
Changes in assumptions.....	445,402	-	445,402
Total deferred outflows/(inflows) of resources.....	\$ 509,392	\$ (341,547)	\$ 167,845

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

Year ended December 31:

2020.....	\$	17,631
2021.....		17,631
2022.....		17,631
2023.....		17,631
2024.....		47,532
Thereafter.....		<u>49,789</u>
	\$	<u><u>167,845</u></u>

Changes in Assumptions – The discount rate was lowered from 2.98% to 2.79%.

Changes in Plan Provisions – None.

NOTE 11 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

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

	Pension Trust Fund (as of December 31, 2019)	Other Postemployee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 38,159	\$ 250,000	\$ 288,159
Investments:			
Investments in Pension Reserve Investment Trust....	106,047,152	4,211,850	110,259,002
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	<u>3,768</u>	<u>-</u>	<u>3,768</u>
TOTAL ASSETS.....	<u>106,089,079</u>	<u>4,461,850</u>	<u>110,550,929</u>
LIABILITIES			
Warrants payable.....	<u>483</u>	<u>-</u>	<u>483</u>
NET POSITION			
Restricted for pensions.....	106,088,596	-	106,088,596
Restricted for other postemployment benefits.....	<u>-</u>	<u>4,461,850</u>	<u>4,461,850</u>
TOTAL NET POSITION.....	<u>\$ 106,088,596</u>	<u>\$ 4,461,850</u>	<u>\$ 110,550,446</u>

	Pension Trust Fund (as of December 31, 2019)	Other Postemployee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 4,081,162	\$ 250,000	\$ 4,331,162
Employer contributions for other postemployment benefit payments.....	-	4,055,705	4,055,705
Member contributions.....	2,225,426	-	2,225,426
Transfers from other systems.....	171,154	-	171,154
3(8)c contributions from other systems.....	170,856	-	170,856
Workers compensation settlements.....	8,101	-	8,101
State COLA reimbursements.....	68,528	-	68,528
Total contributions.....	6,725,227	4,305,705	11,030,932
Net investment income:			
Investment income.....	15,540,387	81,254	15,621,641
Net change in fair value of investments.....	-	-	-
Less: investment expense.....	(518,753)	-	(518,753)
Net investment income (loss).....	15,021,634	81,254	15,102,888
TOTAL ADDITIONS.....	21,746,861	4,386,959	26,133,820
DEDUCTIONS:			
Administration.....	147,864	-	147,864
Transfers to other systems.....	504,410	-	504,410
Retirement benefits and refunds.....	10,022,984	-	10,022,984
Other postemployment benefit payments.....	-	4,055,705	4,055,705
TOTAL DEDUCTIONS.....	10,675,258	4,055,705	14,730,963
NET INCREASE (DECREASE) IN NET POSITION.....	11,071,603	331,254	11,402,857
NET POSITION AT BEGINNING OF YEAR.....	95,016,993	4,130,596	99,147,589
NET POSITION AT END OF YEAR.....	\$ 106,088,596	\$ 4,461,850	\$ 110,550,446

NOTE 12 – COMMITMENTS

The Town has various commitments through its participation in a bulk power supply agency, as discussed more fully in Note 14.

In May of 2012, the Town voted to authorize the Treasurer to borrow \$4,937,687 to finance drainage improvements in the Pleasant Street area. These drainage improvements commenced in 2013 and were divided into three phases. The first phase of the project began in May 2013 and was completed by the end of summer 2014. A Federal Emergency Management Agency (FEMA) grant was awarded to the Town for a portion of the Phase II work. Phase II work included the replacement and upgrade of the drainage system on School and Pleasant Streets and was completed in the fall of 2018. The Town continues to monitor the drainage catchment area that this project was intended to improve and has noticed a marked improvement. The Phase III design plan is in development at the time of this report.

In May of 2015, the Town voted to authorize the Treasurer to borrow \$8,000,000 for additional work on the landfill and transfer station projects. This work includes repair of the drainage culvert that crosses the landfill property, removal or disposal of solid waste in areas adjacent to the landfill closure project, and work associated with deconstruction of the old transfer station and construction of a new transfer station. The repair work of the 60-inch culvert, as well as removal and relocation of solid waste in areas adjacent to the landfill closure project, was completed in the fall of 2016. All properties have been restored to preconstruction conditions and the capping of the landfill is complete. The Massachusetts Department of Environmental Protection (MassDEP) has issued the certification of the landfill. The Town has received a Certificate of Compliance from the Marblehead Conservation Commission and has completed the required deed recording. The deconstruction of the old transfer station building is 90% complete, leaving just the compactor in place to handle daily solid waste. The remaining 10% of the old transfer station building will be deconstructed once the new building has been completed.

In May of 2016, the Town voted to authorize the Treasurer to borrow \$750,000 for a feasibility study to analyze various options and probable costs for the renovation and/or reconstruction of the Elbridge Gerry School. The project is being conducted in conjunction with the Massachusetts School Building Authority (MSBA). As part of this collaboration with the MSBA, the study was comprised of two student enrollment options. One for the Elbridge Gerry School and the other for integrating the Gerry School, Coffin School, and Bell School into one elementary school. During the feasibility study it was clear that the larger enrollment option (combining all three schools) was the preferred choice. Under the guidance and direction of the Elbridge Gerry School Building Committee, the School Committee, and working with the Owner's Project Manager (OPM), Leftfield, and the Designer/Architect, Raymond Design Associates, the feasibility study and schematic design culminated in a preferred option to construct a 81,935 square foot, 450-student elementary school on the current Bell Elementary School site located at 40 Baldwin Rd. The preferred option resulted in a total project cost of \$54,844,767 with a maximum reimbursement of \$13,989,674 from the MSBA. On February 13, 2019, the MSBA board of directors unanimously voted to approve the project to enter into a Project Funding Agreement (PFA) with the Town. On May 6th and May 7th, the Town conducted its annual Town Meeting during which time, Article 51 – Construct New School, recommend that the sum of \$54,844,767 be appropriated subject to a Proposition 2 ½ override. Article 51 passed overwhelmingly. Subsequently, on June 18th, 2019; Question One, Construct New School, successfully passed. In early August of 2019, the Town and the MSBA executed a PFA for the project. The building project known as the Elbridge Gerry Building Project is well underway at the former location of the Bell School. The new school is yet to be named. The project mobilized in February 2020 and completion is scheduled for the Fall 2021.

In May of 2018, the Town voted to authorize the Treasurer to borrow \$8,982,963 to renovate, repair, and restore Abbot Hall. The Abbot Hall project involves major exterior work to the building, which includes: work on the slate roof, copper gutter and skirt; replacing galvanized iron finials and historic ridge; installing new windows; rebuilding the southwest chimney; removing the existing coating on masonry and the non-breathable coating from sandstone; applying a breathable coating to sandstone and a coating to black brick; replacing brick course under gutter; adding lead weather caps to joints at the top stone cornice; repairing structural wall cracks; cutting and pointing of exterior brick and stone work; dismantling and reconstructing of projecting corbels; repairing and replacing sandstone; cutting and pointing granite stairs; replacing column capitals; replacing weather sculpted bands; sistering rafters; reinforcing the truss connection; reinforcing the damaged truss chord; replacing damaged roof sheathing; reinforcing the attic floor; installing floor sheathing; replacing the dormer trim; repairing and painting the circular window; replacing existing asbestos piping with copper; repairing the brick trough; replacing the iron fence rails; replacing broken granite posts; and rebuilding granite site walls. The Abbot Hall project commenced in FY2019.

Additionally, in May of 2018, the Town voted to authorize the Treasurer to borrow \$871,894 to repair and reconstruct seawalls and fences in town that were impacted by the March 2018 winter storms. Permitting, design, and construction of the Grace Oliver Beach and Front Street seawalls have been permitted, designed, and

constructed. New railings are to be installed at the Grace Oliver Beach seawall in December of 2019. Also, the Fort Sewall revetment has been permitted, designed, and constructed. Work on the Peabody Lane, Parker Lane, Lovis Cove, Front Street, and Harvard Street seawalls have all been permitted and design is currently underway for repairs. Permitting and design are under way for repairs to the Ferry Lane parking lot. The embankment supporting the former railroad right of way at the Lead Mills was also severely damaged by the storms of 2018. The damage wasn't discovered until after this report was printed last year. The right of way, commonly referred to as the rail trail, has buried electric cables that supply power to the Town of Marblehead. The damage consisted of erosion to the beach and the formation of escarpments in the slope supporting the right of way. The facility was previously protected by a soft treatment of coir fascines (coir logs) fastened in place with stainless steel cables and duckbill anchors. The coir logs were destroyed by storm wave action leaving the embankment unprotected. Due to the failure of the coir logs and the critical nature of the facility to public health and safety, it was determined that armoring the slope with rip-rap was necessary. This work was permitted with an emergency certificate issued by the Conservation Commission and completed in October 2018. The work to repair Ferry Lane parking lot and Front Street Seawall was completed in Spring 2020. The work to repair the Parker Lane and Harvard Street seawalls is expected to be complete in Fall 2020.

In May of 2019, the town voted to authorize the Treasurer to borrow \$5,259,400 through Massachusetts Water Resource Authority's (MWRA) Local Financial Assistance Program for improvements to the water distribution system. These improvements will increase fire flow, give more control over the water distribution system by installing additional main line valves, and will result in better water quality for the Town. The Five-Year Water Capital Improvement Plan includes two large water main cleaning and lining projects. The Tedesco Street Area Project was completed in Fiscal Year 2021 Funded by \$2,220,000 loan and the Humphrey Street Area Water System Improvements Project is planned for Fiscal Year 2022 and is expected to cost \$3,059,400. The Commission's goal is to stabilize the water rate by utilizing the MWRA's Local Water Assistance Zero-interest Program to complete these two major water projects in two fiscal years.

Additionally, in May of 2019 the town voted to authorize the Treasurer to borrow \$750,000 to fund improvements to Fort Sewall. The improvements will provide ADA compliant access to the fort in its entirety, as well as allow for the opening of the interior of the Fort to students and visitors, and improving safety at the Fort by replacing railings and fencing. Such improvements are essential to keeping Fort Sewall an attractive cultural icon, historic resource, and visitor destination.

NOTE 13 – CONTINGENCIES

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

There are several pending lawsuits in which the Town is involved. Town Counsel estimates that the potential claims against the Town, resulting from such litigation, which are not covered by insurance, would not materially affect the financial statements of the Town.

NOTE 14 – CONTINGENT LIABILITIES OF THE MARBLEHEAD MUNICIPAL LIGHT DEPARTMENT

Berkshire Wind Cooperative Corporation

The Marblehead Municipal Light Department (Department) is a Member of the Berkshire Wind Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapters 157 and 164; Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by the Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Cooperative at the Berkshire Wind Facility.

The Berkshire Wind Facility is comprised of two Phases. Phase 1 is comprised of ten 1.5-megawatt wind turbines which have been commercially operating since 2011, and Phase 2 is comprised of two 2.3-megawatt wind turbines which began commercial operations in November 2019.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its *pro rata* share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility, and its pro rata share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility. In addition, should a Cooperative Member fail to make any payment when due, other Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to any additional amount. Additionally, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility.

The total capital expenditures, debt service, and operation and maintenance (O&M) costs are associated with the Department’s pro rata share of the Phases in which it participates for the years ended December 31, 2019 and 2018, respectively are listed in the table below.

In addition, the estimated aggregate amount of the required payments for future years for the Plant’s pro rata share of the Phases in which it participates is shown.

