

S&P GLOBAL RATINGS: SP1+
CUSIP: 107727 WA3

FINAL OFFICIAL STATEMENT
Dated: 10/27/2021

TOWN OF BREWSTER
Massachusetts

\$3,990,000
GENERAL OBLIGATION BOND ANTICIPATION NOTES
(Unlimited Tax)

DATED
11/10/2021

DUE
11/10/2022

<u>Number</u>	<u>Denominations</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
1	\$3,990,000	1.000%	0.200%

PIPER | SANDLER

The provisions of the accompanying document, entitled "NOTICE OF SALE AND PRELIMINARY OFFICIAL STATEMENT" dated October 20, 2021 as supplemented and modified hereby, are incorporated in and made a part of the Final Official Statement.

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NOTICE OF SALE AND PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 20, 2021

Interest on the Notes is includable in gross income for federal income tax purposes and is subject to Massachusetts personal income taxes. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See “Tax Matters” herein.

\$4,000,000*
TOWN OF BREWSTER
MASSACHUSETTS
GENERAL OBLIGATION BOND ANTICIPATION NOTES-(UNLIMITED TAX)
(Subject to Federal and Massachusetts Income Taxation)

Dated: November 10, 2021

Due: November 10, 2022

The Notes, in book-entry form, are offered without the option of prior redemption. The principal of and interest on the Notes is payable at maturity.

Principal of and interest on the Notes shall be payable in federal reserve funds at U.S. Bank, National Association, in Boston, Massachusetts, or its successor as Paying Agent, or at the Purchaser in the case of a fully registered Note requested by the Purchaser and approved by the Town.

The legality of the Notes will be approved by Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town. UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts serves as Municipal Advisor to the Town. It is expected that the Notes will be delivered to The Depository Trust Company, or the offices of its custodial agent, against payment to the account of the Town in federal reserve funds on or about November 10, 2021.

Electronic Bids Via i-Deal®
or
Faxed Bids Received
at (508) 234-1938
Until 11:00 A.M. (Eastern Daylight Savings Time)
on
Wednesday, October 27, 2021



**Preliminary; subject to change.*

ISSUE SUMMARY (TAXABLE)

Issuer: Town of Brewster, Massachusetts

Date of Sale: Wednesday, October 27, 2021 at 11:00 A.M. (Eastern Daylight Savings Time)

Method of Sale: Electronic Bids Via i-Deal[®] or Faxed Bids at **(508) 234-1938**
(Refer to Appendix C Bid Form)

Issue: \$4,000,000* General Obligation Bond Anticipation Notes-(Unlimited Tax)-(Subject to Federal and Massachusetts income taxation)

Purpose: Land Acquisition

Dated Date of Notes: November 10, 2021

Maturity Date of Notes: November 10, 2022

Interest Calculation: 30/360 (360/360)

Credit Rating: S&P Global Ratings rating is pending.

Security: The Notes are valid general obligations of the Town of Brewster, Massachusetts and the principal of and interest on the Notes are payable from taxes which may be levied upon all property within the territorial limits of the Town and taxable by it, without limit as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

Basis of Award: Lowest net interest cost (NIC) after the subtraction of any premium offered.

Minimum Bid: **The minimum par amount to be bid on at a single rate of interest on the Notes is \$1,000,000.** No bid of less than par **plus a premium of not less than \$14,800** and accrued interest to date of delivery, if any, will be considered.

Tax Matters: Refer to Tax Matters herein.

Material Events: Refer to Disclosure of Significant Events herein.

Paying Agent: U.S. Bank National Association, Boston, Massachusetts, or its successor.

Legal Opinion: Locke Lord LLP, Boston, Massachusetts.

Delivery and Payment: It is expected that the Notes will be delivered to The Depository Trust Company, or the offices of its custodial agent, against payment to the account of the Town in federal reserve funds on or about November 10, 2021.

Issue Contacts: Lisa Vitale, Treasurer, Town of Brewster
Telephone (508) 896-4502
Lynne A. Foster-Welsh, Vice President, UniBank Fiscal Advisory Services, Inc.,
Whitinsville, MA
Telephone (508) 849-4223
Richard A. Manley, Jr., Esq., Locke Lord LLP, Boston, MA
Telephone (617) 239-0384

Additional Information: Refer to the Preliminary Official Statement dated October 20, 2021.

**Preliminary; subject to change.*

NOTICE OF SALE

\$4,000,000*
TOWN OF BREWSTER
MASSACHUSETTS
GENERAL OBLIGATION BOND ANTICIPATION NOTES – (UNLIMITED TAX)
(Subject to Federal and Massachusetts Income Taxation)

The Town of Brewster, Massachusetts, will receive Electronic Bids Via i-Deal® or faxed bids at (508-234-1938) until 11:00 A.M. (Eastern Daylight Savings Time) on

October 27, 2021

for the purchase of \$4,000,000* General Obligation Bond Anticipation Notes, (Subject to Federal and Massachusetts income taxation), dated November 10, 2021. The Notes will mature November 10, 2022 and interest will be payable at maturity and will be calculated on a 30-day month, 360-day year basis. Both principal and interest will be payable in federal reserve funds to DTC by U.S. Bank National Association, in Boston, Massachusetts or its successor as Paying Agent, unless the successful bidder requests a physical registered note certificate and the Town approves such request. The successful bidder will be the paying agent in such case.

The Notes will be issued either by means of a book-entry system evidencing ownership in principal amounts of \$1,000 or integral multiples thereof and transfer of the Notes on the records of DTC and its Participants, or as a fully registered Note certificate if such is selected by the successful bidder and approved by the Town.

Form of Bid and Basis of Award

Bids may be submitted electronically or via facsimile to (508) 234-1938. Electronic bids will be submitted through *i-Deal*®. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*®, this Notice of Sale shall control. Further information about *i-Deal*®, including any fees charged, may be obtained from *i-Deal*® at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*®. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Notes in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Bids may be for all or part of the Notes at a single or various rates of interest in a multiple of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). No bid of less than par **plus a premium of not less than \$14,800** plus accrued interest to the date of delivery will be considered. **The minimum amount to be bid on at a single rate of interest on the Notes is \$1,000,000.**

The Notes will be awarded on the basis of the lowest net interest cost to the Town after the subtraction of any premium offered. In the event a bidder offering a premium for the Notes is awarded a lesser amount of Notes than bid, the premium will be reduced proportionately. The award of the Notes to the winning bidder will not be effective until the bid has been approved by the Treasurer/Collector and the Select Board. In the event that two or more bidders submit the same lowest net interest cost for the Notes, the Town Treasurer shall determine the winning bidder by lot from among such proposals.

* Preliminary, subject to change.

Par Amount Subject to Change

The Town reserves the right to adjust the aggregate par amount of the Notes. The purpose of such adjustment will be to set an amount of aggregate Note proceeds, including premium, to an amount that will fully fund the acquisition price for the land to be purchased by the Town and related costs of issuance.

Any adjustment in the aggregate principal amount of the Notes will be in an amount of \$1,000 or an integral multiple thereof and will be made in order to avoid an over issuance of the Notes. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustment in the aggregate principal amount of the Notes to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering price required to be delivered to the Town as stated herein. The successful bidder may not withdraw its bid or change the interest rate bid or initial reoffering price as a result of any changes made to the principal amounts within these limits.

Immediately following the opening of the bids, the Town, acting through its Municipal Advisor, will contact the apparent successful bidder to determine reoffering price, and other such information. Upon being supplied with this information, the Town will determine the need to reduce the principal amount of the Notes. The Town expects to advise the successful bidder as soon as possible, but no later than 12:00 noon, Eastern Daylight Savings Time, on the date of the sale of the amount, if any, of any changes in the aggregate principal amount.

Bidders should be advised that the amount of the reduction in the principal amount of the Notes will be related to the amount of the premium bid on the Notes.

Legal Opinion

The initial purchaser will be furnished the opinion of Locke Lord LLP, of Boston, Massachusetts, approving the legality of the Notes. The opinion will also indicate that the Notes and the enforceability thereof may be subject to bankruptcy and other laws affecting creditor's rights and that their enforceability may also be subject to exercise of judicial discretion in appropriate cases. Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source. The Notes will be valid general obligations of the Town and that, except to the extent they are paid from the proceeds of bonds in anticipation of which they are issued or from any other sources, the principal of and interest on the Notes are payable from ad-valorem taxes which may be levied upon all taxable property within the territorial limits of the Town without limitation as to rate or amount, except as provided by Chapter 44, Section 20, of the Massachusetts General Laws.

Documents to be Delivered at Closing

It shall be a condition to the obligation of the successful bidder of the Notes to accept delivery of and pay for the Notes that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, (b) a certificate in form satisfactory to said firm dated as of the date of delivery of the Notes and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer/Collector to the effect that, to the best of her knowledge and belief, both as of the date of sale and of the date of delivery of the Notes, the Official Statement referred to below does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Significant Events Disclosure Certificate in the form described in the Preliminary Official Statement.

CUSIP Identification Numbers

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

Significant Events Disclosure

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

Delivery

The Notes will be delivered to The Depository Trust Company, or the offices of its custodial agent, against payment to the account of the Town in federal reserve funds on or about November 10, 2021.

Additional Information and Copies of the Official Statement

Any questions regarding this Notice of Sale or the Preliminary Official Statement should be directed to Lynne A. Foster-Welsh, Vice President, UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts at (508) 849-4223 or Lisa Vitale, Treasurer, at (508) 896-4502. This Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering prices, interest rates, and any other terms of the Notes depending on such matters and the identity of the underwriters. Within seven business days following the award of the Notes and receipt of necessary information from the successful bidder, 10 copies of the Final Official Statement will be made available to the successful bidder or bidders. Upon request, additional copies will be provided at the expense of the successful bidder.

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

The Town anticipates that the Notes will be retired at maturity from proceeds from the sale of the long-term bonds in anticipation of which the Notes are issued, proceeds from the sale of renewal bond anticipation notes and other available funds of the Town, or a combination of such sources. The ability of the Town to retire the Notes from the proceeds of the sale of either renewal notes or long-term bonds will be dependent on the marketability of such notes or long-term bonds under market conditions prevailing at the time they are offered for sale, which are subject to change due to factors beyond the control of the Town, such as the current COVID-19 pandemic.

TOWN OF BREWSTER
Massachusetts

/s/ Lisa Vitale
Treasurer/Collector

Dated: October 20, 2021

Bond Counsel are not passing upon and do not assume any responsibility for the accuracy or adequacy of the following information contained in the Preliminary Official Statement other than matters expressly set forth as the opinion of Bond Counsel and they make no representation that they have independently verified the same.

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

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OFFICIAL STATEMENT

**\$3,990,000
TOWN OF BREWSTER
MASSACHUSETTS
GENERAL OBLIGATION BOND ANTICIPATION NOTES
(UNLIMITED TAX)
(Subject to Federal and Massachusetts Income Taxation)**

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Brewster, Massachusetts (the “Town”) in connection with the issuance of \$3,990,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town, (Subject to Federal and Massachusetts income taxation.

The Notes are being offered for sale at a public bidding and a Notice of Sale dated October 20, 2021 has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Notes will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the “Commonwealth”) or any other entity. Payment of the principal of and interest on the Notes is not limited to a particular fund or revenue source. The security for the Notes is more fully described under the caption Security and Remedies herein.

Questions regarding information contained in this Official Statement or other matters should be directed to the following: Lisa Vitale, Treasurer, Town of Brewster, Massachusetts, Telephone (508) 896-4502; Lynne A. Foster-Welsh, Vice President, UniBank Fiscal Advisory Services, Inc., (508) 849-4223; or Richard A. Manley, Jr., Esq., Locke Lord LLP (617) 239-0384.

The information contained herein has been obtained from the sources indicated or from the Town.

THE NOTES

DESCRIPTION OF THE NOTES

The Notes will be dated November 10, 2021 and will mature on November 10, 2022 with interest on the Notes at the rate or rates determined upon their sale payable at maturity. Except as otherwise provided in the Official Notice of Sale, the Notes will be issued in book-entry form in principal amounts of \$1,000 or integral multiples thereof, with transfer of the Notes on the records of The Depository Trust Company (“DTC”) and its Participants.

Interest will be computed on a 30/360 day year basis (360/360). The Notes will be issued without the option of prior redemption. Both principal and interest will be payable either to DTC by U.S. Bank National Association, in Boston, Massachusetts, or its successor as Paying Agent to the Town, or to the successful bidder in the case of a physical registered note certificate.

AUTHORIZATION AND USE OF PROCEEDS

The Notes are issued pursuant to Chapter 44, Section 7(1), of the Massachusetts General Laws, as amended, and votes of the Town on September 26, 2021 (Article 1) and October 5, 2021 (Question 1) for the purpose of land acquisition. **Debt service for this purpose is excluded from the Town’s levy limits under Proposition 2½.**

SECURITY AND REMEDIES

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for “qualified bonds” and setoffs of state distributions (see “State Distributions” herein) no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

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

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

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

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

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

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

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

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

Bankruptcy. Enforcement of a claim for payment of principal of or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy Laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also

authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

OPINION OF BOND COUNSEL

The original purchaser of the Notes will be furnished a copy of the opinion of Locke Lord LLP, of Boston, Massachusetts, approving the legality of the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery. The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX MATTERS

In the opinion of Bond Counsel, under existing law, interest on the Notes is included in gross income for federal income tax purposes under the Code. Bond Counsel expresses no opinion regarding any other federal tax law consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Notes.

Bond Counsel is also of the opinion that, under existing law, interest on the Notes is subject to the Massachusetts personal income tax. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Notes or any tax consequences arising with respect to the Notes under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to beneficial owners of the Notes that acquire their Notes in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not address all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to investors who may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors who hold their Notes as part of a hedge, straddle or an integrated or conversions transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, the following discussion does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a beneficial owner of Notes. In addition, this summary generally is limited to investors who become beneficial owners of Notes pursuant to the initial offering for the issue price that is applicable to such Notes (i.e., the price at which a substantial amount of such Notes is first sold to the public) and who will hold their Notes as "capital assets" within the meaning of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Note who for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or trust with respect to which a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Note (other than a partnership) who is not a U.S. Holder. If an entity classified as a partnership for U.S. federal income tax purposes is a beneficial owner of Notes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partners in such partnerships should consult their own tax advisors regarding the tax consequences of an investment in the Notes (including their status as U.S. Holders or Non-U.S. Holders).

U. S. Holders

Interest. Stated interest on the Notes generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

"Original issue discount" will arise for U.S. federal income tax purposes in respect of any Note if its stated redemption price at maturity exceeds its issue price by more than a de minimus amount (as determined for tax purposes). For any Notes issued with original issue discount, the excess of the stated redemption price at maturity of that Notes over its issue price will constitute original issue discount for U.S. Federal income tax purposes. The stated redemption price at maturity of a Note is the sum of all scheduled amounts payable on such Note other than qualified stated interest. U.S. Holders of Notes generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders of Notes issued with original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

"Premium" generally will arise for U.S. federal income tax purposes in respect of any Note to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a Note issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Note.

Disposition of the Notes. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Town), reissuance or other disposition of a Note will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder of a Note generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Note which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted tax basis in the Note (generally, the purchase price paid by the U.S. Holder for the Note, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Note and decreased by any payments previously made on such Note, other than payments of qualified stated interest or decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. Defeasance or material modification of the terms of any Note may result in a deemed reissuance thereof, in which event a beneficial owner of the defeased Notes generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted tax basis in the Note.

In the case of a non-corporate U.S. Holder of the Notes, the maximum marginal U.S. federal income tax rate applicable to any such gain may be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Notes exceeds one year. The deductibility of capital losses is subject to limitations.

Medicare Tax on Unearned Income. The Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) requires certain U.S. Holders that are individuals, estates or trusts to pay an additional 3.8% tax on, among other things, interest and gains from the sale or other disposition of the Notes for taxable years beginning after December 31, 2012. U.S. Holders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Notes.

Non-U.S. Holders

The following discussion applies to Non-U.S. Holders. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a Non-U.S. Holder that is a "controlled foreign corporation" or a "passive foreign investment company," and, accordingly, Non-U.S. Holders should consult their own tax advisors to determine the United States federal, state, local and other tax consequences of holding the Notes that may be relevant to them.

Interest. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” payments of principal of, and interest on, any Note to a Non-U.S. Holder, other than a bank which acquires such Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, generally will not be subject to any U.S. withholding tax provided that the beneficial owner of the Note provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

Disposition of the Notes. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the State), reissuance or other disposition of a Note generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the State), reissuance or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Note that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that at the time of such individual’s death, payments of interest with respect to such Note would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding – U.S. Holders and Non-U.S. Holders

Interest on, and proceeds received from the sale of, a Note generally will be reported to U.S. Holders, other than certain exempt recipients, such as corporations, on IRS form 1099. In addition, a backup withholding tax may apply to payments with respect to the Notes if the U.S. Holder fails to furnish the payor with a correct taxpayer identification number or other required certification or fails to report interest or dividends required to be shown on the U.S. Holder’s federal income tax returns.

In general, a Non-U.S. Holder will not be subject to backup withholding with respect to interest payments on the Notes if such Non-U.S. Holder has certified to the payor under penalties of perjury (i) the name and address of such Non-U.S. Holder and (ii) that such Non-U.S. Holder is not a United States person, or, in the case of an individual, that such Non-U.S. Holder is neither a citizen nor a resident of the United States, and the payor does not know or have reason to know that such certifications are false. However, information reporting on IRS Form 1042-S may still apply to interest payments on the Notes made to Non-U.S. Holders not subject to backup withholding. In addition, a Non-U.S. Holder will not be subject to backup withholding with respect to the proceeds of the sale of a Note made within the United States or conducted through certain U.S. financial intermediaries if the payor receives the certifications described above and the payor does not know or have reason to know that such certifications are false, or if the Non-U.S. Holder otherwise establishes an exemption. Non-U.S. Holders should consult their own tax advisors regarding the application of information reporting and backup withholding in their particular circumstances, the availability of exemptions and the procedure for obtaining such exemptions, if available.

Backup withholding is not an addition tax, and amounts withheld as backup withholding are allowed as a refund or credit against a holder’s federal income tax liability, provided that the required information as to withholding is furnished to the IRS.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular Beneficial Owner of Notes in light of the Beneficial Owner’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Notes, including the application and effect of state, local, foreign and other tax laws.

BOOK ENTRY TRANSFER SYSTEM

Unless the Purchaser elects to denominate the Note(s) as a fully registered physical certificate, the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each interest rate awarded for the Notes and will be deposited with DTC.

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

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

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

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

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

Principal and interest payments on the securities held by DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

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

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

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

RATING

S&P Global Ratings assigned an SP1+ rating to the Notes and has confirmed the Town's AAA outstanding bond rating. Such rating is subject to amendment or withdrawal at any time, which could affect the market value of the Notes.

DISCLOSURE OF SIGNIFICANT EVENTS

In order to assist underwriters in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission applicable to municipal securities having a stated maturity of 18 months or less, the Town will covenant for the benefit of the owners of the Notes to file with the Municipal Securities Rulemaking Board ("MSRB") notices of the occurrence of any of the following events with respect to the Notes within ten business days of such occurrence: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (g) modifications to rights of owners of the Notes, if material; (h) bond calls, if material, and tender offers; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes, if material; (k) rating changes on the Notes; (l) bankruptcy, insolvency, receivership or similar event of the Town; (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (n) appointment of a successor or additional trustee or the change of name of a trustee, if material, (o) incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect owners of the notes, if material, and (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

The covenant will be included in a Significant Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the Issuer to comply with any provision of the certificate shall be an action for specific performance of the Town's obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate.

In the past five years, the Town believes it has complied, in all material respects, with its previous undertakings to provide financial information or notices of significant events in accordance with the Rule.

PART II

THE TOWN OF BREWSTER, MASSACHUSETTS

(Excerpt from the Town's \$20,000,000 GO Bonds dated November 10, 2021)

The Town of Brewster (Barnstable County) is located on Cape Cod, 90 miles southeast of Boston and 264 miles from New York City. The Town is bordered by Cape Cod Bay on the north, the Town of Orleans on the east, the Town of Harwich on the South and the Town of Dennis on the west.

The Town was first settled in 1656 and was incorporated as a Town in 1803. It occupies a land area of 22.5 square miles and has a year-round population of approximately 9,600. The summer population increases to approximately 35,000.

Brewster is primarily a resort/residential community. A majority of its summer residents either own property in Brewster or are repeat visitors. Major recreational and tourist attractions include the Nickerson State Park, the Drummer Boy Park and the Band Stand. The Town also houses the Cape Cod Museum of Natural History, Crosby Mansion, the Old Grist Mill, the Cape Cod Rail Trail and the Captains Golf Course (town-owned). There are 9 public beaches and 4 fresh water beaches within the Town.

CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT

Massachusetts cities and towns are subject to the plenary legislative power of the Commonwealth. As stated by the Supreme Judicial Court:

A Town is not an independent sovereignty. It is merely a subordinate agency of the State Government. It is a creature of the Commonwealth, from which are derived all its powers and those of its voters and officers.

Cities and towns provide general governmental services at the local level. Municipalities were traditionally authorized to exercise only those powers granted by the State legislature, but Massachusetts adopted a Home Rule Amendment to its Constitution in 1966, under which a city or town may exercise by ordinance or by-law any power which the State legislature could confer upon it, provided that the ordinance or by-law is consistent with the laws enacted by the State legislature. Certain powers are excluded from home rule and may still be exercised only when authorized by State law; these powers include the power to levy taxes, the power to borrow money, and the power to enact private or civil law governing civil relationships except as an incident to the exercise of an independent municipal power. Under the Home Rule Amendment, the State legislature may enact general laws relating to a class of two or more municipalities but (except in limited circumstances) may enact a special law relating to a particular city or town only on request of the city or town or on recommendation of the Governor and passage by a two-thirds vote of both houses of the legislature.

An amendment to the State Constitution provides that any law imposing additional costs on two or more cities or towns by regulating aspects of municipal employment will not be effective within a city or town until the city council or town meeting accepts the law. Local acceptance will not be required if the legislature has either passed the law by a two-thirds vote or provided that the additional costs would be assumed by the State.

Cities and towns may change their form of government by adopting home rule charters or amending existing charters. A town of less than 12,000 population may not change to a city form of government and a town of less than 6,000 inhabitants may not change from the open town meeting form of government to a limited or representative town meeting form.

Cities are generally governed by a city council and an elected mayor who has the power to veto council actions; the council may override a mayoral veto by a two-thirds vote of the councilors. Some cities are governed by a city council and an appointed city manager who has no power to veto council actions; some municipalities, although still called "towns," have adopted a similar city form of government with a town council and Town manager or administrator. Provision is often made for a referendum on council actions, and for initiation of measures, upon petition of a sufficient number of voters.

Most towns are governed by open town meetings in which any voter may participate. Others have an elected representative town meeting, often with public officers serving as ex officio members of the town meeting. Provision is usually made for a referendum on actions of the representative town meeting upon petition of a sufficient number of voters. Administrative affairs are generally managed by a board of three or more selectmen, sometimes with the assistance of a town manager or executive secretary.

School affairs of cities and towns are administered by an elected school committee, except in those towns whose educational functions are carried out entirely through a regional school district.

GOVERNING BODIES AND OFFICERS

Local legislative decisions are made by an open town meeting consisting of all the registered voters in the Town. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a Town Administrator with the approval of a board of five Select Board members who are elected on an at-large basis for staggered three-year terms. The Select Board also serve as the Board of Public Works.

School affairs are administered by an elected school committee of five persons. Local taxes are assessed by a board of three assessors, elected for staggered three-year terms on an at-large basis. Water services are administered by an appointed 3-member Board of Water Commissioners.

The following is a list of the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Select Board	Mary Chaffee	Elected/3 years	2024
	Kari Hoffman	Elected/3 years	2024
	Cynthia Bingham	Elected/3 years	2022
	David Whitney	Elected/3 years	2022
	Ned Chatelain	Elected/3 years	2023
Town Administrator	Peter Lombardi	Appointed/3 years	2022
Treasurer/Collector	Lisa Vitale	Appointed	2022
Municipal Finance Director	Marilyn Bernardo	Appointed	2022
Town Clerk	Colette Williams	Appointed	Indefinite
Town Counsel	KP Law	Appointed	Annually

SERVICES

The Town provides general governmental services for the territory within its boundaries including police and fire protection, public education in grades K-5, a library, street maintenance, solid waste transfer station and parks and recreational facilities. Water is supplied by the Town's water department to over 90% of the Town.

Public education in 6-12 is provided by the Nauset Regional School District and technical/vocational education for grades 9-12 are provided by the Cape Cod Technical High School District. The Nauset Regional School District is governed by an 11-member school committee consisting of 3 elected representatives from the Town of Brewster. The Cape Cod Technical High School District is governed by a 21-member school committee consisting of 2 elected representatives from Brewster.

The Cape Cod Regional Transit Authority provides bus service to the Town. The Brewster Housing Authority was created in 1986 and has 2 public housing properties. There are 32 units for seniors and disabled persons as well as 24 units for family housing. The Authority is currently managed by the Mashpee Housing Authority.

The Town also owns and operates Captains Golf Course, an established 36-hole golf course.

Legislation was passed by the state legislature abolishing the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was partly in response to a default by the County in the payment of general obligation notes of the County. The legislation abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount equal to the County tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties.

COVID 19

COVID-19 is a respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic.

On May 18, 2020, the Governor of The Commonwealth of Massachusetts announced a phased plan to reopen businesses and services. As of May 29, 2021, all remaining COVID-19 restrictions were lifted and the State of Emergency in the Commonwealth ended as of June 15, 2021.

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. Among these are the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") and the American Rescue Plan (the "ARP") Act of 2021. The Town was eligible to receive up to \$864,573 in CARES funding, and to date, the Town has received \$251,008. The Town is eligible to receive \$1,023,135 in ARPA Funds and has received \$511,568, to date.

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the Select Board. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Select Board.

DEBT LIMITS

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The present Normal Debt Limit of the Town, based on the 2020 equalized valuation of \$4,380,442,300, is \$219,022,115. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, solid waste disposal facility bonds and

economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 per cent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to a separate limit). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

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

TYPES OF OBLIGATIONS

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

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

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

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

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

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

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

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and town having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds subject to the approval of the State Department of Telecommunications and Energy. The Town does not have an electric department.

DEBT ⁽¹⁾

The following shows the direct debt to be outstanding as of November 10, 2021, including the Bonds and Notes being issued simultaneously with the Bonds:

General Obligation Bonds:

Within General Debt Limit ⁽²⁾

Sewers & Drains	\$ 435,000
Land Acquisition	1,400,000
Schools	2,175,000
Other Building	11,150,000
Streets, Sidewalks & Parking	3,685,000
The Bonds	<u>19,810,000</u>

Total Within the General Debt Limit

\$38,655,000

Outside General Debt Limit:

Water	2,490,000
Other Outside General	<u>20,000</u>

Total Within the General Debt Limit

2,510,000

Total Outstanding General Obligation Bond

\$41,165,000

Temporary Loans:

Revenue	\$ 0
Bonds ⁽⁴⁾	3,990,000
Grants	<u>0</u>

Total Temporary Loans

3,990,000

Total Direct Debt:

\$45,155,000 ⁽³⁾

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

⁽²⁾ At the present time, the normal General Debt Limit is \$219,022,115 and the Double General Debt Limit (see Debt Limits herein) is \$438,044,230.

⁽³⁾ Debt service on \$15,430,000 principal amount of outstanding bonds, as well as the Bonds and \$3,990,000 Notes selling simultaneously with the Bonds, have been excluded from the provisions of Proposition 2½. Debt service on \$3,540,000 principal amount of outstanding debt is expected to be self-supporting through rates and charges.

⁽⁴⁾ Includes \$3,990,000 bond anticipation notes selling simultaneously with the Bonds.

CAPITAL PLAN

The Town has a Capital Outlay Committee which has been active for 12 years. The purpose of this committee is to establish a set of priorities with regard to all capital expenditures for a five-year period. Any proposed expenditure of \$10,000 or more is reviewed by this committee and placed into the current five-year plan. The committee will determine, on a current year basis, the amount to be funded through debt authorizations, current revenues and other sources.

The following is the Capital Outlay Plan of the Town for fiscal years 2022 through 2026:

	(000 omitted)					
Department	2022	2023	2024	2025	2026	Total
DPW	\$ 950	\$3,165	\$ 4,900	\$1,975	\$ 1,445	\$12,435
Fire	232	322	322	382	317	1,575
Police	0	170	215	225	265	875
Golf	177	85	394	310	3,538	4,504
Water	791	1,885	390	310	1,840	5,216
General Government	1,243	1,590	1,255	1,145	1,104	6,337
Natural Resources/Conservation	167	695	800	1,100	0	2,762
Library	0	0	471	0	12,286	12,757
Eddy School	70	138	428	213	53	902
Stonybrook School	594	353	1,273	562	53	2,835
Sub-Total	<u>4,224</u>	<u>8,403</u>	<u>10,448</u>	<u>6,222</u>	<u>20,901</u>	<u>50,198</u>
Nauset Middle School	262	269	275	282	289	1,377
Nauset High School	0	0	45,717	0	0	45,717
Total	<u>\$4,486</u>	<u>\$8,672</u>	<u>\$56,440</u>	<u>\$6,504</u>	<u>\$21,190</u>	<u>\$97,292</u>

AUTHORIZED UNISSUED DEBT & PROSPECTIVE FINANCING

After this issuance of Bonds, the Town will have \$11,876,503 which consists of \$4,000,000 for land acquisition; \$548,503 for Fire Station construction; \$5,750,000 for road repairs; \$170,000 for DPW equipment; \$80,000 Tri-Town demolition; \$250,000 for repairs to the DPW roof ; \$400,000 for a fuel tank depot and \$678,000 for a water department generator.

FIVE YEARS OUTSTANDING DEBT ⁽¹⁾

	As of June 30				
	2021	2020	2019	2018	2017
Long-Term Indebtedness					
Within the General Debt Limit:					
Sewers & Drains	\$ 435,000	\$ 500,000	\$ 565,000	\$ 630,000	\$ 0
Land Acquisition	1,400,000	1,655,000	1,915,000	2,175,000	2,435,000
Schools	2,175,000	2,320,000	2,465,000	2,610,000	2,755,000
Other Building	11,150,000	11,900,000	12,815,000	13,735,000	8,350,000
Streets Sidewalks & Parking	<u>3,685,000</u>	<u>4,110,000</u>	<u>4,555,000</u>	<u>5,000,000</u>	<u>5,369,000</u>
Total Within the General Debt Limit	<u>\$18,845,000</u>	<u>\$20,485,000</u>	<u>\$22,315,000</u>	<u>\$24,150,000</u>	<u>\$18,909,000</u>
Outside the General Debt Limit:					
Other Outside General	30,000	50,200	840,600	1,596,000	2,316,400
Water	<u>2,525,000</u>	<u>2,745,000</u>	<u>3,110,000</u>	<u>3,475,000</u>	<u>3,845,000</u>
Total Outside the General Debt Limit	<u>2,555,000</u>	<u>2,795,200</u>	<u>3,950,600</u>	<u>5,071,000</u>	<u>6,161,400</u>
Total Long-Term Indebtedness	<u>\$21,400,000</u>	<u>\$23,280,200</u>	<u>\$26,265,600</u>	<u>\$29,221,000</u>	<u>\$25,070,400</u>
Short-Term Indebtedness					
Revenue Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	<u>650,000</u>	<u>1,586,107</u>	<u>2,021,905</u>	<u>80,000</u>	<u>169,814</u>
Total Short-Term Indebtedness	<u>\$ 650,000</u>	<u>\$ 1,586,107</u>	<u>\$ 2,021,906</u>	<u>\$ 80,000</u>	<u>\$ 169,814</u>
Total Outstanding Indebtedness	<u>\$22,050,000</u>	<u>\$24,866,307</u>	<u>\$28,287,506</u>	<u>\$29,301,000</u>	<u>\$25,240,214</u>

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

BONDED DEBT VS. POPULATION, VALUATIONS AND INCOME

	As of June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Amount (1)	\$21,400,000	\$23,280,200	\$26,265,600	\$29,221,000	\$25,070,400
Per Capita (2)	\$2,190	\$2,382	\$2,687	\$2,980	\$2,549
Percent of Assessed Valuation (3)	0.50%	0.56%	0.67%	0.76%	0.69%
Percent of Equalized Valuation (4)	0.49%	0.57%	0.64%	0.79%	0.67%
Per Capita as a percent of Personal Income (2) per capita	4.83%	5.25%	5.92%	6.57%	5.62%

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

(2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.