Phase	Percentage Share	Total Capital Expenditures 2019	Debt Service Billed 2019	Debt Service Billed 2018	Operations and Maintenance Billed 2019	Operations and Maintenance Billed 2019
Berkshire Phase 1.....	6.7270%	\$ 3,683,256	\$ 330,275	\$ 348,098	\$ 99,083	\$ 164,991
Berkshire Phase 2.....	13.4780%	3,894,746	141,738	-	41,152	-
		<u>\$ 7,578,002</u>	<u>\$ 472,013</u>	<u>\$ 348,098</u>	<u>\$ 140,235</u>	<u>\$ 164,991</u>

In addition, the estimated aggregate amount of the required payments for future years for the Department’s pro rata share of the Phases in which it participates is shown below.

<u>For the years ended December 31,</u>	<u>Phase 1 Debt Service 6.7270%</u>	<u>Phase 2 Debt Service 11.69%</u>	<u>Total Debt Service</u>
2020.....	\$ 325,620	\$ 131,945	\$ 457,565
2021.....	325,520	131,945	457,465
2022.....	325,620	131,945	457,565
2023.....	325,553	131,945	457,498
2024.....	325,974	131,945	457,919
2025-2029.....	1,628,186	659,726	2,287,912
2030-2033.....	<u>325,620</u>	<u>1,120,998</u>	<u>1,446,618</u>
	<u>\$ 3,582,093</u>	<u>\$ 2,440,449</u>	<u>\$ 6,022,542</u>

Other Power Supply

The Department has entered into an All Requirements Bulk Power Sales Agreement (All Requirements Agreements) with MMWEC, under which MMWEC provides, delivers and sells all electric power and energy to the Department whether through owned generation, purchased power contracts or other power supply arrangements.

Under the terms of the All Requirements Agreement, the Department is committed to purchase additional power through MMWEC in the amount of \$1,906,197 in 2020, \$1,031,398 in 2021, \$683,151 in 2022, \$676,353 in 2023, and \$209,250 in 2024.

MMWEC Contingencies and Liabilities

Town of Marblehead acting through its Light Department is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Light Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from the Municipal Light Department revenues. Among other things, the PSAs require each Project Participant to pay

its pro rata share of MMWEC’s costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant’s share of that Project’s Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating notwithstanding the suspension or interruption of the output of the Project(s).

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the project participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act. Originally enacted in 1957, the act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

As of July 1, 2019, MMWEC has no debt service obligations outstanding relating to the Projects. MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) associated with the Department’s Project Capability of the Projects in which it participates for the years ended December 31, 2019 and 2018, respectively are listed in the table below.

Projects	Percentage Share	Total Capital Expenditures 2019	Capacity, Fuel and Transmission Billed 2019	Capacity, Fuel and Transmission Billed 2018
Stony Brook Peaking.....	1.5980%	\$ 954,385	\$ 58,308	\$ 74,209
Stony Brook Int.	2.9573%	5,294,505	383,622	590,913
Nuclear Mix 1 - SBK.....	3.7420%	378,172	20,431	19,373
Nuclear Mix 1 - MLS.....	3.7420%	2,265,515	219,419	253,621
Nuclear Project 3 - MLS.....	2.9546%	4,374,078	348,224	403,726
Nuclear Project 4 - SBK.....	2.6500%	7,931,738	387,389	378,317
Nuclear Project 5 -SBK.....	1.2908%	1,046,605	48,411	47,404
		\$ 22,244,998	\$ 1,465,804	\$ 1,767,563

NOTE 15 – RISK FINANCING

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

The Town is self-insured for its workers’ compensation activities. These activities are accounted for in the Town’s Internal Service Fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

The Town provides statutory workers' compensation benefits under a self-insurance plan. In 1989, the Town established a workers' compensation fund by accepting the provisions of Massachusetts General Laws, Chapter 40, Section 13a. A private consultant hired by the Town administers workers' compensation claims. The Town estimates its future workers' compensation liability based on history and type and records the liability in the Internal Service Fund.

An analysis of workers' compensation activity is presented below:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2019.....	\$ 810,392	\$ 294,618	\$ (215,353)	\$ 889,657	\$ 140,472
2020.....	889,657	58,917	(140,472)	808,102	121,625

NOTE 16 – CLEANUP AND REMEDIATION LIABILITY RELATED TO THE OLD LANDFILL

State and federal laws and regulations require the Town to construct a final capping system on its inactive landfill located at the rear of the Transfer Station at 5 Woodfin Terrace and to perform certain maintenance and monitoring functions at the site after closure. The Town stopped accepting waste and closed the site in 1975 in accordance with the regulations in place at that time. The Town was compelled to provide for the capping and monitoring of its landfill by an administrative consent order issued by the Department of Environmental Protection. During 2018, the Town completed capping the landfill. Since the capping and closure project is complete, the Town is required to pay monitoring costs of approximately \$115,000 per year for 30 years. The total remaining monitoring costs have been reported as a total \$2.8 million liability of the Town as of June 30, 2020. Actual costs may change due to inflation, changes in technology, or changes in regulations.

NOTE 17 – COVID-19

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

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

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

awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

NOTE 18 – SUBSEQUENT EVENTS

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

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

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Required Supplementary Information

General Fund

The General Fund is used to account for all transactions encompassing the approved current operating budget, the related revenues, expenditures, assets, liabilities and fund balances which are not accounted for in other funds. The budget of the Town is recorded in detail in the general fund by line item within department and, as a result, most of the current operations of the Town are recorded here.

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 69,313,033	\$ 69,313,033	\$ 69,552,355	\$ -	\$ 239,322
Motor vehicle and boat excise taxes.....	2,792,745	2,792,745	3,671,847	-	879,102
Charges for services.....	305,000	305,000	967,990	-	662,990
Penalties and interest on taxes.....	105,000	105,000	344,290	-	239,290
Payments in lieu of taxes.....	12,000	12,000	28,840	-	16,840
Licenses and permits.....	364,500	364,500	698,671	-	334,171
Fines and forfeitures.....	51,000	51,000	111,026	-	60,026
Intergovernmental.....	7,662,699	7,662,699	8,415,199	-	752,500
Investment income.....	80,000	80,000	538,485	-	458,485
Departmental and other.....	-	-	439,671	-	439,671
TOTAL REVENUES.....	80,685,977	80,685,977	84,768,374	-	4,082,397
EXPENDITURES:					
Current:					
GENERAL GOVERNMENT					
Moderator - Officials Expense.....	100	100	-	-	100
Selectmen Officials Expense.....	5,500	5,500	5,500	-	-
Salaries.....	380,963	380,963	377,189	-	3,774
Expense.....	119,915	109,915	66,189	18,150	25,576
Zoning Board Legal Services.....	37,457	37,457	12,369	-	25,088
Out of State Travel.....	2,000	2,000	2,000	-	-
Finance Committee - Salaries.....	10,141	10,141	2,535	-	7,606
Expense.....	5,585	5,585	398	-	5,187
Local Travel.....	175	175	-	-	175
Reserve Fund.....	144,000	52,271	-	-	52,271
Finance - Salaries.....	684,167	684,167	626,899	-	57,268
Expense.....	264,610	264,610	259,819	10,000	(5,209)
Art. 8, 2019 - Equipment.....	188,449	188,449	188,449	-	-
Art. 8, 2018 - Equipment.....	14,093	14,093	3,494	10,599	-
Assessors - Officials Expense.....	300	300	300	-	-
Assessors - Salaries.....	224,270	224,270	208,836	-	15,434
Expense.....	33,685	33,685	31,260	-	2,425
Local Travel.....	500	500	-	-	500
Town Counsel - Salaries.....	6,001	2,000	2,000	-	-
Expense.....	100,287	168,576	152,668	-	15,908
Parking Tickets - Expense.....	13,095	16,807	4,788	-	12,019
Town Clerk - Salaries.....	192,790	192,790	192,098	-	692
Expense.....	10,137	10,137	9,288	-	849
Election and Registration - Salaries.....	25,334	25,334	12,865	-	12,469
Expense.....	25,375	25,375	23,615	-	1,760
Planning Board - Expense.....	1,675	3,316	1,021	-	2,295
Public Buildings - Salaries.....	105,972	105,972	99,853	-	6,119
Expense.....	107,431	105,790	93,117	-	12,673
Local Travel.....	400	400	-	-	400
Art. 40, 2019 - Affordable Housing Trust.....	40,000	40,000	-	40,000	-
Art. 41, 2019 - Transportation Network.....	4,318	4,318	-	4,318	-
Art. 11, 2019 - Improve Public Buildings.....	386,242	386,242	240,940	145,302	-
Art. 9, 2018 - Improve Public Buildings.....	56,655	56,655	7,975	48,680	-
Art. 10, 2017 - Improve Public Buildings.....	52,898	52,899	-	52,899	-
Town Reports.....	4,300	4,300	3,809	-	491
Town Audit of Accounts.....	54,500	54,500	54,500	-	-
Training Expense.....	15,000	15,000	13,491	-	1,509
TOTAL GENERAL GOVERNMENT.....	3,318,320	3,284,592	2,697,265	329,948	257,379

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
PUBLIC SAFETY					
Police - Salaries.....	4,048,872	4,032,872	3,891,212	-	141,660
Expense.....	182,392	198,390	192,842	5,500	48
Indemnification.....	5,000	5,000	439	-	4,561
Fire - Salaries.....	3,885,737	3,885,737	3,689,628	-	196,109
Expense.....	189,600	218,100	205,705	-	12,395
Alarm Expense.....	5,000	5,000	2,719	-	2,281
Building Commissioner - Salaries.....	532,585	532,585	496,133	-	36,452
Expense.....	46,448	46,448	21,755	14,297	10,396
Local Travel.....	6,000	6,000	2,612	-	3,388
Sealer of Weights & Measurers - Expense.....	250	250	65	-	185
Animal Inspector - Salaries.....	2,400	2,400	2,400	-	-
TOTAL PUBLIC SAFETY.....	8,904,284	8,932,782	8,505,510	19,797	407,475
EDUCATION					
Schools.....	39,624,422	39,624,420	39,538,534	35,000	50,886
Art. 27, 2016 - Essex North Shore.....	726,435	726,435	723,921	-	2,514
TOTAL EDUCATION.....	40,350,857	40,350,855	40,262,455	35,000	53,400
PUBLIC WORKS & FACILITIES					
Engineering - Salaries.....	167,903	167,903	167,903	-	-
Expense.....	13,096	13,096	6,993	-	6,103
Highway - Salaries.....	913,989	913,989	887,417	-	26,572
Expense.....	107,084	113,084	90,234	-	22,850
Rebuild & Maintain HTTP STS.....	32,811	32,811	32,654	-	157
Snow Removal.....	100,000	100,000	110,168	-	(10,168)
Street Lighting.....	128,820	128,820	128,820	-	-
Art. 10, 2019 - Walls and Fences.....	7,500	7,500	3,686	3,814	-
Art. 10, 2018 - Walls and Fences.....	48,337	48,338	33,426	14,912	-
Art. 11, 2017 - Walls and Fences.....	7,500	7,500	-	7,500	-
Art. 10, 2016 - Walls and Fences.....	1,937	1,937	-	1,937	-
Art. 9, 2015 - Walls and Fences.....	7,262	7,262	696	6,566	-
Art. 9, 2014 - Walls and Fences.....	7,500	7,500	-	7,500	-
Art. 10, 2013 - Walls and Fences.....	2,680	2,680	2,680	-	-
Waste Collection - Salaries.....	376,076	376,076	350,442	-	25,634
Expense.....	1,839,716	1,839,716	1,693,720	-	145,996
Landfill Monitor Expense.....	114,600	114,600	114,600	-	-
Drains - Salaries.....	178,071	178,071	150,719	-	27,352
Expense.....	5,650	5,650	4,047	-	1,603
Art. 16, 2019 - Drain Construction.....	314,000	314,000	-	314,000	-
Art. 16, 2018 - Drain Construction.....	243,416	243,416	179,977	63,439	-
Art. 17, 2017 - Drain Construction.....	1,617	1,618	1,618	-	-
Cemetery - Officials Expense.....	300	300	300	-	-
Salaries.....	379,822	379,822	370,482	-	9,340
Expense.....	26,226	30,930	30,138	-	792
Tree - Salaries.....	257,899	247,899	247,899	-	-
Expense.....	56,579	66,578	62,788	-	3,790
Art. 9, 2019 - Planting of Trees.....	50,000	50,000	-	50,000	-
TOTAL PUBLIC WORKS & FACILITIES.....	5,390,391	5,401,096	4,671,407	469,668	260,021
HUMAN SERVICES					
Health - Officials Expense.....	400	400	400	-	-
Salaries.....	176,262	176,262	175,308	-	954
Expense.....	15,655	15,655	9,499	-	6,156
Local Travel.....	1,632	1,632	472	-	1,160
Healing Abuse Working for Change (HAWC).....	4,000	4,000	-	-	4,000
Mental Health - Contractual Services.....	60,000	60,000	60,000	-	-
Council on Aging - Salaries.....	289,129	289,129	268,996	-	20,133
Expense.....	11,990	11,990	11,979	-	11
Veterans Benefits - Salaries.....	68,485	68,485	68,483	-	2
Expense.....	1,243	1,243	1,060	-	183
Local Travel.....	1,100	1,100	410	-	690
Benefits.....	40,000	44,525	44,523	-	2
TOTAL HUMAN SERVICES.....	669,896	674,421	641,130	-	33,291