(3) Source: Board of Assessors - Assessed valuation as of the prior January 1.

*(4) Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year
(equalized valuations are established for January 1 of each even-numbered year).*

ANNUAL DEBT SERVICE ⁽¹⁾

November 10, 2021

Fiscal Year	This Issue		Total Debt		% Principal Retired ⁽⁴⁾
	Principal ⁽²⁾	Interest ⁽²⁾	Principal ⁽³⁾	Interest ⁽³⁾	
2022	\$ 1,740,000	\$ 423,939	\$ 0	\$ 0	\$ 2,163,939 4.2%
2023	1,775,000	622,760	395,000	891,899	3,684,659 9.5
2024	1,760,000	551,425	400,000	581,623	3,293,048 14.7
2025	1,740,000	481,439	420,000	561,123	3,202,562 20.0
2026	1,685,000	403,811	440,000	539,623	3,068,434 25.2
2027	1,605,000	349,510	465,000	516,998	2,936,508 30.2
2028	1,525,000	304,158	485,000	493,248	2,807,406 35.1
2029	1,345,000	263,548	510,000	468,373	2,586,921 39.6
2030	1,340,000	229,898	535,000	442,248	2,547,146 44.1
2031	1,330,000	195,640	565,000	423,223	2,513,863 48.7
2032	1,025,000	160,431	575,000	411,823	2,172,254 52.6
2033	970,000	132,356	585,000	399,930	2,087,286 56.4
2034	970,000	104,750	600,000	387,188	2,061,938 60.2
2035	810,000	76,750	610,000	373,573	1,870,323 63.7
2036	810,000	53,000	625,000	359,058	1,847,058 67.1
2037	625,000	29,250	640,000	343,558	1,637,808 70.2
2038	300,000	9,750	655,000	327,206	1,291,956 72.5
2039	0	0	675,000	310,080	985,080 74.2
2040	0	0	690,000	292,163	982,163 75.9
2041	0	0	710,000	273,435	983,435 77.6
2042	0	0	725,000	253,881	978,881 79.3
2043	0	0	745,000	233,483	978,483 81.1
2044	0	0	770,000	212,273	982,273 83.0
2045	0	0	790,000	190,235	980,235 84.9
2046	0	0	810,000	167,435	977,435 86.9
2047	0	0	835,000	143,994	978,994 88.9
2048	0	0	860,000	119,625	979,625 91.0
2049	0	0	885,000	94,323	979,323 93.2
2050	0	0	910,000	68,295	978,295 95.4
2051	0	0	935,000	41,543	976,543 97.7
2052	0	0	965,000	13,993	978,993 100.0%
	<u>\$21,355,000</u>	<u>\$4,392,415</u>	<u>\$19,810,000</u>	<u>\$9,935,443</u>	<u>\$55,492,858</u>

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

⁽²⁾ **Debt service on \$15,430,000 of outstanding principal and interest totaling \$3,335,425 has been excluded from the provisions of Proposition 2½.** Debt service on \$3,540,000 of outstanding principal and interest totaling \$676,815 is expected to be self-supporting.

⁽³⁾ **The Bonds have been excluded from the provisions of Proposition 2½.**

⁽⁴⁾ Includes the Bonds.

REVENUE ANTICIPATION BORROWING

The Town has not issued revenue anticipation notes in any of the last five fiscal years.

OVERLAPPING DEBT

The following table sets forth the portion of overlapping debt assessed to the Town: ⁽¹⁾

	<u>Outstanding</u>	<u>Estimated Share</u>	<u>Assessment for Operations and Debt Service Fiscal Year 2022</u>
Barnstable County	\$18,003,680	4.6%	\$ 335,630
Nauset Regional School District ⁽²⁾	\$ 2,625,000	48.0%	\$11,919,499
Cape Cod Regional Vocational Technical School District ⁽³⁾	\$62,730,000	6.55%	\$ 1,235,073

⁽¹⁾ Excludes temporary loans in anticipation of revenue as well as bonds. Omits debt of the Commonwealth.

⁽²⁾ Source: Treasurer, Nauset Regional School District. Debt is as of November 10, 2021. The other members of the District are the Towns of Eastham, Orleans and Wellfleet.

⁽³⁾ Source: Treasurer, Cape Cod Regional Vocational Technical School District (the "District"). Debt is as of November 10, 2021. The other members of the District are the Towns of Barnstable, Brewster, Chatham, Dennis, Eastham, Harwich, Mashpee, Orleans, Provincetown and Yarmouth. The School District has approval for a new High School. The cost estimate is \$128 million with approximately 51% being reimbursed by the Massachusetts School Building Authority. Brewster's estimated share of the debt service is expected to be 6.9%. The Town currently has 41 students attending the school which represents approximately 6.55% of the student population.

CONTRACTS

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

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric light department. Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Cities and towns are authorized to lease (as lessee) off-street parking facilities, school buildings, hospital equipment, data process equipment, energy conservation equipment and educational equipment for periods ranging up to 10 years. They may also lease equipment, with option to purchase, for a period up to 10 years. Contracts may also be made for the installment purchase of energy conservation equipment over a period up to 10 years. Cities and towns may also lease various properties as lessor. The Town has not entered into any lease or installment purchase contracts of a substantial nature.

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

The Town has entered into an Intermunicipal Agreement, dated May 30, 1985, with the Towns of Eastham and Orleans for the septage plant in Orleans ("Tri-Town Septage"-owned and operated jointly by the 3 towns). The debt service costs are split evenly amongst the 3 towns. Operation and maintenance costs are anticipated to be supported entirely by the septage disposal fees charged to the septage pumping firms using the facility. The original agreement expired on May 20, 2015. The current agreement expires December 31, 2021. The Facility is currently in the process of shutting-down and being demolished.

The Town has entered into a contract for solid waste disposal services with SEMASS, a resource recovery facility located in the Town of Rochester, Massachusetts. The agreement allows Brewster officials to adjust the annual amount of trash they send to SEMASS to support increased recycling efforts or other charges to waste generation. Under the Agreement, Brewster will pay \$45 per ton of garbage hauled to the facility for the next 4 years. As of January 1, 2016, the price increased to under \$61 per ton. The rate will increase 2½% each year until the contract expires in 2030. The Town estimates the total cost of the program will be \$300,000 for fiscal 2022.

RETIREMENT PLAN

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

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings", or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. The Advisory Council and Barnstable County Retirement Board voted to adopt a revised payment schedule to shorten the schedule to 2037.

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

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

The Town participates in the contributory retirement system of Barnstable County. The annual contributions of the Town to the retirement system for the current and most recent fiscal years are set forth below

<u>Fiscal</u> <u>Year</u>	<u>Total</u>
2022 (budgeted)	\$2,776,801
2021 (unaudited)	2,606,211
2020	2,431,289
2019	2,342,130
2018	2,197,453
2017	1,967,090

As of January 1, 2021, the total pension liability of the System was calculated to be \$2,081,724,372 and the net pension liability was calculated to be \$690,814,161 (66.82% funded). Based on these assumptions, the System will be fully funded in 2037. The rate of return had been lowered from 7.375% to 7.15%. The Town's share of the total estimated unfunded actuarial liability of the system is \$25,882,666 or 3.74%.

See funding schedule below provided by PERAC.

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

(1) Source: PERAC

Current Barnstable County Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of ERI (2002) Liability	(4) Amort. of ERI (2003) Liability	(5) Amort. of ERI (2010) Liability	(6) Amortization of Remaining Liability	(7) Plan Cost without Retired Sheriff Liability: (2)+(3)+ (4)+(5)+(6)	(8) Amortization of Retired Sheriff Liability	(9) Actuarially Determined Contribution (ADC): (7)+(8)	(10) Total UAL at Beginning of Fiscal Year	(11) Percent Increase in ADC Over Prior Year
2021	19,388,982	456,043	214,563	260,972	48,373,335	68,693,895	1,702,310	70,396,205	810,339,928	
2022	20,094,798	474,285	223,146	260,972	51,639,952	72,693,153	1,786,032	74,479,185	814,560,494	5.80%
2023	20,826,130	493,256	232,071	0	55,369,509	76,920,966	1,878,012	78,798,978	815,526,138	5.80%
2024	21,583,894	512,986	241,354	0	59,056,355	81,394,589	1,974,730	83,369,319	812,781,604	5.80%
2025	22,369,041	533,506	251,008	0	62,974,757	86,128,312	2,076,428	88,204,740	805,825,584	5.80%
2026	23,182,554	544,846	261,049	0	67,138,802	91,137,251	2,183,364	93,320,615	794,106,624	5.80%
2027	24,025,452	577,040	271,491	0	71,563,420	96,437,403	2,295,808	98,733,211	777,018,685	5.80%
2028	24,898,791	600,121	282,350	0	76,264,433	102,045,695	2,414,042	104,459,737	753,896,338	5.80%
2029	25,803,662	624,126	293,644	0	81,258,605	107,980,037	2,538,365	110,518,402	724,009,564	5.80%
2030	26,741,200	649,091	305,390	0	86,563,697	114,259,378	2,669,091	116,928,469	686,558,118	5.80%
2031	27,712,575	675,055	317,606	0	92,198,535	120,903,771	2,806,549	123,710,320	640,665,448	5.80%
2032	28,719,003	702,057	330,310	0	98,183,063	127,934,433	2,951,086	130,885,519	585,372,095	5.80%
2033	29,761,741	730,140	343,522	0	104,538,409	135,373,812	3,103,067	138,476,879	519,628,567	5.80%
2034	30,842,092	759,345	357,263	0	111,286,963	143,245,663	3,262,875	146,508,538	442,287,634	5.80%
2035	31,961,405	789,719	371,554	0	118,452,442	151,575,120	3,430,913	155,006,033	352,095,988	5.80%
2036	33,121,077	821,308	386,416	0	126,059,977	160,388,778	3,607,605	163,996,383	247,685,238	5.80%
2037	34,322,556	854,144	401,879	0	124,734,218	160,312,797	3,793,396	164,106,193	127,562,166	0.07%
2038	35,567,341	0	0	0	0	35,567,341	0	35,567,341	0	-78.33%

Notes:

Actuarially Determined Contributions are assumed to be paid on July 1 and December 31.

Actuarial Determined Contribution for fiscal year 2021 is set to the budgeted amount determined with the prior valuation.

Item (2) reflects 3.25% growth in payroll as well as 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the impact of pension reform of new hires.

2002 and 2003 ERI amortization payments calculated to increase 4.0% per year and 2010 ERI amortizations are level.

Payment on Retired County Sheriff Liability (item (8)) increases 5.15% per year and includes the 2002 ERI payment.

Projected unfunded actuarial accrued liability does not reflect deferred investment gains and losses.

OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis.

The pay-as-you-go cost to the Town for such benefits in recent years:

<u>Year</u>	<u>Total</u>
2021 (unaudited)	\$791,361
2020	707,276
2019	554,673
2018	463,413
2017	400,014

The Town implemented GASB Statement 45 in fiscal year 2009. The District adopted GASB 74 and GASB 75 for the fiscal year ending June 30, 2018, which introduced a new actuarial cost method and discount rate as well as new disclosure and methodologies for reporting plan liability and OPEB expenses. GASB Statement No. 75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

The Town's net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's Net OPEB liability was \$16,550,835

(based upon a 7.25% discount rate). In addition to pension benefits, cities, towns and regional school districts may provide retired employees with health care and life insurance benefits. The unaudited balance in the OPEB Trust Fund, as of June 30, 2021, was \$3,136,619.

PROPERTY TAXATION AND VALUATION

Tax Rate and Valuation - General. Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years (effective 2017), or pursuant to a revised schedule as may be issued by the Commissioner.

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

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

VALUATIONS

The following shows the assessed and equalized valuations for the most recent fiscal years:

	<u>For Fiscal Year</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Real Property	\$4,161,924,340	\$4,066,433,030	\$3,893,550,460	\$3,770,013,710	\$3,569,271,350
Personal Property	<u>92,929,390</u>	<u>55,475,090</u>	<u>50,966,820</u>	<u>49,910,010</u>	<u>49,886,920</u>
Total ⁽¹⁾	<u>\$4,254,853,730</u>	<u>\$4,121,908,120</u>	<u>\$3,944,517,280</u>	<u>\$3,819,923,720</u>	<u>\$3,619,158,270</u>
Equalized Value ⁽²⁾	\$4,380,442,300	\$4,100,984,500	\$4,100,984,500	\$3,720,926,000	\$3,720,926,000
Percent of Total Assessed to Equalized Valuation	97.1%	100.5%	96.2%%	102.7%	97.3%

⁽¹⁾ As of January 1, of the prior fiscal year.

⁽²⁾ Based on equalized valuation in effect for each year as determined biennially by the State Department of Revenue as of January 1 of even numbered years effective for the next two fiscal years.

The following table shows the breakdown of the total assessed valuation for fiscal years 2021, 2020 and 2019 by classification:

Type of Property	For Fiscal Year (000)					
	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>% of Total</u>
Residential	\$3,995,194	93.9	\$3,906,112	94.8	\$3,726,287	94.5
Commercial	153,518	3.6	148,026	3.6	155,217	3.9
Industrial	13,212	0.3	12,295	0.3	12,047	0.3
Personal	92,929	2.2	55,475	1.3	50,967	1.3
Total	<u>\$4,254,854</u>	<u>100.0</u>	<u>\$4,121,908</u>	<u>100.0</u>	<u>\$3,944,517</u>	<u>100.0</u>

(1) Source: Massachusetts Department of Revenue.

TAX RATES

The following shows the actual tax rate per \$1,000 of assessed valuation and the full value rate based on the equalized valuations for the most recent fiscal years.

<u>Fiscal Year</u>	<u>Actual Tax Rate</u>	<u>Full Value Rate</u>
2021	\$8.58	\$8.90
2020	8.62	8.66
2019	8.58	9.10
2018	8.26	8.48
2017	8.39	8.56

LARGEST TAXPAYERS ⁽¹⁾

The following is a list of the ten largest taxpayers for fiscal year 2021:

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2021 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Ocean Edge Resort LLC	Resort	\$ 62,029,790	\$ 532,216	1.46%
Colonial Gas Company	Utility	36,119,850	309,908	0.85
NSTAR	Utility	30,235,100	259,417	0.71
Brewster ALF Property, LLC	Assisted Living	27,473,100	235,719	0.65
Brewster Green Interval Owners	Resort	13,441,920	115,332	0.32
Woodlands Way LLC	Assisted Living	11,682,600	100,237	0.28
383 South Orleans LLC	Health Care	11,155,700	95,716	0.26
Camp Wono, Inc.	Summer Camp	9,914,500	85,066	0.23
NPH Brewster LLC	Health Care	5,966,700	51,194	0.14
Brewster Dunes I Co-op	Residential Co-op	5,911,670	50,722	0.14
Total:		<u>\$213,930,930</u>	<u>\$1,835,527</u>	<u>5.03%</u>

(1) All of the largest taxpayers listed above are current on their real estate and personal property taxes.

TAX LEVIES

Levy - General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" herein. As to the inclusion of debt service and final judgments, see "Security and Remedies" herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds, the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" herein).

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

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

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

Tax Limitations. Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

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

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

The applicable tax limits may also be reduced in any year by a majority of the voters. The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

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

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

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veteran's district may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

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

CALCULATION OF LEVIES

The following table shows the details of the calculation of the tax levies for the most recent fiscal years:

	For Fiscal Year (000)				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Gross Amount to be Raised:					
Appropriations	\$ 55,436	\$ 55,299	\$ 52,269	\$ 51,642	\$ 46,715
Other Local Expenditures	13	13	121	12	60
State & County Charges	657	625	679	635	657
Overlay Reserve	<u>125</u>	<u>400</u>	<u>212</u>	<u>216</u>	<u>436</u>
Total Gross Amount to be Raised	\$ 56,231	\$ 56,337	\$ 53,281	\$ 52,506	\$ 47,867
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State	1,843	1,864	1,853	1,836	1,800
Estimated Receipts - Local	10,079	8,165	7,238	6,914	9,926
Available Funds Appropriated:					
Free Cash	2,379	1,105	1,462	2,264	1,935
Revenue Sharing	0	0	0	0	0
Other Available Funds	5,423	9,672	8,884	9,939	3,841
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Estimated Receipts & Revenue	<u>19,724</u>	<u>20,806</u>	<u>19,437</u>	<u>20,953</u>	<u>17,502</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 36,507</u>	<u>\$ 35,531</u>	<u>\$ 33,844</u>	<u>\$ 31,553</u>	<u>\$ 30,365</u>
Property Valuation	<u>\$4,254,854</u>	<u>\$4,121,908</u>	<u>\$3,944,517</u>	<u>\$3,819,924</u>	<u>\$3,619,158</u>

(1) Source: Massachusetts Department of Revenue.

The following shows the calculation of levy limits for the most recent fiscal years:

	For Fiscal Year (000)				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Primary Levy Limit (2)	\$106,371	\$103,048	\$98,613	\$95,498	\$90,479
Prior Fiscal Year Levy Limit	33,180	31,769	30,648	29,589	28,517
2.5% Levy Growth	829	794	766	740	713
New Growth (3)	381	310	355	319	359
Overrides	<u>0</u>	<u>309</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	34,390	33,180	31,769	30,648	29,589
Debt Exclusions	1,987	2,389	1,932	1,462	762
Capital Expenditure Exclusions	0	0	0	0	0
Other Adjustments	<u>173</u>	<u>168</u>	<u>161</u>	<u>157</u>	<u>153</u>
Tax Levy Limit	\$ 36,549	\$ 35,737	\$33,861	\$32,267	\$30,504
Tax Levy	<u>36,507</u>	<u>35,531</u>	<u>33,844</u>	<u>31,553</u>	<u>30,365</u>
Unused Levy Capacity (4)	<u>\$ 43</u>	<u>\$ 206</u>	<u>\$ 18</u>	<u>\$ 715</u>	<u>\$ 139</u>
Unused Primary Levy Capacity (5)	<u>\$ 71,982</u>	<u>\$ 69,868</u>	<u>\$66,844</u>	<u>\$64,850</u>	<u>\$60,890</u>

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

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

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The taxes for each fiscal year are due in two installments on November 1 (subject to deferral if tax bills are sent out late) and May 1, unless a city or town accepts a statute providing for quarterly tax payments. The Town has accepted this provision. Under the statute, preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

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

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

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during the most recent fiscal years:

	For Fiscal Year				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Tax Levy	\$36,506,645	\$35,530,848	\$33,843,958	\$31,552,570	\$30,364,738
Overlay Reserve for Abatements	<u>125,000</u>	<u>400,000</u>	<u>211,554</u>	<u>216,477</u>	<u>436,078</u>
Net Tax Levy ⁽¹⁾	<u>\$36,381,645</u>	<u>\$35,130,848</u>	<u>\$33,632,404</u>	<u>\$31,336,093</u>	<u>\$29,928,660</u>
Amount Collected During					
Fiscal Year Payable ⁽²⁾⁽³⁾	\$35,870,124	\$34,607,789	\$33,243,962	\$30,962,847	\$29,774,298
Percent of Net Tax Levy	98.6%	98.5%	98.8%	98.8%	99.5%
Through 6/30/21	\$35,870,124	\$35,270,696	\$33,595,773	\$31,289,991	\$30,084,284
Percent of Net Tax Levy	98.6%	100.4%	99.9%	99.9%	100.5%

⁽¹⁾ Net after deduction of overlay reserve for abatements.

⁽²⁾ Actual collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributed to such levy or other non-cash credits.

⁽³⁾ Taxes not paid in fiscal year due are transferred to tax title at the start of the next fiscal year.

Abatements and Overlay. A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

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

The following shows the abatements granted during the fiscal year as well as through a more recent date for the most recent fiscal years:

	For Fiscal Year				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Levy	\$36,506,645	\$35,530,848	\$33,843,958	\$31,552,570	\$30,364,738
Overlay Reserve for					
Abatements	\$125,000	\$400,000	\$211,554	\$216,477	\$436,078
Percent of Tax Levy	0.3%	1.1%	0.6%	0.7%	1.4%
Amounts Granted:					
During Fiscal Year of Levy	\$129,844	\$146,757	\$158,425	\$145,835	\$137,984
Through 6/30/2021	\$129,844	\$148,457	\$158,603	\$146,633	\$143,583

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

Sale of Tax Receivables. Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual meeting, which takes place in May. Appropriations may also be voted at special meetings. The Finance Committee (also the Board of Selectmen) is required to submit reports and recommendations on proposed expenditures at the annual town meeting.

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

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

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget, but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

BUDGET COMPARISON

The following table sets forth the budgets for fiscal years 2018-2022:

<u>Category</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Government	\$ 2,901,147	\$ 2,672,836	\$ 2,558,612	\$ 2,509,190	\$ 1,909,978
Public Safety	5,989,762	5,904,013	5,879,130	5,755,617	6,061,108
Education	21,375,460	20,690,108	20,202,348	20,991,700	20,295,645
Public Works	2,184,795	2,100,375	1,892,521	2,717,829	2,406,891
Water	2,736,969	2,637,454	2,739,090	1,553,168	1,961,761
Human Services	887,666	732,506	731,952	394,643	319,432
Culture & Recreation	946,492	902,617	891,626	841,094	746,540
Golf Course	3,661,234	3,551,462	3,986,919	2,631,156	2,935,437
Insurance	467,250	445,000	537,500	597,091	530,100
Employee Benefits	4,492,629	4,234,499	4,088,781	2,699,519	2,388,076
County Retirement	2,632,378	2,437,108	2,288,851	1,968,818	2,197,453
Debt Service	2,007,298	2,122,287	2,288,229	3,775,908	2,842,789
State & County Assessments	<u>172,565</u>	<u>167,269</u>	<u>135,094</u>	<u>160,727</u>	<u>156,807</u>
Total Expenditures	<u>\$50,455,645</u>	<u>\$48,597,536</u>	<u>\$48,220,653</u>	<u>\$46,596,460</u>	<u>\$44,752,017</u>

STATE AID

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

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

The following table sets forth the actual State aid received in each of the most recent fiscal years and the budgeted amount for fiscal 2022:

<u>Fiscal Year</u>	<u>State Aid Receipts</u>
2022 (budgeted)	\$1,940,158
2021 (unaudited)	1,880,734
2020	1,868,460
2019	1,853,211
2018	1,835,639
2017	1,800,457

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

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

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

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

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

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

MOTOR VEHICLE EXCISE

The following table shows the actual receipts in each of the most recent fiscal years and the budgeted amount for fiscal 2022:

<u>Fiscal Year</u>	<u>Receipts</u> ⁽¹⁾
2022 (budgeted)	\$1,388,232
2021 (unaudited)	1,793,321
2020	1,509,619
2019	1,548,319
2018	1,650,170
2017	1,485,696

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

OTHER TAXES

Three additional sources of revenue for local governments are the room occupancy excise tax, local meals excise tax, and the aviation fuel tax. All taxes take effect only where accepted by individual municipalities.

Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed six percent of the cost of renting such rooms. The tax is paid by the owner of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. Effective July 1, 2010, the Town voted to adopt an additional local option room occupancy excise tax of 2%.

The following table shows the actual room occupancy receipts for the most recent fiscal years and the budgeted amount for fiscal 2022:

<u>Fiscal Year</u>	<u>Receipts</u>
2022 (budgeted)	\$1,603,502
2021 (unaudited)	2,095,936
2020	1,527,916
2019	1,189,856
2018	1,164,210
2017	1,156,545

The local meals excise tax, effective for sales of restaurant meals on or after October 1, 2009, is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The Town voted the meals tax (0.75%) effective July 1, 2010.

The following table shows the actual meals tax receipts for the most recent fiscal years and the budgeted amount for fiscal 2022:

<u>Fiscal Year</u>	<u>Receipts</u>
2022 (budgeted)	\$153,923
2021 (unaudited)	166,449
2020	171,158
2019	177,202
2018	165,037
2017	170,836

COMMUNITY PRESERVATION ACT

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

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “*Tax Limitations*” under “PROPERTY TAX” herein). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

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

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

On May 17, 2005, the Town voted the CPA. As of June 30, 2021, the Town had an unaudited balance in the CPA fund of \$3,736,952.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town’s development program for the district. This includes pledging such “tax increments” for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see “*Tax Limitations*” under “Property Tax” herein).

The Town has not established any development districts.

UNASSIGNED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the unassigned general fund balance and certified free cash for the most recent fiscal years:

<u>July 1,</u>	<u>Unassigned General Fund Balance</u>	<u>Free Cash</u>
2021 (unaudited)	NA	\$4,501,333
2020	\$7,686,820	4,016,610
2019	3,557,539	2,937,130
2018	2,673,348	1,989,981
2017	6,225,685	2,295,241
2016	5,739,376	2,905,830

STABILIZATION FUND

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

<u>Fiscal Year</u>	<u>Balance</u>
2021 (unaudited)	\$2,990,811
2020	2,535,241
2019	2,493,329
2018	2,159,142
2017	2,080,514

The Town has also established a Capital Stabilization Fund which had a balance of \$500,768 (unaudited), as of June 30, 2021.

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town has approximately 485 full and part-time employees of whom approximately 40 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Department</u>	<u>Number of Employees</u>	<u>Contract Expires</u>
OPEIU	Various Town Departments	25	June 30, 2023
SEIU ⁽¹⁾	Golf, Public Works & Water	31	June 30, 2021
Police	Police	13	June 30, 2023
Superior Officers	Police	4	June 30, 2023
Teachers	School	50	June 30, 2024
Educational Assistants	School	33	June 30, 2024
Secretaries	School	4	June 30, 2024
IAFF	Fire	20	June 30, 2023
SEIU-School Custodians	School	4	June 30, 2023
SEIU-Ladies Library	Library	<u>10</u>	June 30, 2023
		<u>194</u>	

(1) Contract is currently under negotiation.

INVESTMENTS

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government of an agency thereof with a maturity of not more than one year, in repurchase agreements, with a maturity of not more than 90 days secured by federal or federal agency securities, or in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares of SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

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

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

PHYSICAL AND ECONOMIC CHARACTERISTICS

The Town of Brewster (Barnstable County) is located on Cape Cod, 90 miles southeast of Boston and 264 miles from New York City. The Town is bordered by Cape Cod Bay on the north, the Town of Orleans on the east, the Town of Harwich on the South and the Town of Dennis on the west.

The Town was first settled in 1656 and was incorporated as a Town in 1803. It occupies a land area of 22.5 square miles and has a year-round population of approximately 9,600. The summer population increases to approximately 35,000.

Brewster is primarily a resort/residential community. A majority of its summer residents either own property in Brewster or are repeat visitors. Major recreational and tourist attractions include the Nickerson State Park, the Drummer Boy Park and the Band Stand. The Town also houses the Cape Cod Museum of Natural History, Crosby Mansion, the Old Grist Mill, the Cape Cod Rail Trail and the Captains Golf Course (town-owned). There are 9 public beaches and 4 fresh water beaches within the Town.

PRINCIPAL EMPLOYERS

The following are the principal employers located in the Town, excluding the Town itself:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
Pleasant Bay Nursing Center	Nursing Home	200
Latham Center	Assisted Living	100
Maplewood Senior Living	Senior Living	80
Ocean Edge Resort & Club	Conference Center/Resort	50/536 seasonal

Source: *detma.org*

EMPLOYMENT AND PAYROLLS

<u>Employment by Industry</u>	Calendar Year Average				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Construction & Natural Resources	287	265	245	224	246
Manufacturing	7	-0-	5	6	7
Trade, Transportation & Utilities	203	235	242	197	165
Financial Activities	117	112	112	119	120
Professional & Business Services	243	262	227	218	191
Education & Health Services	946	1,042	1,060	1,064	1,026
Leisure & Hospitality	554	565	593	559	517
Information & Other Services	145	147	138	153	156
Total Employment	<u>2,502</u>	<u>2,628</u>	<u>2,622</u>	<u>2,540</u>	<u>2,428</u>
Number of Establishments	334	323	317	314	310
Total Annual Wage (000)	\$119,913	\$117,055	\$112,181	\$107,707	\$102,516
Average Weekly Wage	\$865	\$816	\$787	\$749	\$735

Source: Massachusetts Executive Office of Labor & Workforce Development.

BUILDING PERMITS

<u>Calendar Year</u>	<u>Number</u>	<u>Estimated Value</u>
2021 (thru 7-31-21)	700	\$21,358,920
2020	928	35,930,441
2019	1,120	33,979,871
2018	1,092	40,421,110
2017	1,055	44,618,037
2016	1,226	45,648,952

OTHER DATA

Employment (1)

<u>Calendar Year (2)</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment Rate %</u>			
			<u>Town</u>	<u>County</u>	<u>State</u>	<u>US</u>
2021 (August)	5,621	5,369	4.5	5.0	5.4	5.3
2020	4,912	4,487	8.7	10.2	8.9	8.1
2019	5,249	5,061	3.6	4.0	3.0	3.7
2018	5,281	5,075	3.9	4.4	3.4	3.9
2017	5,194	4,993	3.9	4.8	3.8	4.4

(1) Source: Massachusetts Executive Office of Labor & Workforce Development.

(2) Full year averages except for 2021 which is for the month indicated.

Population (1)

<u>Year</u>	<u>Brewster</u>		<u>Barnstable County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
		<u>Change</u>		<u>Change</u>		<u>Change</u>
2020 estimate	9,772	(0.5)	213,164	(1.3)	6,893,574	5.3
2010	9,820	(2.7)	215,888	(2.9)	6,547,629	3.1
2000	10,094	19.6	222,230	19.1	6,349,097	5.5
1990	8,440	61.5	186,605	26.1	6,016,425	4.9
1980	5,226	0.0	147,925	0.0	5,737,037	0.0

(1) Source: U.S. Department of Commerce for actuals and estimates.

Population Density (1)

<u>Year</u>	<u>Brewster (2)</u>		<u>Barnstable County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>	<u>Number</u>	<u>Density</u>
2020 estimate	9,772	424.7	213,164	538.6	6,893,574	879.5
2010	9,820	426.8	215,888	545.5	6,547,629	835.4
2000	10,094	438.7	222,230	561.5	6,349,097	810.0
1990	8,440	366.8	186,605	471.5	6,016,425	767.6
1980	5,226	227.1	147,925	373.8	5,737,037	732.0

(1) Source: U.S. Department of Commerce for actuals and estimates.

(2) Based on 23.0 square miles.

Population Composition By Age (1)

<u>Age</u>	<u>Brewster</u>		<u>Barnstable County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	283	2.9	7,845	3.7	361,016	5.3
5 Years to 19 Years	1,556	15.8	29,051	13.6	1,218,404	17.8
20 Years to 64 Years	4,845	49.3	113,019	52.9	4,164,044	60.8
65 Years and Over	3,153	32.1	63,581	29.8	1,107,089	16.2
Total	9,837	100.0	213,496	100.0	6,850,553	100.0
Median Age	54.3		53.3		39.5	
Median Age (2000)	46.9		44.6		36.5	

(1) Source: U.S. Department of Commerce. 2019 5-year estimates.