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
CULTURE & RECREATION					
Library - Salaries.....	893,078	881,553	849,911	-	31,642
Expense.....	269,865	281,392	279,991	-	1,401
Local Travel.....	100	100	100	-	-
Park - Salaries.....	615,074	615,074	584,563	-	30,511
Expense.....	176,590	176,590	162,831	4,000	9,759
Park Facility Expense.....	48,386	48,386	43,300	5,086	-
Memorial & Veterans Day.....	6,300	6,300	3,542	-	2,758
TOTAL CULTURE & RECREATION.....	2,009,393	2,009,395	1,924,238	9,086	76,071
ENERGY & UTILITY RESERVE					
Energy Reserve.....	533,544	533,544	383,333	-	150,211
Utility Reserve.....	100,000	100,000	48,427	-	51,573
TOTAL ENERGY & UTILITY RESERVE.....	633,544	633,544	431,760	-	201,784
PENSION BENEFITS					
Contributory Retirement Fund.....	3,253,489	3,253,489	3,253,489	-	-
Noncontributory Retirement.....	80,964	80,964	58,157	-	22,807
TOTAL PENSION BENEFITS.....	3,334,453	3,334,453	3,311,646	-	22,807
PROPERTY AND LIABILITY INSURANCE					
Other Insurance.....	485,888	475,888	475,888	-	-
FRINGE BENEFITS					
Medicare.....	710,000	710,000	652,175	-	57,825
Salary Reserve.....	160,770	160,770	78,491	37,250	45,029
Group Insurance.....	14,108,380	14,108,380	11,303,115	-	2,805,265
Group Insurance FY13.....	21,132	21,132	21,132	-	-
TOTAL FRINGE BENEFITS.....	15,000,282	15,000,282	12,054,913	37,250	2,908,119
INTERGOVERNMENTAL					
State.....	3,301,025	3,301,025	3,286,263	-	14,762
DEBT SERVICES					
Maturing Debt.....	4,425,000	4,425,000	4,425,000	-	-
Interest.....	2,491,992	2,491,992	2,521,380	-	(29,388)
TOTAL DEBT SERVICES.....	6,916,992	6,916,992	6,946,380	-	(29,388)
TOTAL EXPENDITURES.....	90,315,325	90,315,325	85,208,855	900,749	4,205,721
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	(9,629,348)	(9,629,348)	(440,481)	(900,749)	8,288,118
OTHER FINANCING SOURCES (USES):					
Prior year deficit raised.....	(95,937)	(95,937)	-	-	95,937
Use of prior year reserves.....	638,561	638,561	-	-	(638,561)
Use of free cash to reduce the tax rate.....	8,575,000	8,575,000	-	-	(8,575,000)
Use of free cash from sale of tax foreclosures.....	40,000	40,000	-	-	(40,000)
Transfers in.....	721,724	721,724	1,081,795	-	360,071
Transfers out.....	(250,000)	(250,000)	(250,000)	-	-
TOTAL OTHER FINANCING					
SOURCES (USES).....	9,629,348	9,629,348	831,795	-	(8,797,553)
NET CHANGE IN FUND BALANCE.....	-	-	391,314	(900,749)	(509,435)
BUDGETARY FUND BALANCE, Beginning of year.....	21,156,656	21,156,656	21,156,656	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 21,156,656	\$ 21,156,656	\$ 21,547,970	\$ (900,749)	\$ (509,435)

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

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

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

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

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
MARBLEHEAD CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Total pension liability:						
Service cost.....	\$ 2,681,899	\$ 2,769,061	\$ 3,069,000	\$ 3,207,000	\$ 3,376,000	\$ 3,528,000
Interest.....	9,363,589	9,660,905	9,968,038	10,286,000	10,812,000	11,152,000
Differences between expected and actual experience.....	-	(2,255,000)	-	2,433,000	-	(195,000)
Changes in assumptions.....	-	6,300,000	-	3,240,000	-	4,000,000
Benefit payments, including refunds of employee contributions.....	<u>(8,275,382)</u>	<u>(8,317,787)</u>	<u>(8,731,326)</u>	<u>(9,139,829)</u>	<u>(9,627,288)</u>	<u>(9,783,600)</u>
Net change in total pension liability.....	3,770,106	8,157,179	4,305,712	10,026,171	4,560,712	8,701,400
Total pension liability - beginning.....	<u>122,276,560</u>	<u>126,046,666</u>	<u>134,203,845</u>	<u>138,509,557</u>	<u>148,535,728</u>	<u>153,096,440</u>
Total pension liability - ending (a).....	<u>\$ 126,046,666</u>	<u>\$ 134,203,845</u>	<u>\$ 138,509,557</u>	<u>\$ 148,535,728</u>	<u>\$ 153,096,440</u>	<u>\$ 161,797,840</u>
Plan fiduciary net position:						
Employer contributions.....	\$ 2,791,015	\$ 3,004,813	\$ 3,247,889	\$ 3,502,012	\$ 3,775,273	\$ 4,081,162
Member contributions.....	1,820,099	1,913,812	2,195,793	2,153,343	1,833,766	1,900,271
Net investment income (loss).....	6,532,623	585,701	6,346,121	15,100,863	(2,239,403)	15,021,634
Administrative expenses.....	(135,341)	(141,511)	(140,850)	(129,292)	(150,184)	(147,864)
Retirement benefits and refunds.....	(8,275,382)	(8,317,787)	(8,731,326)	(9,139,829)	(9,627,288)	(9,783,600)
Military service fund contribution.....	<u>16,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in fiduciary net position.....	2,749,454	(2,954,972)	2,917,627	11,487,097	(6,407,836)	11,071,603
Fiduciary net position - beginning of year.....	<u>87,225,623</u>	<u>89,975,077</u>	<u>87,020,105</u>	<u>89,937,732</u>	<u>101,424,829</u>	<u>95,016,993</u>
Fiduciary net position - end of year (b).....	<u>\$ 89,975,077</u>	<u>\$ 87,020,105</u>	<u>\$ 89,937,732</u>	<u>\$ 101,424,829</u>	<u>\$ 95,016,993</u>	<u>\$ 106,088,596</u>
Net pension liability - ending (a)-(b).....	<u>\$ 36,071,589</u>	<u>\$ 47,183,740</u>	<u>\$ 48,571,825</u>	<u>\$ 47,110,899</u>	<u>\$ 58,079,447</u>	<u>\$ 55,709,244</u>
Plan fiduciary net position as a percentage of the total pension liability.....	71.38%	64.84%	64.93%	68.28%	62.06%	65.57%
Covered payroll.....	\$ 18,842,144	\$ 20,286,731	\$ 20,692,466	\$ 21,325,000	\$ 21,751,500	\$ 18,642,016
Net pension liability as a percentage of covered payroll.....	191.44%	232.58%	234.73%	220.92%	267.01%	298.84%

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

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
MARBLEHEAD CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2019.....	\$ 4,078,761	\$ (4,078,761)	-	\$ 21,645,000	18.84%
December 31, 2018.....	3,776,631	(3,776,631)	-	21,751,500	17.36%
December 31, 2017.....	3,496,880	(3,496,880)	-	21,325,000	16.40%
December 31, 2016.....	3,237,852	(3,237,852)	-	20,692,466	15.65%
December 31, 2015.....	2,998,011	(2,998,011)	-	20,286,731	14.78%
December 31, 2014.....	2,775,936	(2,775,936)	-	18,842,144	14.73%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
MARBLEHEAD CONTRIBUTORY RETIREMENT SYSTEM

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2019.....	16.13%
December 31, 2018.....	-2.28%
December 31, 2017.....	17.14%
December 31, 2016.....	7.45%
December 31, 2015.....	0.66%
December 31, 2014.....	7.64%

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

See notes to required supplementary information.

Pension Plan Schedules – Town & Municipal Light Enterprise

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

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	86.13%	\$ 47,980,255	\$ 18,642,016	257.38%	65.57%
December 31, 2018.....	86.10%	50,007,920	18,728,607	267.01%	62.06%
December 31, 2017.....	86.10%	40,563,714	18,361,000	220.92%	68.28%
December 31, 2016.....	85.07%	41,319,080	18,042,000	229.02%	64.93%
December 31, 2015.....	85.07%	40,138,264	17,517,000	229.14%	64.84%
December 31, 2014.....	84.63%	30,528,625	16,186,000	188.61%	71.38%

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

The Town's Municipal Light Enterprise year end is December 31st while the Town's is June 30th.
This schedule does not include the Municipal Light Enterprise which is presented on a separate schedule.

See notes to required supplementary information.

**SCHEDULE OF THE MUNICIPAL LIGHT ENTERPRISE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MARBLEHEAD CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	12.20%	\$ 6,799,029	\$ 2,641,664	257.38%	65.57%
December 31, 2018.....	12.21%	7,092,308	2,656,163	267.01%	62.06%
December 31, 2017.....	12.21%	5,752,900	2,604,081	220.92%	68.28%
December 31, 2016.....	13.35%	6,486,422	2,763,332	234.73%	64.93%
December 31, 2015.....	13.35%	6,301,053	2,709,151	232.58%	64.84%
December 31, 2014.....	14.12%	5,093,878	1,844,000	276.24%	71.38%

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

The Town's Municipal Light Enterprise Fund year end is December 31st while the Town is June 30th.
This schedule provides only the Municipal Light information.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
MARBLEHEAD CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2020.....	\$ 3,512,882	\$ (3,512,882)	\$ -	\$ 19,014,856	18.47%
June 30, 2019.....	3,251,778	(3,251,778)	-	18,916,000	17.19%
June 30, 2018.....	3,010,905	(3,010,905)	-	18,545,000	16.24%
June 30, 2017.....	2,754,376	(2,754,376)	-	18,222,000	15.12%
June 30, 2016.....	2,550,338	(2,550,338)	-	17,692,000	14.42%
June 30, 2015.....	2,349,370	(2,349,370)	-	16,348,000	14.37%

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 93,152,763	\$ 11,296,389	53.95%
2019.....	88,329,506	8,950,916	54.84%
2018.....	85,769,953	8,952,060	54.25%
2017.....	81,616,869	8,325,456	52.73%
2016.....	73,593,284	5,969,070	55.38%
2015.....	56,034,714	3,893,000	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

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

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

Municipal Light Enterprise

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost.....	\$ 5,000,000	\$ 7,763,590	\$ 7,611,613	\$ 8,506,027
Interest.....	5,822,000	5,610,395	5,726,006	5,854,804
Differences between expected and actual experience....	-	(4,756,135)	2,387,552	(28,170,165)
Changes of assumptions.....	129,593,198	4,852,941	6,221,002	3,865,107
Benefit payments.....	<u>(4,700,000)</u>	<u>(4,054,972)</u>	<u>(3,889,738)</u>	<u>(4,055,705)</u>
Net change in total OPEB liability.....	135,715,198	9,415,819	18,056,435	(13,999,932)
Total OPEB liability - beginning.....	<u>48,690,000</u>	<u>184,405,198</u>	<u>193,821,017</u>	<u>211,877,452</u>
Total OPEB liability - ending (a).....	<u>\$ 184,405,198</u>	<u>\$ 193,821,017</u>	<u>\$ 211,877,452</u>	<u>\$ 197,877,520</u>
Plan fiduciary net position				
Employer contributions.....	\$ 1,700,000	\$ 360,000	\$ 360,250	\$ 250,000
Employer contributions for OPEB payments.....	4,700,000	4,054,972	3,889,738	4,055,705
Net investment income.....	326,130	294,264	235,454	81,254
Benefit payments.....	<u>(4,700,000)</u>	<u>(4,054,972)</u>	<u>(3,889,738)</u>	<u>(4,055,705)</u>
Net change in plan fiduciary net position.....	2,026,130	654,264	595,704	331,254
Plan fiduciary net position - beginning of year.....	<u>854,498</u>	<u>2,880,628</u>	<u>3,534,892</u>	<u>4,130,596</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 2,880,628</u>	<u>\$ 3,534,892</u>	<u>\$ 4,130,596</u>	<u>\$ 4,461,850</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 181,524,570</u>	<u>\$ 190,286,125</u>	<u>\$ 207,746,856</u>	<u>\$ 193,415,670</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.56%	1.82%	1.95%	2.25%
Covered-employee payroll.....	\$ 50,200,000	\$ 50,300,000	\$ 53,800,000	\$ 54,300,000
Net OPEB liability as a percentage of covered-employee payroll.....	361.60%	378.30%	386.15%	356.20%

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

See notes to required supplementary information.

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

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 22,472,490	\$ (4,055,705)	\$ 18,416,785	\$ 54,300,000	7.47%
June 30, 2019.....	20,615,873	(4,249,988)	16,365,885	53,800,000	7.90%
June 30, 2018.....	13,381,849	(4,414,972)	8,966,877	50,300,000	8.78%
June 30, 2017.....	11,310,000	(6,400,000)	4,910,000	50,200,000	12.75%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2020.....	2.00%
June 30, 2019.....	6.40%
June 30, 2018.....	10.50%
June 30, 2017.....	13.00%

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

See notes to required supplementary information.

**SCHEDULE OF CHANGES IN THE
MUNICIPAL LIGHT ENTERPRISE FUND'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2018	June 30, 2019
Total OPEB Liability		
Service cost.....	\$ 189,381	\$ 223,859
Interest.....	497,819	288,452
Differences between expected and actual experience.....	(240,441)	74,655
Changes of assumptions.....	245,335	255,429
Benefit payments.....	<u>(215,690)</u>	<u>(238,386)</u>
Net change in total OPEB liability.....	476,404	604,009
Total OPEB liability - beginning.....	<u>9,322,398</u>	<u>9,798,802</u>
Total OPEB liability - ending (a).....	<u>\$ 9,798,802</u>	<u>\$ 10,402,811</u>
Plan fiduciary net position		
Employer contributions.....	\$ 215,690	\$ 238,386
Employer contributions for OPEB payments.....		
Net investment income.....	150,394	97,807
Benefit payments.....	<u>(215,690)</u>	<u>(238,386)</u>
Net change in plan fiduciary net position.....	150,394	97,807
Plan fiduciary net position - beginning of year.....	<u>1,578,737</u>	<u>1,729,131</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 1,729,131</u>	<u>\$ 1,826,938</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 8,069,671</u>	<u>\$ 8,575,873</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	17.65%	17.56%
Covered-employee payroll.....	\$ 2,240,000	\$ 2,284,800
Net OPEB liability as a percentage of covered-employee payroll.....	360.25%	375.34%

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

The Municipal Light Department implemented GASB 75 for the year ended December 31, 2018 using a measurement date of June 30, 2018.

See notes to required supplementary information.

**SCHEDULE OF THE MUNICIPAL LIGHT ENTERPRISE FUND'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2019.....	\$ 765,265	\$ (238,386)	\$ 526,879	\$ 2,284,800	10.43%
June 30, 2018.....	495,228	(215,690)	279,538	2,240,000	9.63%

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

The Municipal Light Department implemented GASB 75 for the year ended December 31, 2018 using a measurement date of June 30, 2018.

See notes to required supplementary information.

**MUNICIPAL LIGHT ENTERPRISE FUND'S
SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2019.....	6.40%
June 30, 2018.....	10.50%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

During the year, the finance committee submits to the Town Meeting an operating budget for the proposed expenditures and other financing uses for the year commencing the following July 1st. The budget, as enacted by the Town Meeting, also establishes that certain appropriations are to be funded by particular revenues. The original budget is amended during the year at Special Town Meetings or at the next Annual Town Meeting held prior to the end of the year. During the year the finance committee may transfer funds for extraordinary or unforeseen expenditures. The Town appropriated \$144,000 for this purpose in 2020 and transfers of \$92,000 were made. All unencumbered and unexpended appropriations lapse at year-end.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Although formal budgetary integration is not employed for Special Revenue Funds, effective budgetary control is alternatively achieved through provisions of the Massachusetts General Laws and the Town's by-laws.

Appropriations are authorized by the Town Meeting for line items within departments. Typical line items are salaries, expense, and local travel. These are the legal levels of budgetary control (level at which expenditures may not exceed budget). However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote at a special Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2020 approved budget authorized approximately \$90.7 million in appropriations and other amounts to be raised. During the year, line item transfers were made between appropriated amounts. No increases were made to the total appropriated budget.

Budgetary – GAAP Reporting Reconciliation

The budgetary basis and modified accrual basis of accounting are substantially the same.

A reconciliation of budgetary-basis to GAAP-basis results is as follows:

Net change in fund balance - budgetary basis.....	\$	391,314
<u>Basis of accounting differences:</u>		
Recognition of revenue for on-behalf payments.....		11,296,389
Recognition of expenditures for on-behalf payments....		<u>(11,296,389)</u>
Net change in fund balance - GAAP basis.....	\$	<u>391,314</u>

Appropriation Deficits

During 2020, expenditures exceeded budgeted appropriations for finance, snow removal and debt service interest. These over expenditures will be funded in 2020.

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System*****A. Schedule of Changes in the Net Pension Liability and Related Ratios**

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

B. Schedule of Contributions

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

C. Schedule of Investment Return

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

Pension Plan Schedules – Town**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

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

B. Schedule of Town's Contributions

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

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This

schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

The most recent actuarial valuation as of January 1, 2020, included several changes of assumptions from the prior actuarial valuation. These changes include a decrease in the assumed discount rate from 7.35% down to 7.15%, as well as changes in the applied mortality tables.

E. Changes in Plan Provisions

None

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

A. Schedules of Changes in the Town's and the Municipal Light Enterprise Fund's Net Other Postemployment Benefit Liability and Related Ratios

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

B. Schedules of the Town's and the Municipal Light Enterprise Fund's Contributions

The Schedules of the Town's and the Municipal Light Enterprise Fund's Contributions include the annual required contributions to the Plans, along with the contributions made in relation to the actuarially determined contributions and the covered employee payroll. The Town and Municipal Light Enterprise Fund are not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2019
Actuarial cost method.....	Entry Age Normal
Asset valuation method.....	Market Value
Discount rate.....	2.66%
Inflation rate.....	3.0% per annum
Healthcare cost trend rate....	8% for the first year, decreases by .5% per year through year 7 to 5% thereafter
Salary increases.....	3% per annum
Mortality rates.....	RP-2006 mortality table with MP-2019 projection

C. Schedules of Investment Returns

The Schedules of Investment Returns include the money-weighted investment returns on the Plan's other postemployment assets, net of investment expense.

D. Changes in Assumptions – For The Town, the Discount rate was decreased from 2.79% to 2.66%. The mortality rates were changed from RP-2014 mortality table with MP-2016 projection to RP-2006 mortality table with MP-2019 projection. For the Municipal Light Enterprise Fund, the Discount rate was decreased from 2.98% to 2.79%.

E. Changes in Plan Provisions – None.

Other Supplementary Information

***Combining and Individual Fund
Financial Statements***

Nonmajor Governmental Funds

Special Revenue Funds:

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Federal Grants - To account for grants from the Federal Government for various purposes. They are expended in accordance with the grant.

State Grants - To account for grants from the Commonwealth of Massachusetts for various purposes. They are expended in accordance with the grant.

Other Grants - To account for grants from individuals and foundations for various purposes. They are expended for the purpose designated by the grantor or benefactor.

Revolving Funds - To account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling state statute or vote of the Town Meeting.

Receipts Reserved for Appropriation - To account for receipts set aside for specific purposes as allowed by the laws of the Commonwealth of Massachusetts. Receipts reserved for appropriation are transferred to the general fund when appropriated as part of the Town's annual budget.

Gifts - To account for receipts of various gifts and donations. They are expended for the purpose designated by the donor or benefactor.