Per Capita Income Levels (1)

	Brewster		Barnstable County		Massachusetts	
Year	Amount	% Change	Amount	% Change	Amount	% Change
2019 5-year estimates	\$45,363	65.3	\$44,505	0.0	\$43,761	31.8
2009	27,447	11.4	-0-	0.0	33,203	27.9
1999	24,638	48.9	25,318	54.4	25,952	50.7
1989	16,552	150.7	16,402	120.8	17,224	131.0
% Below Poverty Level (2019 5-year estimates)	4.4		7		10.8	

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

Family Income Distribution (1)

	Brewster		Barnstable County		Massachusetts	
Income for Families	Families	Percent	Families	Percent	Families	Percent
Less than \$25,000	124	4.4	3,492	5.9	152,544	9.2
25,000 - 49,999	401	14.2	9,324	15.6	220,833	13.3
50,000 - 74,999	596	21.2	9,996	16.9	220,200	13.3
75,000 - 99,999	521	18.5	9,116	15.4	210,440	12.7
100,000 - 149,999	465	16.5	13,419	22.7	347,822	21.0
150,000 - 199,999	321	11.4	6,709	11.4	215,197	13.0
200,000 or more	387	13.7	7,097	12.0	292,264	17.6
Total	<u>2,815</u>	<u>100.0</u>	<u>59,063</u>	<u>100.0</u>	<u>1,659,300</u>	<u>100.0</u>
Median Income	\$87,643		\$93,335		\$103,126	

(1) Source: U.S. Department of Commerce. 2019 5-year estimates.

Household Income Distribution (1)

	Brewster		Barnstable County		Massachusetts	
Income for Households	Households	Percent	Households	Percent	Households	Percent
Less than \$25,000	514	12.2	12,785	13.6	434,574	16.6
25,000 - 49,999	755	18.0	18,396	19.5	417,886	16.0
50,000 - 74,999	821	19.6	16,379	17.4	371,113	14.2
75,000 - 99,999	618	14.7	13,087	13.9	315,954	12.1
100,000 - 149,999	589	14.0	17,297	18.3	466,142	17.8
150,000 - 199,999	382	9.1	7,850	8.3	266,881	10.2
200,000 or more	519	12.4	8,529	9.0	344,947	13.2
Total	<u>4,198</u>	<u>100.0</u>	<u>94,323</u>	<u>100.0</u>	<u>2,617,497</u>	<u>100.0</u>
Median Income	\$75,321		\$74,336		\$81,215	

(1) Source: U.S. Department of Commerce. 2019 5-year estimates.

Value Distribution Of Specified Owner-Occupied Housing Units (1)

<u>Units</u>	Brewster		Barnstable County		Massachusetts	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$100,000	0	0.0	925	1.2	47,124	2.9
100,000 - 199,999	51	1.4	3,444	4.6	173,121	10.6
200,000 - 299,999	225	6.3	13,239	17.6	317,857	19.5
300,000 - 499,999	1,974	55.7	34,724	46.1	585,582	35.9
500,000 - 999,999	1,186	33.4	18,810	25.0	414,601	25.4
1,000,000 or more	<u>111</u>	<u>3.1</u>	<u>4,145</u>	<u>5.5</u>	<u>94,480</u>	<u>5.8</u>
Total	<u>3,547</u>	<u>100.0</u>	<u>75,287</u>	<u>100.0</u>	<u>1,632,765</u>	<u>100.0</u>
Median Value	\$442,000		\$393,500		\$381,600	

(1) Source: U.S. Department of Commerce. 2019 5-year estimates.

Age Distribution Of Housing Units (1)

<u>Year Built</u>	Brewster		Barnstable County		Massachusetts	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
2000 or later	751	9.4	16,045	9.8	300,065	10.4
1980 to 1999	3,837	48.2	49,783	30.4	534,613	18.5
1940 to 1979	2,947	37.0	77,502	47.4	1,120,232	38.7
1939 or Earlier	<u>426</u>	<u>5.4</u>	<u>20,227</u>	<u>12.4</u>	<u>942,349</u>	<u>32.5</u>
Total	<u>7,961</u>	<u>100.0</u>	<u>163,557</u>	<u>100.0</u>	<u>2,897,259</u>	<u>100.0</u>

(1) Source: U.S. Department of Commerce. 2019 5-year estimates.

Housing Unit Inventory (1)

<u>Units in Structure</u>	Brewster		Barnstable County		Massachusetts	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1, Detached	5,832	73.3	134,550	82.3	1,509,059	52.1
1, Attached	893	11.2	7,590	4.6	154,822	5.3
2 to 4	571	7.2	10,398	6.4	595,395	20.6
5 to 9	279	3.5	4,123	2.5	167,945	5.8
10 to 19	203	2.5	2,189	1.3	124,931	4.3
20 or More	183	2.3	4,022	2.5	320,697	11.1
Mobile Home, Trailer, Other	<u>0</u>	<u>0.0</u>	<u>685</u>	<u>0.4</u>	<u>24,410</u>	<u>0.8</u>
Total	<u>7,961</u>	<u>100.0</u>	<u>163,557</u>	<u>100.0</u>	<u>2,897,259</u>	<u>100.0</u>

(1) Source: U.S. Department of Commerce. 2019 5-year estimates.

Educational Attainment (1)

<u>Years of School Completed</u>	<u>Brewster</u>		<u>Barnstable County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th Grade	52	0.7	2,343	1.4	208,460	4.4
9th to 12th Grade, No Diploma	185	2.4	5,182	3.1	233,484	4.9
High School Graduate	1,580	20.9	39,331	23.7	1,148,525	24.0
Some College, No Degree	1,420	18.8	30,907	18.6	738,484	15.4
Associate's Degree	624	8.2	16,072	9.7	363,665	7.6
Bachelor's Degree	1,941	25.6	41,225	24.9	1,151,870	24.1
Graduate or Professional Degree	<u>1,771</u>	<u>23.4</u>	<u>30,795</u>	<u>18.6</u>	<u>937,195</u>	<u>19.6</u>
Total	<u>7,573</u>	<u>100.0</u>	<u>165,855</u>	<u>100.0</u>	<u>4,781,683</u>	<u>100.0</u>
High School Graduate or Higher	7,336	96.9	158,330	95.5	4,339,739	90.8
Bachelor's Degree or Higher	3,712	49.0	72,020	43.4	2,089,065	43.7

(1) Source: U.S. Department of Commerce. 2019 5-year estimates

PUBLIC SCHOOL ENROLLMENT

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Town Elementary Schools	495	480	483	471	425
Nauset Regional	553	539	531	545	576
Technical	<u>43</u>	<u>41</u>	<u>36</u>	<u>29</u>	<u>41</u>
Total	<u>1,091</u>	<u>1,060</u>	<u>1,050</u>	<u>1,045</u>	<u>1,042</u>

(1) Source: Massachusetts Dept. of Education - As of October 1, each school year.

LITIGATION

At present, there are a number of suits pending in which the Town is a defendant. In the opinion of Town Counsel, there is no litigation, either pending or threatened, which is considered likely to result, either individually or in the aggregate, in final judgments which would materially affect the Town's financial position.

**TOWN OF BREWSTER,
Massachusetts**

By: /s/ Lisa Vitale
Treasurer

Dated: October 20, 2021

APPENDIX A

The following Balance Sheets for fiscal years ending June 30, 2016 through 2020, and the Comparative Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ending June 30, 2016 through 2020, have been taken from the audited financial statements of the Town.

The Town engaged the firm of R.E. Brown & Company to audit the accounts for the Town for the year ending June 30, 2020. That audit is reproduced in Appendix B.

**TOWN OF BREWSTER
MASSACHUSETTS
Balance Sheet
General Fund
June 30, ⁽¹⁾**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>					
Cash and Investments	\$12,300,939	\$10,985,579	\$ 9,127,146	\$10,345,173	\$10,521,944
Receivables:					
Property Taxes	731,025	354,504	335,448	340,826	346,596
Tax Liens	511,289	494,560	532,974	545,973	428,731
Excises	193,825	90,679	106,749	142,984	98,807
Departmental & Other	0	0	0	0	778
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$13,737,078</u>	<u>\$11,925,322</u>	<u>\$10,102,317</u>	<u>\$11,374,956</u>	<u>\$11,396,856</u>
 Liabilities & Fund Balances:					
Accounts Payable	\$ 1,905,325	\$ 1,974,221	\$ 1,940,716	\$ 2,024,528	\$ 1,842,939
Other Liabilities	<u>156</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>1,905,481</u>	<u>1,974,221</u>	<u>1,940,716</u>	<u>2,024,528</u>	<u>1,842,939</u>
 Deferred Inflows of Resources:	<u>1,063,484</u>	<u>770,448</u>	<u>845,182</u>	<u>876,015</u>	<u>718,221</u>
 <u>Fund Equity</u>					
Fund Balances:					
Restricted	208,061	243,871	283,120	324,213	372,027
Committed	2,721,914	1,503,120	1,311,459	1,425,480	1,660,203
Assigned	151,318	1,242,849	844,018	499,035	1,064,090
Unassigned	<u>7,686,821</u>	<u>6,190,813</u>	<u>4,877,822</u>	<u>6,225,685</u>	<u>5,739,376</u>
Total Fund Balances	<u>10,768,113</u>	<u>9,180,653</u>	<u>7,316,419</u>	<u>8,474,413</u>	<u>8,835,696</u>
 Total Liabilities & Fund Balances	<u>\$13,737,078</u>	<u>\$11,925,322</u>	<u>\$10,102,317</u>	<u>\$11,374,956</u>	<u>\$11,396,856</u>

⁽¹⁾ *Extracted from the audited financial statements of the Town.*

TOWN OF BREWSTER
MASSACHUSETTS
Combined Statement of Revenues, Expenditures and Changes in Fund Balances ⁽¹⁾
GENERAL FUND
June 30,

<u>Revenues:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Property Taxes	\$35,161,066	\$33,751,025	\$31,413,941	\$30,117,694	\$29,154,663
Excises	1,514,030	1,657,004	1,658,340	1,493,765	1,415,205
Intergovernmental	3,536,325	3,398,578	3,168,303	3,235,200	2,754,141
Payments In Lieu of Taxes	6,884	14,012	6,873	6,877	6,878
Penalties and Interest on Taxes	62,505	100,376	137,658	104,132	146,210
Fines & Forfeits	41,215	29,698	39,181	37,017	36,064
Charges for Services	550,855	566,919	548,312	549,812	538,501
Hotel, Motel & Meals Tax	1,699,075	1,367,058	1,329,247	1,327,383	1,306,320
Investment Income	172,717	267,811	162,105	63,239	38,890
Departmental & Other	<u>1,303,063</u>	<u>1,450,730</u>	<u>1,420,865</u>	<u>1,341,544</u>	<u>1,597,966</u>
Total Revenues	<u>\$44,047,735</u>	<u>\$42,603,211</u>	<u>\$39,884,825</u>	<u>\$38,276,663</u>	<u>\$36,994,838</u>
<u>Expenditures:</u>					
Current:					
General Government	\$ 3,305,526	\$ 3,092,359	\$ 3,087,518	\$ 3,009,858	\$ 3,392,680
Public Safety	6,186,463	5,770,084	6,532,203	6,223,620	5,886,267
Education	19,895,982	19,091,752	20,745,145	18,245,794	18,042,859
Public Works	2,017,986	2,146,080	2,266,440	2,275,181	2,125,653
Human Services	839,181	770,835	791,989	837,474	729,345
Culture & Recreation	941,389	843,693	842,199	834,881	862,612
Employee Benefits	7,463,295	6,891,211	4,650,515	7,012,971	6,277,494
State and County Assessments	626,188	615,511	657,501	611,991	636,425
Debt Service	<u>2,081,698</u>	<u>2,122,622</u>	<u>1,500,038</u>	<u>801,503</u>	<u>1,223,998</u>
Total Expenditures:	<u>\$43,357,708</u>	<u>\$41,344,147</u>	<u>\$41,073,548</u>	<u>\$38,853,273</u>	<u>\$39,177,333</u>
Excess of revenues over (under) expenditures	690,027	1,259,064	(1,188,723)	(1,576,610)	(2,182,495)
<u>Other Financing Services (Uses):</u>					
Proceeds from Capital Leases		0	945,000	152,756	242,000
Proceeds from Bond Premium		0	0	69,255	0
Operating Transfers In	1,432,849	1,048,994	35,972	1,826,266	2,814,613
Operating Transfers Out	<u>(535,416)</u>	<u>(443,824)</u>	<u>(950,243)</u>	<u>(832,950)</u>	<u>(668,433)</u>
Total Other Financing Sources (Uses)	897,433	605,170	30,729	1,215,327	2,388,180
Net change in fund balances	1,587,460	1,864,234	(1,157,994)	(361,283)	205,685
Fund Balance Beginning	<u>9,180,653</u>	<u>7,316,419</u>	<u>8,474,413</u>	<u>8,835,696</u>	<u>8,630,011</u>
Fund Balance Ending	<u>\$10,768,113</u>	<u>\$ 9,180,653</u>	<u>\$ 7,316,419</u>	<u>\$ 8,474,413</u>	<u>\$ 8,835,696</u>

⁽¹⁾ Taken from the audited financial statements of the Town.

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APPENDIX B

There follows in this Appendix the audited financial statements of the Town of Brewster, Massachusetts, as of June 30, 2020.

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

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TOWN OF BREWSTER, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2020

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**TOWN OF BREWSTER, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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**TOWN OF BREWSTER, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Brewster, Massachusetts

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and Barnstable County Retirement Association schedules - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, Other Postemployment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contribution, and investment return, and notes to required supplementary information on pages 3 – 10, 71 – 72, 73, 74 – 76 and 77 - 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountant

May 6, 2021

Management's Discussion and Analysis

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

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

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$62.0 million (net position).
- The unrestricted negative net position of the Town's governmental activities are -\$32.9 million. The unrestricted negative net position of the Town's business-type activities are -\$3.2 million.
- The government's total net position increased by \$5.4 million from fiscal 2019. Within this total, net position of governmental activities increased by \$4.8 million from fiscal 2019. Also, net position of business-type activities increased by \$0.6 million from 2019.
- At June 30, 2020, the Town's governmental funds had combined ending fund balances of \$18.9 million. The combined governmental funds balance increased by \$1.5 million, a 8.6% increase over the prior year's ending fund balances.
- The Town's general fund reported a fund balance of \$10.8 million at the end of fiscal 2020. The unassigned fund balance for the general fund was \$7.7 million or 17.62% of total general fund expenditures. A total of \$0.15 million of the assigned fund balance was designated for funding the fiscal year 2021 budget.
- The total cost of all Town services for fiscal 2020 was \$50.45 million, \$45.0 million of which was for governmental activities, and \$5.45 million of which was for business-type activities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

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

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

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

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 or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, employee benefits, debt service, and state and county assessments. The business-type activities include water and golf department services.

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 main 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 funds statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both, the Governmental Funds Balance Sheet and the Governmental Funds 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 Brewster adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has two enterprise funds:

- *Water Enterprise Fund* accounts for the water activity of the Town.
- *Golf Enterprise Fund* accounts for the golf activity of the Town.

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, as 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.

Private-purpose trust funds, postemployment benefits trust, and agency funds are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “private purpose trust funds”, “postemployment benefits trust”, 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:

The chart on the following page summarizes key financial components of the Town’s financial statements.

As noted earlier, assets exceed liabilities by \$62,009,915 at the close of fiscal year 2020. The Town is able to report positive balances of net position, both for the government as a whole, and for its separate governmental and business-type activities in total.

The largest component of the Town’s net position are its *investment in capital assets* (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets, and is \$86,292,761, or 139.16% of total net position. The Town uses these capital assets to provide services to citizens; consequently, these assets **are not** available for future spending. Although the investment in the Town’s 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 totaling \$11,810,300 (19.05% of total) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is (\$36,093,146) or -58.21% of total.

The Town decreased its total liabilities by \$4,653,629 as compared to fiscal 2019, and total net position increased by \$4.5 million or 7.79%. Net position of governmental activities increased by \$3,708,756, a 8.49% increase from fiscal 2019. Net position of business-type activities increased by \$772,774 or 5.58% from 2019. There was an increase of \$6,793 in net position reported in connection with the water business-type activity, and an increase of \$655,990 in net position in connection with the golf department business-type activity, respectively.

Town of Brewster - Financial Highlights

	Governmental Activities			Business-type Activities			Total Primary Government		
	FY 2020	FY 2019	Increase (Decrease)	FY 2020	FY 2019	Increase (Decrease)	FY 2020	FY 2019	Increase (Decrease)
Assets:									
Current assets	\$ 23,821,424	\$ 22,982,623	\$ 838,801	\$ 3,567,883	\$ 3,888,008	\$ (320,125)	\$ 27,389,307	\$ 26,870,631	\$ 518,676
Noncurrent assets (excluding capital)	382,481	455,842	(73,361)	6,120	14,039	(7,919)	388,601	469,881	(81,280)
Capital assets	88,131,471	87,557,389	574,082	22,041,682	22,585,442	(543,760)	110,173,153	110,142,831	30,322
Total assets	112,335,376	110,995,854	1,339,522	25,615,685	26,487,489	(871,804)	137,951,061	137,483,343	467,718
Deferred Outflow of Resources:	3,864,142	5,154,733	(1,290,591)	711,137	953,638	(242,501)	4,575,279	6,108,371	(1,533,092)
Liabilities:									
Current liabilities (excluding debt)	2,180,014	2,726,051	(546,037)	175,689	201,981	(26,292)	2,355,703	2,928,032	(572,329)
Noncurrent liabilities (excluding debt)	38,193,385	38,397,250	(203,865)	6,260,119	6,639,935	(379,816)	44,453,504	45,037,185	(583,681)
Current debt	3,343,146	3,924,943	(581,797)	405,000	1,365,000	(960,000)	3,748,146	5,289,943	(1,541,797)
Noncurrent debt	18,593,056	20,143,878	(1,550,822)	3,915,000	4,320,000	(405,000)	22,508,056	24,463,878	(1,955,822)
Total liabilities	62,309,601	65,192,122	(2,882,521)	10,755,808	12,526,916	(1,771,108)	73,065,409	77,719,038	(4,653,629)
Deferred Inflows of Resources:	6,512,488	7,289,792	(777,304)	938,528	1,054,499	(115,971)	7,451,016	8,344,291	(893,275)
Net Position:									
Net investment in capital assets	68,419,755	65,574,910	2,844,845	17,873,006	17,069,399	803,607	86,292,761	82,644,309	3,648,452
Restricted	11,810,300	10,542,634	1,267,666	-	-	-	11,810,300	10,542,634	1,267,666
Unrestricted	(32,852,626)	(32,448,871)	(403,755)	(3,240,520)	(3,209,687)	(30,833)	(36,093,146)	(35,658,558)	(434,588)
Total net position	\$ 47,377,429	\$ 43,668,673	\$ 3,708,756	\$ 14,632,486	\$ 13,859,712	\$ 772,774	\$ 62,009,915	\$ 57,528,385	\$ 4,481,530
Revenues									
<i>Program Revenues:</i>									
Charges for services	\$ 2,947,017	\$ 3,553,923	\$ (606,906)	\$ 6,242,526	\$ 5,959,954	\$ 282,572	\$ 9,189,543	\$ 9,513,877	\$ (324,334)
Operating grants and contributions	4,364,989	3,999,802	365,187	71,245	68,352	2,893	4,436,234	4,068,154	368,080
Capital grants and contributions	1,146,894	932,156	214,738	-	-	-	1,146,894	932,156	214,738
<i>General Revenues:</i>									
Real Estate and personal property taxes	35,304,344	33,599,411	1,704,933	-	-	-	35,304,344	33,599,411	1,704,933
Tax Liens	46,612	101,634	(55,022)	-	-	-	46,612	101,634	(55,022)
Motor vehicle and other excise taxes	1,617,176	1,632,250	(15,074)	-	-	-	1,617,176	1,632,250	(15,074)
Hotel/Motel Tax and Meals Tax	1,699,075	1,367,058	332,017	-	-	-	1,699,075	1,367,058	332,017
Penalties and interest on taxes	62,505	100,376	(37,871)	-	-	-	62,505	100,376	(37,871)
Payments in Lieu of Taxes	6,884	14,012	(7,128)	-	-	-	6,884	14,012	(7,128)
Nonrestricted grants and contributions	2,180,275	2,229,761	(49,486)	-	-	-	2,180,275	2,229,761	(49,486)
Unrestricted investment income	172,935	268,127	(95,192)	-	-	-	172,935	268,127	(95,192)
Bond Premium	-	1,001.00	(1,001)	-	-	-	-	1,001.00	(1,001)
Other revenues	28,012	11,990	16,022	-	-	-	28,012	11,990	16,022
Total Revenues	49,576,718	47,811,501	1,765,217	6,313,771	6,028,306	285,465	55,890,489	53,839,807	2,050,682
Expenses:									
General Government	4,264,012	4,199,188	64,824	-	-	-	4,264,012	4,199,188	64,824
Public Safety	7,125,037	6,867,643	257,394	-	-	-	7,125,037	6,867,643	257,394
Education	21,011,343	20,247,626	763,717	-	-	-	21,011,343	20,247,626	763,717
Public Works	2,485,848	2,423,680	62,168	-	-	-	2,485,848	2,423,680	62,168
Human Services	950,022	1,351,050	(401,028)	-	-	-	950,022	1,351,050	(401,028)
Culture and Recreation	1,253,516	1,171,735	81,781	-	-	-	1,253,516	1,171,735	81,781
Employee Benefits	6,639,159	7,856,178	(1,217,019)	-	-	-	6,639,159	7,856,178	(1,217,019)
State and County Assessments	626,188	615,511	10,677	-	-	-	626,188	615,511	10,677
Interest	641,385	652,627	(11,242)	-	-	-	641,385	652,627	(11,242)
Golf	-	-	-	3,041,693	3,582,326	(540,633)	3,041,693	3,582,326	(540,633)
Water	-	-	-	2,409,295	2,485,811	(76,516)	2,409,295	2,485,811	(76,516)
Total Expenses	44,996,510	45,385,238	(388,728)	5,450,988	6,068,137	(617,149)	50,447,498	51,453,375	(1,005,877)
Increase/(Decrease) in Net Position before contributions to permanent endowments and transfers	4,580,208	2,426,263	2,153,945	862,783	(39,831)	902,614	5,442,991	2,386,432	3,056,559
Transfers	200,000	227,603	(27,603)	(200,000)	(227,603)	27,603	-	-	-
Change in Net Position	4,780,208	2,653,866	2,126,342	662,783	(267,434)	930,217	5,442,991	2,386,432	3,056,559
Prior Period Adjustment - OPEB	(1,071,452)	-	(1,071,452)	109,991	-	109,991	(961,461)	-	(961,461)
Net Position - beginning	42,597,221	41,014,807	1,582,414	13,969,703	14,127,146	(157,443)	56,566,924	55,141,953	1,424,971
Net Position - ending	\$ 47,377,429	\$ 43,668,673	\$ 3,708,756	\$ 14,632,486	\$ 13,859,712	\$ 772,774	\$ 62,009,915	\$ 57,528,385	\$ 4,481,530

Financial analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$18,885,429 a \$1,502,959 increase from the prior year's ending fund balance.

The general fund is the primary operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,686,820, while total fund balance stood at \$10,768,113. 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 17.6% of total general fund expenditures, while total fund balance represents 24.7% of that same amount.

The stabilization fund has accumulated a fund balance of \$2,535,242 which represents 5.81% of general fund expenditures. The funds can be used for general or capital purposes upon Town Meeting approval.

General Fund Budget Highlights

During the fiscal year the operating budget was amended by \$1,097,500 (at Special Town Meeting), primarily for increases to fund public works and general government; while decreases were approved for public safety. The Town budgeted \$40.6 million in revenues and \$42.6 million in expenditures, drawing on transfers and prior year's surplus to finance the difference. At year end, actual revenues exceeded estimates by \$760,417 and \$1,567,465 of unexpended appropriation balances was closed out to unassigned fund balance.

Capital Asset and Debt Administration

Capital Assets - In conjunction with the operating budget, the Town annually prepares capital budgets for the upcoming fiscal year.

The Town's investment in capital assets for governmental and business type activities, as summarized below, as of June 30, 2020, amounts to \$110,173,153 net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, capital improvements (other than buildings), machinery, equipment and vehicles, infrastructure, and construction in progress.

The governmental activities capital assets (net of accumulated depreciation) were increased by \$574,082 during the current fiscal year while the business-type activities capital assets (net of accumulated depreciation) decreased by -\$543,760. Total depreciation was \$3.21 million, resulting in a total government-wide increase to capital assets (net of accumulated depreciation) of \$30,322.

Capital Assets (Net of Depreciation)								
	Governmental Activities			Business-type Activities			Total Primary Government	
	FY 2020	FY 2019	Increase (Decrease)	FY 2020	FY 2019	Increase (Decrease)	FY 2020	FY 2019
Land	\$ 42,192,861	\$ 41,455,667	\$ 737,194	\$ 3,559,212	\$ 3,559,212	\$ -	\$ 45,752,073	\$ 45,014,879
Construction in Progress	3,709,131	3,682,181	26,950	581,224	475,762	105,462	4,290,355	4,157,943
	<u>45,901,992</u>	<u>45,137,848</u>	<u>764,144</u>	<u>4,140,436</u>	<u>4,034,974</u>	<u>105,462</u>	<u>50,042,428</u>	<u>49,172,822</u>
Buildings and improvements	26,120,151	27,016,052	(895,901)	4,033,351	4,102,996	(69,645)	30,153,502	31,119,048
Improvements (other than buildings)	3,594,726	3,552,020	42,706	-	-	-	3,594,726	3,552,020
Machinery, Equipment, and Vehicles	4,176,913	4,222,892	(45,979)	1,017,516	980,868	36,648	5,194,429	5,203,760
Infrastructure	8,337,689	7,628,577	709,112	12,850,379	13,466,604	(616,225)	21,188,068	21,095,181
	<u>42,229,479</u>	<u>42,419,541</u>	<u>(190,062)</u>	<u>17,901,246</u>	<u>18,550,468</u>	<u>(649,222)</u>	<u>60,130,725</u>	<u>60,970,009</u>
Total Capital Assets	<u>\$ 88,131,471</u>	<u>\$ 87,557,389</u>	<u>\$ 574,082</u>	<u>\$ 22,041,682</u>	<u>\$ 22,585,442</u>	<u>\$ (543,760)</u>	<u>\$ 110,173,153</u>	<u>\$ 110,142,831</u>

Long Term Debt - The Town's debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 30, 2020 totaled \$23,280,200. Within this total, business-type activities have debt of \$4,320,000 that is fully supported by their respective program revenues, and governmental activities debt is \$18,960,200. Total debt consists of the following:

Outstanding Debt at Year End		
Governmental Activities	Outstanding June 30, 2020	Outstanding June 30, 2019
Road Betterments - Prell Circle	\$ 20,000	\$ 25,000
Road Betterments - Allen Drive	20,000	30,000
Ebenezer Lane Road Bett	60,000	70,000
S. Pond DR/Captain Fitz Rd	80,000	90,000
School Renovations	2,320,000	2,465,000
Road Repairs	1,460,000	1,595,000
MWPAT Title V	40,000	50,000
Punkhorn Land Acquisition - 6/30/11	360,000	395,000
Heights Road Betterments - 6/30/11	20,000	40,000
Lane Road Betterments - 6/30/11	5,000	10,000
Police Station	-	165,000
MWPAT #97-1156 Title V	10,200	20,600
Land Purchase	60,000	120,000
Land Purchase	785,000	915,000
Fire Station - 5/3/17	5,525,000	5,850,000
Road Repairs - 5/3/17	1,770,000	1,930,000
Library Parking Lot - 5/3/17	220,000	245,000
Tower Hill Circle - RD Bett - 5/3/17	165,000	185,000
Moss/Commons - RD Bett - 5/3/17	55,000	60,000
Public Way - 3/15/18	85,000	95,000
Fire Building - 3/15/18	5,400,000	5,700,000
TriTown Septage - 3/15/18	500,000	565,000
Total Governmental Activities	\$ 18,960,200	\$ 20,620,600
Business-type Activities	Outstanding June 30, 2020	Outstanding June 30, 2019
Golf Course	\$ -	\$ 770,000
Land Purchase - Copelas	450,000	485,000
Well Access Road	150,000	180,000
Water	660,000	705,000
WELL #6 & WATER MAIN -	1,865,000	2,000,000
Water offices/garage	975,000	1,100,000
Water Mains	-	145,000
Slough Road	210,000	245,000
Water Betterments - Fiddler's Lane	10,000	15,000
Total Business-type Activities	\$ 4,320,000	\$ 5,645,000
Grand Total - All long-term debt	\$ 23,280,200	\$ 26,265,600

Please refer to **Notes 5 and 9** for further discussion of the major capital asset and debt activity.

Economic Factors and Next Year's Budgets & Tax Rate

The Town's leadership (elected and appointed officials) considered many factors when setting the fiscal 2021 budget and tax rates including the following:

- The Fiscal 2021 tax rate was set at \$8.58, a \$.04 cent decrease over Fiscal 2020. The excess levy capacity was \$42,827.
- The Selectboard voted during their classification hearing to maintain the same tax rate for all classes of property.
- Fiscal 2020 budgetary issues were Health Care (for active and retired employees), Pension Obligations, and State Aid for both the Town and Nauset Regional School District.
- OPEB Liability Funding: Brewster Invested \$1,123,000 with the HSCB in FY 2014 and is committed to an annual contribution. The Fiscal 2016 contribution was \$50,000, \$75,000 in Fiscal 2017, \$55,000 in Fiscal 2018, \$100,000 in Fiscal 2019, and \$200,000 in Fiscal 2020. The June 30, 2020 balance in this fund is \$2,199,890.
- Approximately \$725,835 of Chapter 90 Highway Funds was expended on local roadway repairs and construction. Approximately \$500,000 Chapter 90 Highway Funds will be expended in Fiscal 2021.

Request for Information

This financial report is designed to provide a general overview of the Town of Brewster's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director, 2198 Main Street, Brewster, MA 02631.