Special Revenue Trust Funds - To account for contributions where both principal and investment earnings may be spent to support the government.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2020

	<i>Special Revenue Funds</i>				
	Federal Grants	State Grants	Other Grants	Revolving Funds	Receipts Reserved for Appropriation
ASSETS					
Cash and cash equivalents.....	\$ 231,998	\$ 117,572	\$ 1,238,151	\$ 3,561,262	\$ 1,534,445
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	113,034	25
Intergovernmental - other.....	5,201	174,164	-	288,328	-
Working capital deposit.....	-	-	-	-	-
TOTAL ASSETS.....	<u>\$ 237,199</u>	<u>\$ 291,736</u>	<u>\$ 1,238,151</u>	<u>\$ 3,962,624</u>	<u>\$ 1,534,470</u>
LIABILITIES					
Warrants payable.....	\$ 20,660	\$ 154,293	\$ 37,340	\$ 199,163	\$ 2,500
Unearned revenue.....	-	5,619	-	-	-
TOTAL LIABILITIES.....	<u>20,660</u>	<u>159,912</u>	<u>37,340</u>	<u>199,163</u>	<u>2,500</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	5,201	20,619	-	14,111	25
FUND BALANCES					
Restricted.....	211,338	111,205	1,200,811	3,749,350	1,531,945
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 237,199</u>	<u>\$ 291,736</u>	<u>\$ 1,238,151</u>	<u>\$ 3,962,624</u>	<u>\$ 1,534,470</u>

(Continued)

	Special Revenue Funds		
	Gifts	Special Revenue Trust Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents.....	\$ 1,013,300	\$ 2,109,857	\$ 9,806,585
Investments.....	-	1,930,050	1,930,050
Receivables, net of uncollectibles:			
Departmental and other.....	-	-	113,059
Intergovernmental - other.....	-	-	467,693
Working capital deposit.....	-	10,000	10,000
TOTAL ASSETS.....	\$ 1,013,300	\$ 4,049,907	\$ 12,327,387
LIABILITIES			
Warrants payable.....	\$ 83,044	\$ -	\$ 497,000
Unearned revenue.....	-	-	5,619
TOTAL LIABILITIES.....	83,044	-	502,619
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue.....	-	-	39,956
FUND BALANCES			
Restricted.....	930,256	4,049,907	11,784,812
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,013,300	\$ 4,049,907	\$ 12,327,387

(Concluded)

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

YEAR ENDED JUNE 30, 2020

	<i>Special Revenue Funds</i>				
	Federal Grants	State Grants	Other Grants	Revolving Funds	Receipts Reserved for Appropriation
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ 3,300,307	\$ 40,200
Intergovernmental - other.....	750,863	2,367,177	-	939,984	7,811
Intergovernmental - COVID-19 relief.....	-	5,398	-	288,328	-
Departmental and other.....	-	-	-	1,220,294	-
Contributions and donations.....	-	-	149,385	70,398	250
Investment income.....	-	101	16,964	570	-
TOTAL REVENUES.....	750,863	2,372,676	166,349	5,819,881	48,261
EXPENDITURES:					
Current:					
General government.....	-	110,259	-	238,475	116,386
Public safety.....	39,962	9,622	-	898,446	-
Education.....	736,917	1,920,953	699	1,786,278	-
Public works.....	-	24,401	-	598,046	-
Human services.....	-	165,135	40,802	80,833	-
Culture and recreation.....	-	53,410	76,473	462,198	-
COVID-19.....	-	5,398	-	288,328	-
Debt service:					
Principal payment on current refunding.....	-	-	-	-	312,826
TOTAL EXPENDITURES.....	776,879	2,289,178	117,974	4,352,604	429,212
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(26,016)	83,498	48,375	1,467,277	(380,951)
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	-	-	423,322
Transfers in.....	-	-	4,000	252,390	-
Transfers out.....	-	-	-	(56,967)	(356,724)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	4,000	195,423	66,598
NET CHANGE IN FUND BALANCES.....	(26,016)	83,498	52,375	1,662,700	(314,353)
FUND BALANCES AT BEGINNING OF YEAR.....	237,354	27,707	1,148,436	2,086,650	1,846,298
FUND BALANCES AT END OF YEAR.....	\$ 211,338	\$ 111,205	\$ 1,200,811	\$ 3,749,350	\$ 1,531,945

(Continued)

	<u>Special Revenue Funds</u>		Total
	Gifts	Special Revenue Trust Funds	Nonmajor Governmental Funds
REVENUES:			
Charges for services.....	\$ -	\$ -	\$ 3,340,507
Intergovernmental - other.....	-	11,633	4,077,468
Intergovernmental - COVID-19 relief.....	-	-	293,726
Departmental and other.....	-	-	1,220,294
Contributions and donations.....	468,001	114,669	802,703
Investment income.....	-	242,894	260,529
TOTAL REVENUES.....	468,001	369,196	9,995,227
EXPENDITURES:			
Current:			
General government.....	49,600	-	514,720
Public safety.....	2,981	-	951,011
Education.....	111,908	-	4,556,755
Public works.....	13,424	-	635,871
Human services.....	550	22,554	309,874
Culture and recreation.....	48,023	111,152	751,256
COVID-19.....	-	-	293,726
Debt service:			
Principal payment on current refunding.....	-	-	312,826
TOTAL EXPENDITURES.....	226,486	133,706	8,326,039
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	241,515	235,490	1,669,188
OTHER FINANCING SOURCES (USES):			
Premium from issuance of bonds.....	-	-	423,322
Transfers in.....	5,200	-	261,590
Transfers out.....	-	(9,200)	(422,891)
TOTAL OTHER FINANCING SOURCES (USES).....	5,200	(9,200)	262,021
NET CHANGE IN FUND BALANCES.....	246,715	226,290	1,931,209
FUND BALANCES AT BEGINNING OF YEAR.....	683,541	3,823,617	9,853,603
FUND BALANCES AT END OF YEAR.....	\$ 930,256	\$ 4,049,907	\$ 11,784,812

(Concluded)

Fiduciary Funds

Private Purpose Trust Funds:

Charity Funds - To account for contributions held by the Town to benefit private charities.

Scholarship Funds - To account for scholarship funds held by the Town to benefit individuals.

Other Funds - To account for other amounts held by the Town for the benefit of individuals or private organizations.

Agency Fund - To account for performance bonds and the collection and payment of hunting and fishing licenses, firearm permits, sales taxes, meals taxes, dog licenses to the State, proceeds of extra work details to the Town employees, and school student activity accounts.

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2020

	Charity Funds	Scholarship Funds	Other Funds	Total Private Purpose Trust Funds
ASSETS				
Cash and cash equivalents.....	\$ 2,174,984	\$ 1,018,004	\$ 154,982	\$ 3,347,970
Investments:				
U.S. treasuries.....	-	100,255	-	100,255
Government sponsored enterprises.....	-	10,003	-	10,003
Corporate bonds.....	-	250,571	-	250,571
Equity securities.....	-	71,779	-	71,779
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	-	2,175	-	2,175
Capital assets, net of accumulated depreciation.....	140,147	-	-	140,147
TOTAL ASSETS.....	2,315,131	1,452,787	154,982	3,922,900
LIABILITIES				
Warrants payable.....	-	4,661	-	4,661
Other liabilities.....	-	2,175	-	2,175
TOTAL LIABILITIES.....	-	6,836	-	6,836
NET POSITION				
Held in trust for other purposes.....	\$ <u>2,315,131</u>	\$ <u>1,445,951</u>	\$ <u>154,982</u>	\$ <u>3,916,064</u>

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Charity Funds	Scholarship Funds	Other Funds	Total Private Purpose Trust Funds
ADDITIONS:				
Contributions:				
Private donations.....	\$ -	\$ 578,143	\$ -	\$ 578,143
Net investment income:				
Investment income.....	70,119	26,261	4,595	100,975
TOTAL ADDITIONS.....	70,119	604,404	4,595	679,118
DEDUCTIONS:				
Administration.....	37,512	-	-	37,512
Depreciation.....	12,632	-	-	12,632
Educational scholarships.....	-	18,018	-	18,018
TOTAL DEDUCTIONS.....	50,144	18,018	-	68,162
NET INCREASE (DECREASE) IN NET POSITION.....	19,975	586,386	4,595	610,956
NET POSITION AT BEGINNING OF YEAR.....	2,295,156	859,565	150,387	3,305,108
NET POSITION AT END OF YEAR.....	\$ 2,315,131	\$ 1,445,951	\$ 154,982	\$ 3,916,064

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2020

	June 30, 2019	Additions	Deletions	June 30, 2020
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 364,200	\$ 343,245	\$ (284,965)	\$ 422,480
LIABILITIES				
Liabilities due depositors.....	\$ 364,200	\$ 343,245	\$ (284,965)	\$ 422,480

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Photo by Brad Smith

An iconic tree at Fort Sewall still stands after a storm hits Town.

Statistical Section

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	2011	2012	2013	2014 (1)	2015	2016	2017 (2)	2018 (3)	2019	2020
Governmental activities										
Net investment in capital assets.....	\$ 71,782,028	\$ 75,341,535	\$ 77,717,668	\$ 79,318,461	\$ 83,481,653	\$ 74,362,302	\$ 80,043,188	\$ 81,296,691	\$ 81,183,548	\$ 81,262,886
Restricted.....	9,048,458	8,900,151	11,077,540	10,146,657	10,617,440	10,358,396	10,142,342	10,425,505	13,419,904	13,926,084
Unrestricted.....	(6,852,476)	(12,034,478)	(14,679,598)	(51,151,235)	(63,332,782)	(69,515,140)	(200,049,807)	(209,344,516)	(222,268,732)	(228,487,319)
Total governmental activities net position.....	\$ 73,978,010	\$ 72,207,208	\$ 74,115,610	\$ 38,313,883	\$ 30,766,311	\$ 15,205,558	\$ (109,864,277)	\$ (117,622,320)	\$ (127,665,280)	\$ (133,298,349)
Business-type activities										
Net investment in capital assets.....	\$ 34,878,749	\$ 35,945,212	\$ 36,688,303	\$ 36,510,098	\$ 35,675,503	\$ 36,547,443	\$ 38,020,264	\$ 40,310,430	\$ 41,806,634	\$ 41,173,750
Restricted.....	3,309,675	3,625,528	3,918,771	5,147,074	5,815,665	6,751,653	6,949,454	6,949,454	6,949,454	6,671,639
Unrestricted.....	11,996,780	12,095,677	11,924,405	10,517,972	11,706,630	7,273,751	3,565,638	(5,725,878)	(6,452,792)	(6,548,633)
Total business-type activities net position.....	\$ 50,185,204	\$ 51,666,417	\$ 52,531,479	\$ 52,175,144	\$ 53,197,798	\$ 50,572,847	\$ 48,535,356	\$ 41,534,006	\$ 42,303,296	\$ 41,296,756
Primary government										
Net investment in capital assets.....	\$ 106,660,777	\$ 111,286,747	\$ 111,301,356	\$ 115,828,559	\$ 119,157,156	\$ 110,909,745	\$ 118,063,452	\$ 121,607,121	\$ 122,990,182	\$ 122,436,636
Restricted.....	9,048,458	12,525,679	14,996,311	15,293,731	16,433,105	17,110,049	17,091,796	17,374,959	20,369,358	20,597,723
Unrestricted.....	8,453,979	61,199	349,422	(40,633,263)	(51,626,152)	(62,241,389)	(196,484,169)	(207,773,308)	(228,721,524)	(235,035,952)
Total primary government net position.....	\$ 124,163,214	\$ 123,873,625	\$ 126,647,089	\$ 90,489,027	\$ 83,964,109	\$ 65,778,405	\$ (61,328,921)	\$ (68,791,228)	\$ (85,361,984)	\$ (92,001,593)

- (1) Unrestricted net position has been revised to reflect the implementation of GASB #68.
- (2) Unrestricted net position has been revised to reflect the implementation of GASB #75 in fiscal year 2018.
- (3) Unrestricted net position of the Municipal Light Plant has been revised to reflect the implementation of GASB #75 in fiscal year 2019.