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 22,034,970	\$ 2,614,378	\$ 24,649,348
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	731,025	-	731,025
TAX LIENS	511,289	-	511,289
MOTOR VEHICLE EXCISE TAXES	193,825	-	193,825
USER FEES	-	951,606	951,606
DEPARTMENTAL AND OTHER	223,668	-	223,668
INTERGOVERNMENTAL	57,847	-	57,847
SPECIAL ASSESSMENTS	68,800	1,899	70,699
NONCURRENT:			
RECEIVABLES:			
SPECIAL ASSESSMENTS	382,481	6,120	388,601
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	88,131,471	22,041,682	110,173,153
TOTAL ASSETS	112,335,376	25,615,685	137,951,061
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
RELATED TO PENSIONS	3,417,968	656,377	4,074,345
RELATED TO POST EMPLOYMENT BENEFITS	446,174	54,760	500,934
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,864,142	711,137	4,575,279
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	1,993,780	160,122	2,153,902
OTHER LIABILITIES	156	-	156
ACCRUED INTEREST	147,264	15,567	162,831
LANDFILL POSTCLOSURE CARE COSTS	38,814	-	38,814
CAPITAL LEASES	204,446	-	204,446
BONDS AND NOTES PAYABLE	3,138,700	405,000	3,543,700
NONCURRENT:			
LANDFILL POSTCLOSURE CARE COSTS	274,886	-	274,886
POSTEMPLOYMENT BENEFITS	14,741,552	1,809,283	16,550,835
NET PENSION LIABILITY	23,176,947	4,450,836	27,627,783
CAPITAL LEASES	610,328	-	610,328
BONDS AND NOTES PAYABLE	17,982,728	3,915,000	21,897,728
TOTAL LIABILITIES	62,309,601	10,755,808	73,065,409
<u>DEFERRED INFLOWS OF RESOURCES</u>			
RELATED TO PENSIONS	2,008,951	385,793	2,394,744
RELATED TO POST EMPLOYMENT BENEFITS	4,503,537	552,735	5,056,272
TOTAL DEFERRED INFLOWS OF RESOURCES	6,512,488	938,528	7,451,016
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	68,419,755	17,873,006	86,292,761
RESTRICTED FOR:			
PERMANENT FUNDS:			
EXPENDABLE	144,606	-	144,606
NONEXPENDABLE	150,388	-	150,388
OTHER PURPOSES	11,515,306	-	11,515,306
UNRESTRICTED	(32,852,626)	(3,240,520)	(36,093,146)
TOTAL NET POSITION	\$ 47,377,429	\$ 14,632,486	\$ 62,009,915

See accompanying notes to the basic financial statements

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 4,264,012	\$ 455,390	\$ 912,179	\$ 400,000	\$ (2,496,443)
PUBLIC SAFETY	7,125,037	1,320,213	177,969	-	(5,626,855)
EDUCATION	21,011,343	164,437	1,364,783	-	(19,482,123)
PUBLIC WORKS	2,485,848	553,855	24,761	746,894	(1,160,338)
HUMAN SERVICES	950,022	66,928	119,351	-	(763,743)
CULTURE & RECREATION	1,253,516	386,194	87,635	-	(779,687)
EMPLOYEE BENEFITS	6,639,159	-	1,678,311	-	(4,960,848)
STATE & COUNTY ASSESSMENTS	626,188	-	-	-	(626,188)
INTEREST	641,385	-	-	-	(641,385)
TOTAL GOVERNMENTAL ACTIVITIES	44,996,510	2,947,017	4,364,989	1,146,894	(36,537,610)
BUSINESS-TYPE ACTIVITIES:					
GOLF	3,041,693	3,697,683	-	-	655,990
WATER	2,409,295	2,544,843	71,245	-	206,793
TOTAL BUSINESS-TYPE ACTIVITIES	5,450,988	6,242,526	71,245	-	862,783
TOTAL PRIMARY GOVERNMENT	\$ 50,447,498	\$ 9,189,543	\$ 4,436,234	\$ 1,146,894	\$ (35,674,827)

See accompanying notes to the basic financial statements

(continued)

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (36,537,610)	\$ 862,783	\$ (35,674,827)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	35,304,344	-	35,304,344
TAX LIENS	46,612	-	46,612
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,617,176	-	1,617,176
HOTEL/MOTEL & MEALS TAX	1,699,075	-	1,699,075
PENALTIES AND INTEREST ON TAXES	62,505	-	62,505
PAYMENTS IN LIEU OF TAXES	6,884	-	6,884
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	2,180,275	-	2,180,275
UNRESTRICTED INVESTMENT INCOME	172,935	-	172,935
MISCELLANEOUS	28,012	-	28,012
TRANSFERS, NET	200,000	(200,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS	41,317,818	(200,000)	41,117,818
CHANGE IN NET POSITION	4,780,208	662,783	5,442,991
NET POSITION:			
BEGINNING OF YEAR	42,597,221	13,969,703	56,566,924
END OF YEAR	\$ 47,377,429	\$ 14,632,486	\$ 62,009,915

See accompanying notes to the basic financial statements

(concluded)

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

<u>ASSETS</u>	<u>GENERAL</u>	<u>COMMUNITY PRESERVATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 12,300,939	\$ 3,770,388	\$ 5,963,643	\$ 22,034,970
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	731,025	-	-	731,025
TAX LIENS	511,289	-	-	511,289
MOTOR VEHICLE EXCISE TAXES	193,825	-	-	193,825
DEPARTMENTAL AND OTHER	-	30,758	192,910	223,668
INTERGOVERNMENTAL	-	-	57,847	57,847
SPECIAL ASSESSMENTS	-	-	451,281	451,281
TOTAL ASSETS	\$ 13,737,078	\$ 3,801,146	\$ 6,665,681	\$ 24,203,905
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 1,905,325	\$ 5,014	\$ 83,441	\$ 1,993,780
OTHER LIABILITIES	156	-	-	156
NOTES PAYABLE	-	695,690	890,417	1,586,107
TOTAL LIABILITIES	1,905,481	700,704	973,858	3,580,043
DEFERRED INFLOWS OF RESOURCES:				
UNAVAILABLE REVENUE	1,063,484	30,758	644,191	1,738,433
FUND BALANCES:				
NONSPENDABLE	-	-	150,388	150,388
RESTRICTED	208,061	3,069,684	5,901,375	9,179,120
COMMITTED	2,721,914	-	-	2,721,914
ASSIGNED	151,318	-	-	151,318
UNASSIGNED	7,686,820	-	(1,004,131)	6,682,689
TOTAL FUND BALANCES	10,768,113	3,069,684	5,047,632	18,885,429
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 13,737,078	\$ 3,801,146	\$ 6,665,681	\$ 24,203,905

See accompanying notes to the basic financial statements

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

	GENERAL	COMMUNITY PRESERVATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 35,161,066	\$ -	\$ -	\$ 35,161,066
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,514,030	-	-	1,514,030
INTERGOVERNMENTAL	3,536,325	692,896	1,296,877	5,526,098
PAYMENTS IN LIEU OF TAXES	6,884	-	-	6,884
PENALTIES & INTEREST ON TAXES	62,505	-	-	62,505
FINES & FORFEITS	41,215	-	-	41,215
CHARGES FOR SERVICES	550,855	-	1,286,303	1,837,158
HOTEL/MOTEL & MEALS TAX	1,699,075	-	-	1,699,075
INVESTMENT INCOME	172,717	59,245	6,516	238,478
CONTRIBUTIONS AND DONATIONS	-	-	64,495	64,495
DEPARTMENTAL AND OTHER	1,303,063	1,037,074	896,640	3,236,777
TOTAL REVENUES	44,047,735	1,789,215	3,550,831	49,387,781
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	3,305,526	1,292,647	337,802	4,935,975
PUBLIC SAFETY	6,446,463	-	298,791	6,745,254
EDUCATION	19,895,982	-	622,626	20,518,608
PUBLIC WORKS	2,017,986	-	1,579,562	3,597,548
HUMAN SERVICES	839,181	-	98,461	937,642
CULTURE & RECREATION	941,389	27,718	133,797	1,102,904
EMPLOYEE BENEFITS	7,463,295	-	22,268	7,485,563
STATE & COUNTY ASSESSMENTS	626,188	-	-	626,188
DEBT SERVICE				
PRINCIPAL	1,435,400	225,000	-	1,660,400
INTEREST	646,298	88,442	-	734,740
TOTAL EXPENDITURES	43,617,708	1,633,807	3,093,307	48,344,822
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	430,027	155,408	457,524	1,042,959
OTHER FINANCING SOURCES (USES)				
PROCEEDS FROM CAPITAL LEASES	260,000	-	-	260,000
OPERATING TRANSFERS IN	1,432,849	70,000	535,416	2,038,265
OPERATING TRANSFERS OUT	(535,416)	-	(1,302,849)	(1,838,265)
TOTAL OTHER FINANCING SOURCES (USES)	1,157,433	70,000	(767,433)	460,000
NET CHANGE IN FUND BALANCES	1,587,460	225,408	(309,909)	1,502,959
FUND BALANCES AT BEGINNING OF YEAR	9,180,653	2,844,276	5,357,541	17,382,470
FUND BALANCES AT END OF YEAR	\$ 10,768,113	\$ 3,069,684	\$ 5,047,632	\$ 18,885,429

See accompanying notes to the basic financial statements

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

TOTAL GOVERNMENTAL FUND BALANCES		\$ 18,885,429
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		88,131,471
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		1,738,433
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(147,264)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(18,960,200)	
CAPITAL LEASES	(814,774)	
NET PENSION LIABILITY	(23,176,947)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSION	3,417,968	
DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSION	(2,008,951)	
POSTEMPLOYMENT BENEFITS	(14,741,552)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	446,174	
DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(4,503,537)	
UNAMORTIZED BOND PREMIUM	(575,121)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(313,700)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(61,230,640)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 47,377,429</u>

See accompanying notes to the basic financial statements

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 1,502,959
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.		
CAPITAL OUTLAY	3,185,766	
DEPRECIATION EXPENSE	<u>(2,351,684)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		834,082
REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE		
		188,937
THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.		
PROCEEDS FROM CAPITAL LEASES	(260,000)	
DEBT SERVICE PRINCIPAL PAYMENTS	1,660,400	
CAPITAL LEASE - PRINCIPAL PAYMENTS	<u>(6,729)</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		1,393,671
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.		
NET CHANGE IN POSTEMPLOYMENT BENEFITS	(214,799)	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(169,245)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	2,206,908	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	(79,200)	
NET CHANGE IN NET PENSION LIABILITY	1,485,422	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	(1,032,278)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(1,429,604)	
NET CHANGE IN UNAMORTIZED BOND PREMIUM	83,150	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>10,205</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>860,559</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 4,780,208</u>
See accompanying notes to the basic financial statements		

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

	BUDGETED AMOUNTS		ACTUAL BUDGETARY AMOUNTS*	VARIANCE OVER(UNDER)
	ORIGINAL BUDGET	FINAL BUDGET		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 35,130,848	\$ 35,130,848	\$ 35,161,066	\$ 30,218
MOTOR VEHICLE AND OTHER EXCISE TAXES	1,443,343	1,443,343	1,514,030	70,687
INTERGOVERNMENTAL	1,850,685	1,850,685	1,881,394	30,709
PAYMENTS IN LIEU OF TAXES	8,328	8,328	6,884	(1,444)
PENALTIES & INTEREST ON TAXES	152,889	152,889	62,505	(90,384)
FINES & FORFEITS	23,826	23,826	41,215	17,389
HOTEL/MOTEL & MEALS TAX	1,207,106	1,207,106	1,699,075	491,969
INVESTMENT INCOME	114,793	114,793	130,805	16,012
DEPARTMENTAL AND OTHER	1,658,657	1,658,657	1,853,918	195,261
TOTAL REVENUES	41,590,475	41,590,475	42,350,892	760,417
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	4,188,544	4,647,177	4,383,203	263,974
PUBLIC SAFETY	7,501,819	7,410,202	6,951,151	459,051
EDUCATION	19,993,744	19,993,744	19,943,431	50,313
PUBLIC WORKS	2,411,917	3,001,917	2,871,869	130,048
HUMAN SERVICES	821,396	875,251	849,413	25,838
CULTURE & RECREATION	1,024,694	1,024,694	966,061	58,633
EMPLOYEE BENEFITS	6,321,479	6,406,483	5,856,272	550,211
STATE & COUNTY ASSESSMENTS	624,563	626,188	626,188	-
DEBT SERVICE				
PRINCIPAL	1,435,400	1,435,400	1,435,400	-
INTEREST	672,636	672,636	643,239	29,397
TOTAL EXPENDITURES	44,996,192	46,093,692	44,526,227	1,567,465
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,405,717)	(4,503,217)	(2,175,335)	2,327,882
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	1,247,036	1,267,536	1,432,849	165,313
OPERATING TRANSFERS OUT	(535,416)	(535,416)	(535,416)	-
TOTAL OTHER FINANCING SOURCES (USES)	711,620	732,120	897,433	165,313
NET CHANGE IN FUND BALANCE	(2,694,097)	(3,771,097)	(1,277,902)	2,493,195
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	6,355,771	6,355,771	6,355,771	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 3,661,674	\$ 2,584,674	\$ 5,077,869	\$ 2,493,195

* = Actual Budgetary Amounts includes actual expenditures, encumbrances and continuing articles at fiscal year end.

See accompanying notes to the basic financial statements

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
<u>ASSETS</u>	<u>GOLF</u>	<u>WATER</u>	<u>TOTAL</u>
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 227,955	\$ 2,386,423	\$ 2,614,378
USER FEES	-	951,606	951,606
SPECIAL ASSESSMENTS	-	1,899	1,899
TOTAL CURRENT ASSETS	227,955	3,339,928	3,567,883
NONCURRENT:			
SPECIAL ASSESSMENTS	-	6,120	6,120
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	7,812,228	14,229,454	22,041,682
TOTAL NONCURRENT ASSETS	7,812,228	14,235,574	22,047,802
TOTAL ASSETS	8,040,183	17,575,502	25,615,685
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
RELATED TO PENSIONS	363,024	293,353	656,377
RELATED TO POST EMPLOYMENT BENEFITS	34,619	20,141	54,760
TOTAL DEFERRED OUTFLOWS OF RESOURCES	397,643	313,494	711,137
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	103,154	56,968	160,122
ACCRUED INTEREST	-	15,567	15,567
BONDS AND NOTES PAYABLE	-	405,000	405,000
TOTAL CURRENT LIABILITIES	103,154	477,535	580,689
NONCURRENT:			
POSTEMPLOYMENT BENEFITS	1,143,813	665,470	1,809,283
NET PENSION LIABILITY	2,461,636	1,989,200	4,450,836
BONDS AND NOTES PAYABLE	-	3,915,000	3,915,000
TOTAL NONCURRENT LIABILITIES	3,605,449	6,569,670	10,175,119
TOTAL LIABILITIES	3,708,603	7,047,205	10,755,808
<u>DEFERRED INFLOWS OF RESOURCES</u>			
RELATED TO PENSIONS	213,371	172,422	385,793
RELATED TO POST EMPLOYMENT BENEFITS	349,434	203,301	552,735
TOTAL DEFERRED INFLOWS OF RESOURCES	562,805	375,723	938,528
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	7,812,228	10,060,778	17,873,006
UNRESTRICTED	(3,645,810)	405,290	(3,240,520)
TOTAL NET POSITION	\$ 4,166,418	\$ 10,466,068	\$ 14,632,486

See accompanying notes to the basic financial statements

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

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	GOLF	WATER	TOTAL
<u>OPERATING REVENUES:</u>			
CHARGES FOR SERVICES	\$ 3,697,683	\$ 2,544,843	\$ 6,242,526
DEPARTMENTAL AND OTHER	-	71,245	71,245
TOTAL OPERATING REVENUES	<u>3,697,683</u>	<u>2,616,088</u>	<u>6,313,771</u>
<u>OPERATING EXPENSES:</u>			
GENERAL SERVICES	2,594,075	1,814,257	4,408,332
DEPRECIATION	<u>426,692</u>	<u>433,948</u>	<u>860,640</u>
TOTAL OPERATING EXPENSES	<u>3,020,767</u>	<u>2,248,205</u>	<u>5,268,972</u>
OPERATING INCOME (LOSS)	676,916	367,883	1,044,799
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
INTEREST EXPENSE	<u>(20,926)</u>	<u>(161,090)</u>	<u>(182,016)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>655,990</u>	<u>206,793</u>	<u>862,783</u>
<u>OPERATING TRANSFERS:</u>			
OPERATING TRANSFERS OUT	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
CHANGE IN NET POSITION	655,990	6,793	662,783
NET POSITION AT BEGINNING OF YEAR	<u>3,510,428</u>	<u>10,459,275</u>	<u>13,969,703</u>
NET POSITION AT END OF YEAR	<u>\$ 4,166,418</u>	<u>\$ 10,466,068</u>	<u>\$ 14,632,486</u>