Changes in Net Position

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government.....	\$ 3,179,481	\$ 3,513,212	\$ 3,076,096	\$ 3,499,711	\$ 3,914,552	\$ 4,049,880	\$ 3,998,948	\$ 4,149,528	\$ 5,347,875	\$ 4,810,072
Public safety.....	10,586,017	10,651,355	10,936,104	11,614,901	12,092,961	13,059,638	13,546,839	15,087,411	15,803,260	15,289,243
Education.....	53,942,639	55,866,599	57,452,006	60,720,945	57,790,071	63,223,425	68,164,424	72,235,555	76,926,325	78,027,196
Public works.....	6,214,732	4,510,987	6,719,828	7,225,046	7,602,455	8,464,369	5,120,344	7,004,811	8,418,205	8,606,646
Landfill closure.....	2,314,578	-	-	7,306,000	3,189,744	8,010,805	-	-	-	-
Human services.....	1,150,910	1,025,102	1,074,478	1,103,986	1,091,063	1,161,803	1,302,548	1,508,463	1,519,921	1,516,450
Culture and recreation.....	3,111,617	3,271,325	3,132,696	3,203,979	3,080,540	3,722,667	3,721,534	4,062,091	4,321,098	4,198,451
COVID-19.....	-	-	-	-	-	-	-	-	-	293,726
Interest.....	1,319,979	1,893,926	1,054,818	2,062,389	1,758,181	2,055,607	2,341,770	2,154,964	2,185,589	2,344,706
Total government activities expenses.....	81,819,953	80,732,506	83,446,026	96,736,957	90,519,567	103,748,194	98,196,407	106,202,823	114,522,273	115,086,490
Business-type activities:										
Water.....	3,557,383	3,609,833	3,930,931	3,933,073	3,724,151	3,987,766	4,132,387	4,553,630	4,369,277	5,093,532
Sewer.....	3,202,370	3,303,657	3,499,343	3,598,145	5,797,156	4,095,094	4,627,409	4,870,418	5,105,008	6,039,576
Municipal Light.....	14,127,177	14,596,683	14,280,634	14,848,824	15,701,747	16,422,802	15,631,285	16,223,014	17,740,657	16,485,516
Harbor.....	730,953	786,565	904,765	874,951	911,766	1,011,537	1,059,866	1,014,642	1,078,663	1,242,871
Total business-type activities expenses.....	21,617,883	22,296,738	22,615,673	23,254,993	26,134,820	25,517,199	25,450,947	26,661,704	28,293,605	28,861,495
Total primary government expenses.....	\$ 103,437,836	\$ 103,029,244	\$ 106,061,699	\$ 119,991,950	\$ 116,654,387	\$ 129,265,393	\$ 123,647,354	\$ 132,864,527	\$ 142,815,878	\$ 143,947,985
Program Revenues										
Governmental activities:										
Public Safety charges for services.....	\$ 994,204	\$ 1,147,383	\$ 1,052,468	\$ 1,234,957	\$ 1,239,297	\$ 1,249,704	\$ 1,362,391	\$ 1,425,496	\$ 1,595,340	\$ 1,600,988
Education charges for services.....	1,870,151	1,897,607	1,865,303	1,865,241	1,952,485	2,255,951	2,842,596	2,624,923	2,618,409	2,107,218
Public Works charges for services.....	668,395	694,942	742,302	781,471	757,319	866,927	1,136,212	1,320,282	1,465,007	3,229,251
Other charges for services.....	954,162	996,624	1,027,894	1,009,683	1,036,822	1,174,048	1,234,788	1,265,859	1,780,681	1,471,926
Operating grants and contributions.....	15,253,787	15,690,591	15,550,212	16,037,171	12,532,233	15,344,880	18,290,706	19,339,810	19,437,238	22,707,520
Capital grant and contributions.....	761,615	555,654	5,517,233	6,114,742	1,006,775	723,405	521,930	576,960	699,305	2,394,292
Total government activities program revenues.....	20,502,314	20,982,801	25,755,412	27,043,265	18,524,931	21,614,915	25,388,623	26,553,330	27,595,980	33,511,195
Business-type activities:										
Charges for services - Water.....	3,904,213	3,884,316	3,833,234	3,863,695	4,231,978	4,575,779	4,827,808	4,528,184	4,652,262	4,387,954
Charges for services - Sewer.....	3,730,846	3,595,910	3,680,594	3,933,742	5,779,133	5,449,253	5,674,707	5,078,499	5,771,655	5,356,645
Charges for services - Municipal Light.....	15,160,793	15,420,818	15,164,940	15,696,628	16,205,464	16,761,424	16,347,202	16,107,739	17,341,386	17,019,678
Charges for services - Harbor.....	632,242	633,384	638,807	637,156	674,827	681,730	697,328	904,347	829,876	823,240
Operating grants and contributions.....	17,260	2,832	3,407	12,092	129,482	2,724	1,680	78,010	208,641	12,873
Capital grant and contributions.....	-	-	-	228,749	-	-	-	-	-	-
Total business-type activities program revenues.....	23,445,354	23,537,260	23,320,982	24,372,062	27,020,884	27,470,910	27,548,725	26,696,779	28,803,820	27,600,390
Total primary government program revenues.....	\$ 43,947,668	\$ 44,520,061	\$ 49,076,394	\$ 51,415,327	\$ 45,545,815	\$ 49,085,825	\$ 52,937,348	\$ 53,250,109	\$ 56,399,800	\$ 61,111,585
Net (Expense)/Revenue										
Governmental activities.....	\$ (61,902,714)	\$ (59,749,705)	\$ (57,690,614)	\$ (69,693,692)	\$ (71,994,636)	\$ (82,133,279)	\$ (72,807,784)	\$ (80,255,262)	\$ (86,926,293)	\$ (81,575,295)
Business-type activities.....	2,412,546	1,240,522	705,309	1,117,069	886,064	1,953,711	2,097,778	640,844	510,215	(1,261,105)
Total primary government net expense.....	\$ (59,490,168)	\$ (58,509,183)	\$ (56,985,305)	\$ (68,576,623)	\$ (71,108,572)	\$ (80,179,568)	\$ (70,710,006)	\$ (79,614,418)	\$ (86,416,078)	\$ (82,836,400)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 51,217,033	\$ 53,545,032	\$ 54,731,549	\$ 56,625,268	\$ 59,012,950	\$ 60,478,448	\$ 63,759,278	\$ 66,330,626	\$ 67,643,148	\$ 69,628,786
Motor vehicle excise taxes.....	2,752,897	2,843,878	3,016,278	3,169,957	3,365,276	3,570,737	3,637,261	3,731,262	3,869,773	3,695,922
Penalties and interest on taxes.....	226,937	241,114	235,370	231,501	287,496	244,181	276,660	296,552	331,608	343,990
Grants and contributions not restricted to specific programs.....	1,110,208	1,111,126	1,062,086	1,083,252	1,471,815	1,822,044	1,270,198	1,328,929	1,415,366	1,380,986
Unrestricted investment income.....	389,792	237,753	553,733	351,665	309,527	457,113	328,165	204,081	3,623,438	892,542
Total governmental activities.....	55,696,867	57,978,903	59,599,016	61,461,643	64,447,064	66,572,523	69,271,562	71,891,450	76,883,333	75,942,226
Business-type activities:										
Boat excise.....	136,513	134,871	125,100	135,970	104,504	130,184	124,716	164,659	104,797	89,787
Unrestricted investment income.....	64,263	54,338	34,653	27,679	32,086	44,896	68,310	96,002	154,278	164,778
Settlements and refunds.....	-	8,218	-	-	-	-	-	-	-	-
Transfers.....	-	43,264	-	-	-	-	57,000	-	-	-
Total business-type activities.....	\$ 200,776	\$ 240,691	\$ 159,753	\$ 163,649	\$ 136,590	\$ 175,080	\$ 250,026	\$ 260,661	\$ 259,075	\$ 254,565
Changes in Net Position										
Governmental activities.....	\$ (5,620,772)	\$ (1,770,802)	\$ 1,908,402	\$ (8,232,049)	\$ (7,547,572)	\$ (15,560,756)	\$ (3,536,222)	\$ (7,758,043)	\$ (10,042,960)	\$ (5,633,069)
Business-type activities.....	2,028,247	1,481,213	865,062	1,280,718	1,022,654	2,128,791	2,347,804	295,736	769,290	(1,006,540)
Total primary government.....	\$ (3,592,525)	\$ (289,589)	\$ 2,773,464	\$ (6,951,331)	\$ (6,524,918)	\$ (13,431,965)	\$ (1,188,418)	\$ (7,462,307)	\$ (9,273,670)	\$ (6,639,609)

Fund Balances, Governmental Funds

Last Ten Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Committed.....	\$ -	\$ 917,834	\$ 591,174	\$ 676,235	\$ 501,644	\$ 437,823	\$ 335,975	\$ 404,071	\$ 443,895	\$ 771,466
Assigned.....	5,097,591	5,906,121	4,559,500	4,582,975	5,624,815	6,307,165	7,494,339	8,068,042	8,769,666	7,329,283
Unassigned.....	6,281,372	6,251,245	9,397,403	11,371,120	12,480,102	13,909,193	14,327,422	12,763,640	11,943,095	13,447,221
Total general fund.....	\$ <u>11,378,963</u>	\$ <u>13,075,200</u>	\$ <u>14,548,077</u>	\$ <u>16,630,330</u>	\$ <u>18,606,561</u>	\$ <u>20,654,181</u>	\$ <u>22,157,736</u>	\$ <u>21,235,753</u>	\$ <u>21,156,656</u>	\$ <u>21,547,970</u>
All Other Governmental Funds										
Nonspendable.....	\$ 3,379,232	\$ 3,410,414	\$ 3,437,053	\$ 3,483,784	\$ 3,513,939	\$ 3,553,879	\$ 3,586,670	\$ 3,621,446	\$ 3,656,980	\$ 3,650,055
Restricted.....	9,044,027	10,424,988	18,463,217	9,558,967	14,485,534	16,571,389	11,590,117	10,718,919	18,362,196	20,830,746
Total all other governmental funds.....	\$ <u>12,423,259</u>	\$ <u>13,835,402</u>	\$ <u>21,900,270</u>	\$ <u>13,042,751</u>	\$ <u>17,999,473</u>	\$ <u>20,125,268</u>	\$ <u>15,176,787</u>	\$ <u>14,340,365</u>	\$ <u>22,019,176</u>	\$ <u>24,480,801</u>

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 51,170,197	\$ 53,542,174	\$ 54,653,329	\$ 56,513,528	\$ 58,955,860	\$ 61,069,137	\$ 63,692,746	\$ 66,431,146	\$ 67,683,970	\$ 69,552,355
Motor vehicle excise taxes.....	2,757,607	2,851,176	2,994,944	3,212,814	3,317,889	3,575,360	3,627,692	3,653,743	3,947,263	3,671,847
Penalties and interest on taxes.....	226,937	241,114	235,370	231,501	287,496	244,181	276,660	296,552	331,608	343,990
Charges for services.....	2,984,996	3,135,718	3,265,285	3,302,028	3,281,158	3,479,049	4,094,313	4,484,460	4,572,977	4,337,337
Licenses and permits.....	729,262	773,464	676,788	723,707	780,713	793,817	763,738	755,907	915,577	698,671
Fines and forfeitures.....	141,860	175,186	153,061	144,147	126,021	131,209	162,196	114,202	138,759	111,026
Intergovernmental.....	17,282,267	16,668,016	20,163,582	22,368,797	13,949,896	16,761,528	19,540,005	20,578,868	20,599,216	25,623,081
Intergovernmental - COVID-19 relief.....	-	-	-	-	-	-	-	-	-	293,726
Departmental and other.....	317,306	570,975	301,435	682,753	752,356	1,138,951	1,247,506	888,830	1,795,162	3,235,265
Contributions.....	461,556	570,902	1,629,007	508,769	1,354,054	1,062,116	598,650	706,881	3,214,021	887,822
Investment income.....	382,329	231,290	551,404	341,630	302,750	453,940	324,075	199,390	1,392,079	856,177
Miscellaneous.....	329,000	351,966	331,532	48,727	41,569	44,823	348,051	343,927	-	-
Total Revenue.....	76,783,317	79,111,981	84,955,737	88,078,401	83,149,762	88,754,111	94,675,632	98,453,906	104,590,632	109,611,297
Expenditures:										
General government.....	1,603,514	168,467	1,432,002	1,611,320	1,965,464	1,865,701	1,706,411	1,890,127	2,687,135	2,441,019
Public safety.....	6,916,177	5,463,055	7,136,638	7,507,189	7,751,988	7,982,485	8,213,378	9,053,076	9,317,504	9,461,784
Education.....	33,258,875	24,301,066	34,488,972	36,141,943	36,777,030	39,049,399	40,923,146	43,080,416	45,035,283	45,315,531
Public works.....	4,095,893	6,385,885	5,255,558	5,037,579	5,311,258	5,876,241	5,088,393	5,088,820	5,151,787	5,532,760
Landfill.....	-	-	-	-	8,476,944	9,595,405	-	-	-	-
Human services.....	805,497	709,399	730,629	709,822	738,308	749,688	857,418	891,328	931,117	951,004
Culture and recreation.....	2,035,638	2,228,610	1,996,187	2,035,713	1,859,522	2,528,741	2,149,995	2,482,153	2,570,512	2,569,402
COVID-19.....	-	-	-	-	-	-	-	-	-	293,726
Pension benefits.....	8,333,338	8,758,191	8,886,922	9,231,574	6,171,613	8,420,207	10,955,785	11,827,291	12,051,455	14,608,035
Property and liability insurance.....	223,932	216,606	271,764	302,420	318,315	347,329	371,239	393,809	428,360	475,888
Employee benefits.....	8,786,164	10,841,607	10,037,694	10,633,116	10,423,210	11,017,859	11,221,929	11,912,535	11,836,691	11,999,760
State and county charges.....	2,188,061	2,365,570	2,583,423	2,672,504	2,705,864	2,868,544	3,082,820	2,872,858	2,995,396	3,286,263
Capital outlay.....	6,187,452	16,526,990	16,552,382	17,526,722	4,437,596	1,136,720	7,427,838	3,445,453	4,462,179	15,261,598
Debt service:										
Principal payment on current refunding.....	13,682,000	243,000	874,000	5,527,000	21,553,239	6,541,205	18,241,930	9,272,952	1,741,759	8,978,720
Principal.....	3,008,000	2,614,000	2,738,000	2,866,000	3,219,000	3,718,000	4,085,000	5,614,000	4,276,193	4,425,000
Interest.....	1,444,950	1,872,515	1,508,446	1,912,631	2,221,195	2,254,324	2,749,377	2,649,767	2,584,428	2,490,992
Total Expenditures.....	92,569,491	82,694,961	94,492,617	103,715,533	113,930,546	103,951,848	117,074,659	110,474,585	106,069,799	128,091,482
Excess of revenues over (under) expenditures.....	(15,786,174)	(3,582,980)	(9,536,880)	(15,637,132)	(30,780,784)	(15,197,737)	(22,399,027)	(12,020,679)	(1,479,167)	(18,480,185)
Other Financing Sources (Uses)										
Issuance of debt.....	1,650,000	6,195,000	12,824,000	8,158,000	10,000	-	995,000	375,000	7,236,961	8,911,000
Issuance of long term BANs.....	-	-	-	-	-	-	-	-	-	2,243,908
Issuance of refunding BANs.....	-	-	-	-	-	-	-	-	-	6,081,894
Issuance of refunding bonds.....	13,682,000	16,103,000	5,527,000	12,328,239	24,991,205	18,241,930	17,151,952	9,272,952	1,741,759	2,584,000
Premium from issuance of debt.....	600,790	2,270,852	723,625	504,391	583,768	1,129,222	807,149	614,322	100,161	1,512,322
Payments to refunding bond escrow agent.....	-	(17,877,492)	-	-	-	-	-	-	-	-
Transfers in.....	2,972,243	581,477	590,674	1,179,791	1,074,316	628,193	790,928	612,418	822,779	731,669
Transfers out.....	(2,972,243)	(581,477)	(590,674)	(1,179,791)	(1,074,316)	(628,193)	(790,928)	(612,418)	(822,779)	(731,669)
Total other financing sources (uses).....	15,932,790	6,691,360	19,074,625	20,990,630	25,584,973	19,371,152	18,954,101	10,262,274	9,078,881	21,333,124
Net change in fund balances.....	\$ 146,616	\$ 3,108,380	\$ 9,537,745	\$ 5,353,498	\$ (5,195,811)	\$ 4,173,415	\$ (3,444,926)	\$ (1,758,405)	\$ 7,599,714	\$ 2,852,939
Debt service as a percentage of noncapital expenditures.....	24.75%	7.15%	6.64%	12.78%	30.70%	13.35%	22.87%	16.38%	8.47%	14.09%

In 2009 through 2017 the debt service % has been adjusted for the current refunding of long-term BANs.

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

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	Total Town Value
2011	\$ 4,764,628,638	10.21	\$ 192,325,493	\$ 18,290,900	\$ 56,716,040	\$ 267,332,433	10.21	10.21	\$ 5,031,961,071
2012	4,822,272,753	10.52	203,536,923	17,934,700	56,201,470	277,673,093	10.52	10.52	5,099,945,846
2013	4,773,366,165	10.85	203,018,401	17,367,700	55,583,590	275,969,691	10.85	10.85	5,049,335,856
2014	4,840,763,845	11.09	206,220,721	16,553,800	54,689,890	277,464,411	11.09	11.09	5,118,228,256
2015	5,048,269,078	11.08	207,099,668	16,058,600	54,855,310	278,013,578	11.08	11.08	5,326,282,656
2016	5,233,392,658	11.10	218,833,428	16,094,900	57,617,730	292,546,058	11.10	11.10	5,525,938,716
2017	5,499,968,414	11.01	225,864,473	16,577,200	65,849,510	308,291,183	11.01	11.01	5,808,259,597
2018	5,698,494,403	11.02	231,431,764	15,770,800	72,038,720	319,241,284	11.02	11.02	6,017,735,687
2019	5,986,503,712	10.74	238,506,055	16,088,200	74,471,080	329,065,335	10.74	10.74	6,315,569,047
2020	6,377,782,863	10.39	248,077,728	17,652,300	75,739,520	341,469,548	10.39	10.39	6,719,252,411

Source: Town of Marblehead, Assessor's Department

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers

Current Year and Nine Years Ago

Name	2020			2011		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Various Edward T. Moore LLC/Trusts	\$ 66,051,800	1	0.98%	\$ 52,439,900	1	1.04%
Algonquin Gas Transmission Co.	43,360,600	2	0.65%	29,422,800	3	0.58%
Various Rockett LLC/Trusts	23,098,000	3	0.34%	30,451,500	2	0.61%
Bessom Associates	19,299,800	4	0.29%	17,382,400	4	0.35%
Eastern Yacht Club	18,770,420	5	0.28%	14,033,400	5	0.28%
Boston Gas (dba National Grid)	16,438,290	6	0.24%	9,158,310	8	0.18%
Henricus A. Termeer	13,736,400	7	0.20%			
Eyk Van Otterloo & Various LLC's	11,888,100	8	0.18%			
Corinthian Yacht Club	11,401,910	9	0.17%			
Tedesco Country Club	11,355,596	10	0.17%			
Angelo Arena				9,917,200	6	0.20%
Peter S. Lynch				9,236,900	7	0.18%
Philip A. Gianatasio				7,972,400	10	0.16%
James Crosby				8,617,400	9	0.17%
	<u>\$ 235,400,916</u>		<u>3.50%</u>	<u>\$ 188,632,210</u>		<u>3.75%</u>

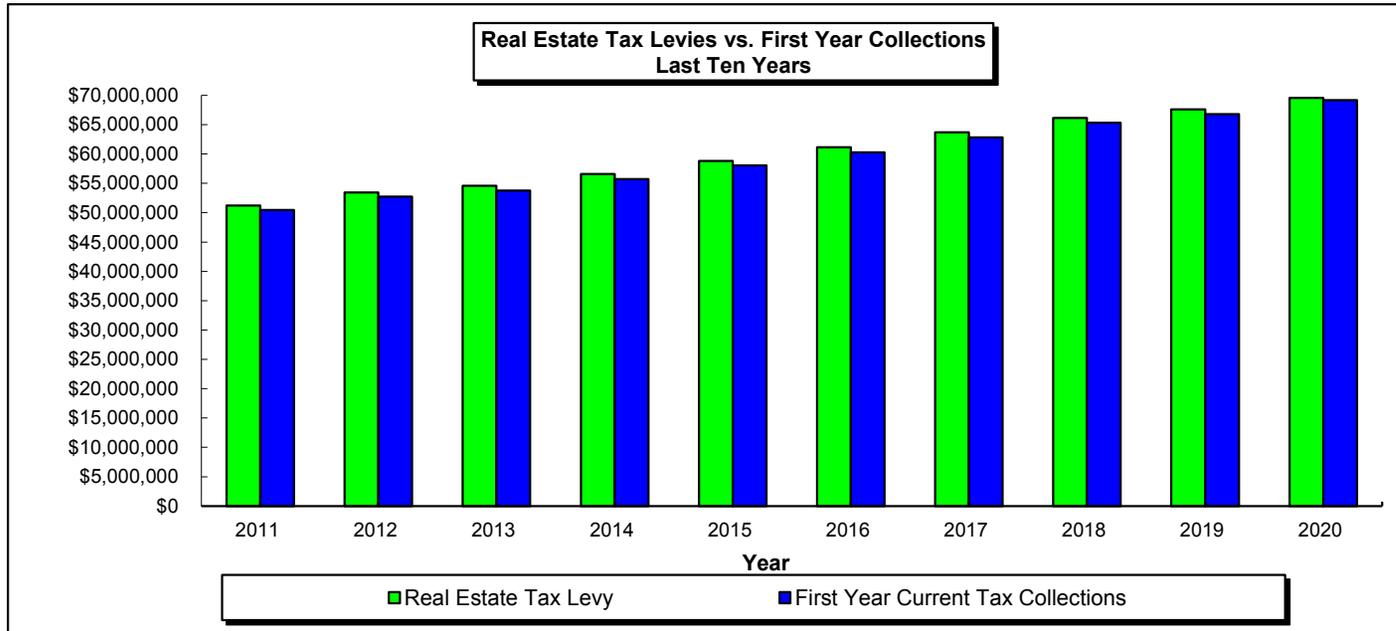
Source: Town of Marblehead, Assessor's Department

Property Tax Levies and Collections

Last Ten Years

Year	(1) Total Tax Levy	Less Abatements & Exemptions	(1) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2011	\$ 51,376,323	\$ 170,026	\$ 51,206,297	\$ 50,460,080	98.5%	\$ 458,017	\$ 50,918,097	99.4%
2012	53,651,430	190,822	53,460,608	52,730,436	98.6%	467,619	53,198,055	99.5%
2013	54,785,294	196,959	54,588,335	53,749,406	98.5%	534,587	54,283,993	99.4%
2014	56,761,148	178,533	56,582,615	55,709,938	98.5%	583,231	56,293,169	99.5%
2015	59,015,212	184,531	58,830,681	58,048,814	98.7%	517,460	58,566,274	99.6%
2016	61,337,920	211,730	61,126,190	60,294,264	98.6%	506,186	60,800,450	99.5%
2017	63,948,938	255,507	63,693,431	62,843,686	98.7%	539,918	63,383,604	99.5%
2018	66,315,447	202,656	66,112,791	65,319,217	98.8%	477,284	65,796,501	99.5%
2019	67,829,212	228,686	67,600,526	66,815,929	98.8%	807,760	67,623,689	100.0%
2020	69,813,033	228,199	69,584,834	69,160,200	99.4%	-	69,160,200	99.4%

Source: Town of Marblehead's, Finance Department



(1) Includes omitted and revised assessments.

Ratios of Outstanding Debt by Type

Last Ten Years

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities		Business-type Activites	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
				General Obligation Bonds	Capital Leases	Direct Borrowings				
2011	19,961	\$ 1,079,516,192	\$ 5,031,961,071	\$ 42,405,271	\$ -	-	42,405,271	\$ 2,141	3.93%	0.84%
2012	20,076	1,100,506,092	5,099,945,946	46,114,891	182,393	-	46,297,284	2,306	4.21%	0.91%
2013	19,808	1,122,162,816	5,049,335,856	61,267,217	87,365	-	61,354,582	3,097	5.47%	1.22%
2014	20,187	1,167,313,275	5,118,227,956	73,758,730	-	-	73,758,730	3,654	6.32%	1.44%
2015	20,454	1,188,009,228	5,326,282,656	74,064,865	-	-	74,064,865	3,621	6.23%	1.39%
2016	20,517	1,222,505,445	5,525,938,716	82,660,432	-	-	82,660,432	4,029	6.76%	1.50%
2017	20,493	1,176,236,721	5,808,259,597	78,878,404	-	-	78,878,404	3,849	6.71%	1.36%
2018	20,517	1,274,023,632	6,017,735,687	73,906,636	-	-	73,906,636	3,602	5.80%	1.23%
2019	19,752	1,222,505,445	6,315,569,047	76,497,250	-	-	76,497,250	3,873	6.26%	1.21%
2020	19,789	1,368,369,772	6,719,252,411	84,079,104	-	2,200,000	86,279,104	4,360	6.31%	1.28%

Source: Audited Financial Statements, U. S. Census

Ratios of General Bonded Debt

Last Ten Years

Year	Total Primary Government			
	General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value

2011	\$	42,405,271	\$	2,141	3.81%	0.82%
2012		46,114,891		2,246	4.10%	0.88%
2013		61,267,217		3,012	5.32%	1.18%
2014		73,758,730		3,554	6.15%	1.40%
2015		74,064,865		3,519	6.06%	1.35%
2016		82,660,432		3,897	6.54%	1.45%
2017		78,878,404		3,698	6.44%	1.30%
2018		73,906,636		3,438	5.54%	1.17%
2019		76,497,250		3,728	5.76%	1.17%
2020		84,079,104		4,249	6.04%	1.23%

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2020

<u>Town of Marblehead, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable (1)</u>	<u>Share of Overlapping Debt</u>
Overlapping debt:			
Essex North Shore Agriculture & Technical School District.....	\$ 27,610,000	3.91%	\$ 610,800
Massachusetts Bay Transit Authority.....			464,719
South Essex Sewerage District.....	6,334,401	43.11%	3,312,677
Massachusetts Water Resource Authority.....	19,707,003	99.40%	<u>2,757,628</u>
Subtotal, overlapping debt.....			7,145,824
Town direct debt.....			<u>84,079,104</u>
Total direct and overlapping debt.....			<u>\$ 91,224,928</u>

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

(1) The percentage applicable for the Essex North Shore Agricultural and Technical School District is based on the number of students attending from the Town of Marblehead as a percentage of all students at the Regional School.

Source: Town of Marblehead's, Finance Department

Note: The Town obtains the debt outstanding and percentages directly from the entities.

Computation of Legal Debt Margin

Last Ten Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Equalized valuation.....	\$ 5,580,750,300	\$ 5,362,642,300	\$ 5,362,642,300	\$ 5,323,866,200	\$ 5,323,866,200	\$ 5,735,475,100	\$ 5,735,475,100	\$ 5,735,475,100	\$ 6,182,649,400	\$ 6,182,649,400
Debt Limit - 5% of equalized valuation.....	279,037,515	268,132,115	268,132,115	266,193,310	266,193,310	286,773,755	286,773,755	286,773,755	309,132,470	309,132,470
Less:										
Total debt applicable to limitation.....	<u>37,790,000</u>	<u>38,475,000</u>	<u>45,151,000</u>	<u>51,259,000</u>	<u>56,323,000</u>	<u>61,715,000</u>	<u>65,397,000</u>	<u>68,670,000</u>	<u>64,520,000</u>	<u>73,790,000</u>
Legal debt margin.....	\$ <u>241,247,515</u>	\$ <u>229,657,115</u>	\$ <u>222,981,115</u>	\$ <u>214,934,310</u>	\$ <u>209,870,310</u>	\$ <u>225,058,755</u>	\$ <u>221,376,755</u>	\$ <u>218,103,755</u>	\$ <u>244,612,470</u>	\$ <u>235,342,470</u>
Total debt applicable to the limit as a percentage of debt limit.....	16%	17%	20%	24%	27%	27%	30%	31%	26%	31%

Source: Town of Marblehead's, Finance Department

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	19,961	\$ 1,079,516,192	\$ 54,499	41.9	3,206	5.40%
2012	20,076	1,100,506,092	54,817	38.7	3,170	4.70%
2013	19,808	1,122,162,816	56,652	38.7	3,246	5.30%
2014	20,187	1,167,313,275	57,825	45.7	3,327	4.10%
2015	20,454	1,188,009,228	58,082	45.7	3,245	3.90%
2016	20,517	1,222,505,445	59,585	46.5	3,208	3.50%
2017	20,493	1,176,236,721	57,397	47.4	3,264	3.60%
2018	20,517	1,274,023,632	62,096	48.0	3,185	3.00%
2019	19,752	1,279,080,264	64,757	47.8	3,051	3.04%
2020	19,789	1,368,369,772	69,148	47.9	2,963	4.90%

Source: U. S. Census; Labor and Workforce Development

Principal Employers

Current and Nine Years Ago

Employer	Nature of Business	2020			2011		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Marblehead	Municipal Government	1,084	1	21.25%	683	1	14.20%
Lynch/van Otterloo YMCA	Recreational	480	2	9.41%	185	2	3.85%
Eastern Yacht Club	Yacht Club	190	3	3.72%	110	5	2.29%
Tedesco Country Club	Country Club	125	4	2.45%	101	7	2.10%
Corinthian Yacht Club	Yacht Club	121	5	2.37%	102	6	2.12%
Boston Yacht Club	Yacht Club	116	6	2.27%	70	9	1.46%
Lafayette Nursing Home	Health Care	90	7	1.76%	125	4	2.60%
Devereux House	Health Care	75	8	1.47%	138	3	2.87%
Crosby's Marketplace	Food Market	59	9	1.16%	88	8	1.83%
Marblehead Bank	Banking	58	10	1.14%			
National Grand Bank	Banking				54	10	1.12%

Source: Town of Marblehead, Assessor's Department's survey of large employers
 Source of total employment : Mass. Executive Office of Labor and Workforce Development

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Function										
General government.....	22.75	22.50	22.50	21.50	22.03	21.55	21.50	21.98	22.03	21.51
Public safety.....	55.75	55.75	56.75	55.75	55.54	55.84	51.28	53.18	54.44	54.10
Fire.....	42.50	42.75	42.75	42.75	42.75	39.70	39.70	39.70	40.00	41.00
Education.....	488.01	480.00	490.00	492.00	489.80	489.17	493.17	504.20	483.90	480.30
Public works.....	36.18	36.18	36.18	36.18	36.06	34.37	33.40	36.51	33.96	34.64
Human services.....	8.18	8.18	8.93	9.93	9.64	8.40	9.35	9.54	11.16	11.08
Culture and recreation.....	29.25	29.50	29.00	29.00	30.78	25.64	27.25	26.21	25.61	25.08
Total.....	<u>682.62</u>	<u>674.86</u>	<u>686.10</u>	<u>687.11</u>	<u>686.60</u>	<u>674.67</u>	<u>675.65</u>	<u>691.32</u>	<u>671.10</u>	<u>667.71</u>

Source: Town Records

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests.....	146	144	171	157	167	153	188	137	103	67
Motor vehicle violations.....	1,443	1,323	1,344	553	1,096	964	1,104	1,036	765	482
Parking violations.....	2,230	2,782	2,857	2,200	2,097	2,645	3,195	3,164	2,971	2,308
Fire										
Inspections.....	2,160	1,793	2,571	2,375	937	1,315	1,755	565	933	710
Emergency responses.....	2,540	2,540	2,307	2,522	2,663	2,645	2,634	2,548	2,344	2,718
Libraries										
Volumes in circulation.....	126,230	135,433	138,683	143,559	143,559	150,050	142,915	137,086	130,460	88,768
Total volumes borrowed.....	226,953	245,447	228,339	230,625	217,318	211,233	203,800	190,975	187,911	139,426
Water										
Service connections.....	7,991	7,991	8,030	8,045	8,032	8,032	8,041	8,047	8,051	8,060
Consumption in gallons.....	1,815,000	1,649,863	1,742,740	1,776,000	1,789,600	1,893,400	1,817,194	1,750,000	1,657,900	1,689,000
Daily consumption.....	4,118,000	3,445,000	3,428,000	3,165,000	3,470,000	3,294,000	3,640,000	3,320,000	3,487,000	3,244,000
Sewer										
Service connections.....	7,883	7,883	7,883	7,883	7,885	7,865	7,874	7,880	7,885	7,887
Daily average collection.....	2,244,000	2,244,000	1,584,300	1,155,000	1,878,028	1,780,800	1,830,500	2,059,733	2,343,468	2,111,054

Source: Various Town departments

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Education										
Number of elementary schools.....	6	6	6	6	6	6	6	5	4	4
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	243	285	289	288	289	294	297	293	290	287
Number of administrators.....	22	22	22	27	22	22	22	22	19	20
Number of students.....	3,262	3,188	3,269	3,304	3,255	3,208	3,264	3,185	3,051	2,963
Water										
Water mains (miles).....	88	89	88	88	88	88	88	88	88	88
Fire hydrants.....	860	860	860	860	861	861	861	861	861	861
Sewer										
Sanitary sewers (miles).....	89	89	89	89	89	89	89	89	89	89
Storm sewers (miles).....	52	52	52	52	52	52	52	52	52	52
Recreation										
Parks and playgrounds.....	13	13	13	13	13	13	13	13	13	13
Park and playground (acreage).....	74	74	74	74	74	74	74	74	74	74
Conservation land (acreage).....	134	134	203	203	203	203	203	203	203	203
Railroad right of way (acreage).....	19	19	19	19	19	19	19	19	19	19
Public beaches.....	6	6	6	6	6	6	6	6	6	6
Ball fields.....	16	16	16	16	16	16	16	16	16	16
Tennis courts.....	13	14	14	14	14	14	14	14	12	12
Pickleball courts.....									6	6
Harbor										
Harbors.....	2	2	2	2	2	2	2	2	2	2
Moorings.....	2,200	2,400	2,600	2,800	2,800	2,800	2,800	3,000	3,000	3,000
Private yacht clubs.....	6	6	6	6	6	6	6	6	6	6
Municipal boatyards.....	2	2	2	2	2	2	2	2	2	2
Boat ramps.....	2	2	2	2	2	2	2	2	2	2
Public landings.....	6	7	7	7	7	7	7	7	7	7
Emergency rescue watercraft.....	2	2	2	2	3	3	3	3	3	4

Source: Various Town Departments



Old Marblehead Fire Department horse drawn rig passing the Train Depot on Pleasant Street.

Photo by Dan Dixey

Marblehead Neck from the end of the Causeway in 1891.



Photo by Dan Dixey



The Devereux Train Station on Devereux Street in 1891.

Photo by Dan Dixey