See accompanying notes to the basic financial statements

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

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	GOLF	WATER	TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
RECEIPTS FROM CUSTOMERS AND USERS	\$ 3,697,683	\$ 2,607,380	\$ 6,305,063
PAYMENTS TO SUPPLIERS	(1,431,274)	(932,209)	(2,363,483)
PAYMENTS TO EMPLOYEES	(1,291,038)	(908,657)	(2,199,695)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	975,371	766,514	1,741,885
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
OPERATING TRANSFERS OUT	-	(200,000)	(200,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
NET PROCEEDS FROM THE ISSUANCE/RETIREMENT OF BONDS AND NOTES	(40,000)	-	(40,000)
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(770,000)	(555,000)	(1,325,000)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(44,620)	(272,260)	(316,880)
INTEREST EXPENSE	(31,837)	(164,920)	(196,757)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(886,457)	(992,180)	(1,878,637)
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	88,914	(425,666)	(336,752)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	139,041	2,812,089	2,951,130
CASH AND SHORT TERM INVESTMENTS- END OF YEAR	<u>\$ 227,955</u>	<u>\$ 2,386,423</u>	<u>\$ 2,614,378</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
OPERATING INCOME (LOSS)	<u>\$ 676,916</u>	<u>\$ 367,883</u>	<u>\$ 1,044,799</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION	426,692	433,948	860,640
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	-	(8,708)	(8,708)
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	131,635	99,934	231,569
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(14,938)	3,386	(11,552)
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	(103,833)	(12,137)	(115,970)
INCREASE (DECREASE) IN NET PENSION LIABILITY	(157,767)	(127,489)	(285,256)
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	16,666	9,697	26,363
TOTAL ADJUSTMENTS	298,455	398,631	697,086
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 975,371</u>	<u>\$ 766,514</u>	<u>\$ 1,741,885</u>

See accompanying notes to the basic financial statements

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

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 87,615	\$ 106,371
INVESTMENTS	2,199,890	-	-
TOTAL ASSETS	2,199,890	87,615	106,371
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	24,965
OTHER LIABILITIES	-	-	81,406
TOTAL LIABILITIES	-	-	106,371
<u>NET POSITION</u>			
NET POSITION - HELD IN TRUST FOR OPEB AND OTHER PURPOSES	\$ 2,199,890	\$ 87,615	\$ -

See accompanying notes to the basic financial statements

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

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
CONTRIBUTIONS	\$ -	\$ 2,341
EMPLOYER CONTRIBUTIONS	200,000	-
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	791,361	-
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	38,566	956
TOTAL ADDITIONS	1,029,927	3,297
<u>DEDUCTIONS:</u>		
BENEFIT PAYMENTS	791,361	-
EDUCATION	-	6,115
TOTAL DEDUCTIONS	791,361	6,115
CHANGE IN NET POSITION	238,566	(2,818)
CHANGE IN NET POSITION	238,566	(2,818)
NET POSITION AT BEGINNING OF YEAR	1,961,324	90,433
NET POSITION AT END OF YEAR	\$ 2,199,890	\$ 87,615

See accompanying notes to the basic financial statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Primary Government

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

Joint Ventures

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

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Nauset Regional School District	To provide education services	78 Eldredge Parkway Orleans, MA 02653	\$ 10,935,110
Cape Cod Regional Technical High School	To provide vocational education	351 Pleasant Lake Ave Harwich, MA 02645	\$ 1,242,992

The Nauset Regional School District (the District) is governed by a ten (10) member school committee consisting of three (4) elected representatives from the Town of Brewster. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 46.42% in the joint venture.

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

The Cape Cod Regional Technical High School is governed by a twenty-three (23) member school committee consisting of two (2) elected representatives from the Town of Brewster. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 6.55% in the joint venture.

Pursuant to an inter-municipal agreement authorized by state statutes, the Town joined the Town of Orleans, and the Town of Eastham to provide for sharing of the capital, operating and maintenance and other costs of a Septic Treatment Facility (Tri-Town Septage Facility). The Tri-Town Septage Facility, has been decommissioned and the facility demolished. The three towns now share the cost of the health insurance and the annual pension assessment for the retirees of the facility.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental Fund Financial Statements

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

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

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

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

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

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Community Preservation fund* is a special revenue fund used to account for the accumulation of resources to purchase open space, assist in development of affordable housing, or preservation of historic property under the guidelines of the Community Preservation Act of the Massachusetts general laws.
- The *Nonmajor Governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
 - The *Permanent fund* is 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 the governmental programs.

Proprietary Fund Financial Statements

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

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

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 proprietary funds are reported:

- The *Water Enterprise fund* is used to account for water activities.
- The *Golf Enterprise fund* is used to account for golf activities.

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.
- The *Postemployment Benefit Trust fund* is used to account for the assets held that will fund the long term liability associated with the Towns retiree's health benefits.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

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

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 3 – Fair Value Measurements.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

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

Motor Vehicle Excise

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

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

Water

User fees are levied semi-annually based on meter readings and are subject to penalties if they are not paid by the respective due date. Water liens are processed in December of every year and included as a lien on the property owner's tax bill. Water charges and related liens are recorded as receivables in the fiscal year of the levy.

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

Special Assessments

Governmental activities special assessments consist primarily of Road Betterments, and Title V receivables which are recorded as receivables in the fiscal year accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

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

Intergovernmental

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

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

All purchases and construction costs in excess of \$15,000, and all land costs, are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

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>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	20-40
Capital Improvements (other than buildings)	20
Machinery, Equipment and Vehicles	5-15
Infrastructure	40

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

Governmental Fund Financial Statements

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

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

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

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

Governmental Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are classified into three components:

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

Net position have been “restricted” for the following:

- *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds -nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other specific purpose* represents restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government's highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

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

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

N. Investment Income

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

O. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay. The total amount of sick and vacation costs to be paid in future years is not material to the basic financial statements and has not been recorded on the basic financial statements.

P. Pensions

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

Q. Post Retirement Benefits

Government-Wide and Fund Financial Statements

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

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

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53F(1)(2) have been adopted. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. Carryover articles, not encumbrances, are included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2020 approved budget authorized \$43,493,072 in current year appropriations and other amounts to be raised and \$1,503,120 in carryover articles carried over from previous fiscal years. Supplemental appropriations of \$1,097,500 were approved at one Special Town Meeting for fiscal year 2020.

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

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

B. Budgetary – GAAP Reconciliation

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

Net change in fund balance - budgetary basis	\$ (1,277,902)
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	1,651,872
Increase in expenditures for on-behalf payments - MTRS	(1,651,872)
Increase in revenue for the MWPAT subsidy	3,059
Increase in expenditures for the MWPAT subsidy	(3,059)
Net Stabilization fund activity	41,912
Adjustment for current year articles	2,721,914
Adjustment for current year encumbrances	151,318
Adjustment for expenditures from prior year encumbrances	<u>(49,782)</u>
Net change in fund balance - GAAP basis	<u>\$ 1,587,460</u>

C. Deficit Fund Balances

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits

▪ *Custodial Credit Risk - Deposits*

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

The Town does not have a formal deposit policy for custodial credit risk.

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

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), and the Depositor's Insurance Fund (DIF). The Town also carries deposits that are collateralized with securities held by the pledging financial Institution's trust department or agent but not in the Town's name.

The following table illustrates how much of the Town's bank deposits are insured and how much of the Town's bank deposits are collateralized and held by the pledging bank's trust department but not in the Town's name as of June 30, 2020:

Total Bank Balances		<u>\$ 22,255,720</u>
Bank Balances Covered by Deposit Insurance		
Federal Deposit Insurance Corporation (FDIC)	1,598,350	
Depositor's Insurance Fund (DIF)	<u>3,167,041</u>	
Total Bank Balances Covered by Deposit Insurance		4,765,391
Balances Subject to Custodial Credit Risk		
Bank Balances Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent but not in the Town's Name	<u>17,490,329</u>	
Total Bank Balances Subject to Custodial Credit Risk		<u>17,490,329</u>
Total Bank Balances		<u>\$ 22,255,720</u>

Investments

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

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

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

- *Credit Risk*

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

Presented below are the rating as of year-end for each investment type of the Town.

<u>Investment type</u>	<u>Fair value</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End Unrated</u>
State Retirees Benefits Trust Fund (SRBT) - HCST OPEB Master Trust	<u>\$ 2,199,890</u>	N/A	<u>\$ 2,199,890</u>

- *Custodial Credit Risk*

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The investment in the State Retirees Benefit Trust Fund is not exposed to custodial credit risk because the investment is registered in the name of the Town. The Town does not have an investment policy for custodial credit risk.

- *Interest Rate Risk*

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

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

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

Investment type	Fair value	Investment maturities (in years) <u>Less than 1</u>
State Retirees Benefits Trust Fund (SRBT) - HCST OPEB Master Trust	<u>\$ 2,199,890</u>	<u>\$ 2,199,890</u>

- *Concentration of Credit Risk*

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

Issuer	Percentage of Total Investments
State Retirees Benefits Trust Fund (SRBT) - HCST OPEB Master Trust	100.00%

Fair Market Value of Investments

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

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

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

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

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value	\$ -	\$ -	\$ -	\$ -
Investments measured at the net asset value (NAV)				
State Retirees Benefits Trust - (SRBT)	2,199,890			
Investments measured at amortized cost				
Massachusetts Municipal Depository Trust - (MMDT)	2,920,193			
Total Investments	<u>\$ 5,120,083</u>			

State Retirees Benefits Trust (SRBT) investments are valued using the net assets value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. SRBT 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 SRBT.

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

NOTE 4 – RECEIVABLES

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

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 732,525	\$ (1,500)	\$ 731,025
Tax liens	511,289	-	511,289
Motor vehicle and other excise taxes	279,727	(85,902)	193,825
Departmental and other	303,981	(80,313)	223,668
Intergovernmental	57,847	-	57,847
Special assessments	451,281	-	451,281
Total	<u>\$ 2,336,650</u>	<u>\$ (167,715)</u>	<u>\$ 2,168,935</u>

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

The receivables at June 30, 2020, for the water enterprise fund consists of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 951,606	\$ -	\$ 951,606
Special Assessments	<u>8,019</u>	<u>-</u>	<u>8,019</u>
 Total	 <u>\$ 959,625</u>	 <u>\$ -</u>	 <u>\$ 959,625</u>

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

Deferred Inflows of Resources Analysis				
Deferred Inflows:	General Fund	Community Preservation	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 358,369	\$ 30,758	\$ 425,867	\$ 814,994
Deferred Other Revenue	<u>705,115</u>	<u>-</u>	<u>218,324</u>	<u>923,439</u>
 Total	 <u>\$ 1,063,484</u>	 <u>\$ 30,758</u>	 <u>\$ 644,191</u>	 <u>\$ 1,738,433</u>

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

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decrease/ Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 41,455,667	\$ 737,194	\$ -	\$ 42,192,861
Construction in progress	3,682,181	26,950	-	3,709,131
Total capital assets not being depreciated	45,137,848	764,144	-	45,901,992
<i>Capital assets being depreciated:</i>				
Building and improvements	41,590,228	85,000	-	41,675,228
Capital improvement (other than buildings)	5,847,685	440,599	-	6,288,284
Machinery, equipment, and vehicles	13,602,491	626,697	-	14,229,188
Infrastructure	13,562,754	1,009,326	-	14,572,080
Total capital assets being depreciated	74,603,158	2,161,622	-	76,764,780
<i>Less accumulated depreciation for:</i>				
Building and improvements	(14,574,176)	(980,901)	-	(15,555,077)
Capital improvement (other than buildings)	(2,295,665)	(397,893)	-	(2,693,558)
Machinery, equipment, and vehicles	(9,379,599)	(672,676)	-	(10,052,275)
Infrastructure	(5,934,177)	(300,214)	-	(6,234,391)
Total accumulated depreciation	(32,183,617)	(2,351,684)	-	(34,535,301)
Total capital assets being depreciated, net	42,419,541	(190,062)	-	42,229,479
Total governmental activities capital assets, net	\$ 87,557,389	\$ 574,082	\$ -	\$ 88,131,471

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

Business-Type Activities:	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,559,212	\$ -	\$ -	\$ 3,559,212
Construction in progress	475,762	105,462	-	581,224
Total capital assets not being depreciated	4,034,974	105,462	-	4,140,436
<i>Capital assets being depreciated:</i>				
Buildings and improvements	5,707,991	-	-	5,707,991
Machinery, equipment, and vehicles	3,475,358	211,418	-	3,686,776
Infrastructure	25,947,876	-	-	25,947,876
Total capital assets being depreciated	35,131,225	211,418	-	35,342,643
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,604,998)	(69,645)	-	(1,674,643)
Machinery, equipment, and vehicles	(2,494,489)	(174,770)	-	(2,669,259)
Infrastructure	(12,481,270)	(616,225)	-	(13,097,495)
Total accumulated depreciation	(16,580,757)	(860,640)	-	(17,441,397)
Total capital assets being depreciated, net	18,550,468	(649,222)	-	17,901,246
Total business-type activities capital assets, net	\$ 22,585,442	\$ (543,760)	\$ -	\$ 22,041,682

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

Governmental Activities:	
General government	\$ 132,303
Public safety	986,025
Education	517,736
Public works	464,911
Human services	12,380
Culture and recreation	238,329
Total depreciation expense - governmental activities	\$ 2,351,684
Business-Type Activities:	
Water	\$ 433,948
Golf	426,692
Total depreciation expense - business-type activities	\$ 860,640

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

NOTE 6 – CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of a Volvo front end loader, a MVP rescue pumper, an Ambulance and specialty vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles	\$ 1,205,000
Machinery & Equipment	152,756
Less: Accumulated depreciation	<u>(223,965)</u>
	<u><u>\$ 1,133,791</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2020, are as follows:

Year Ending June 30	Primary Government
2021	\$ 224,770
2022	191,473
2023	125,570
2024	125,570
2025	71,085
2026	71,085
2027	<u>71,085</u>
Total minimum lease payments	880,638
Less: amounts representing interest	<u>(65,864)</u>
Present value of minimum lease payments	<u><u>\$ 814,774</u></u>

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

NOTE 7 – INTERFUND TRANSFERS

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

Operating Transfers Out:	Operating Transfers In:			Total
	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	
Nonmajor Governmental Funds	\$ 1,267,536	\$ -	\$ -	\$ 1,267,536 (1)
General Fund	-	-	535,416	535,416 (2)
Nonmajor Governmental Funds	35,313	-	-	35,313 (3)
Water Enterprise Fund	130,000	70,000	-	200,000 (3)
Total	<u>\$ 1,432,849</u>	<u>\$ 70,000</u>	<u>\$ 535,416</u>	<u>\$ 2,038,265</u>

(1) Represents budgeted transfers from the various funds to the general fund.

(2) Represents budgeted transfers from the general fund to various funds

(3) Represents other transfers

NOTE 8 – SHORT-TERM FINANCING

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

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

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

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

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

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
<u>Governmental Funds</u>							
BAN	Various Projects	2.13	4/3/2020	\$ 1,852,269	\$ -	\$ (1,852,269)	\$ -
BAN	Road Betterments	2.30	4/3/2020	129,636	-	(129,636)	-
BAN	Various Projects	0.75	4/2/2021	-	834,959	-	834,959
BAN	Various Projects	0.75	4/2/2021	-	651,695	-	651,695
BAN	Road Betterments	2.05	4/2/2021	-	99,453	-	99,453
Total Governmental Funds				<u>1,981,905</u>	<u>1,586,107</u>	<u>(1,981,905)</u>	<u>1,586,107</u>
<u>Business - Type Activities</u>							
BAN	Golf Course Improvements	2.60	11/15/2019	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ -</u>
Total:				<u>\$ 2,021,905</u>	<u>\$ 1,586,107</u>	<u>\$ (2,021,905)</u>	<u>\$ 1,586,107</u>

NOTE 9 – LONG-TERM DEBT

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

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

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

Bonds and Notes Payable Schedule -Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2019	Issued	Redeemed/ Refunded	Outstanding at June 30, 2020
MWPAT Title V Septic	Var	\$ 20,600	\$ -	\$ 10,400	\$ 10,200
Police Station	3.89	165,000	-	165,000	-
MWPAT Title V Septic	3.59	50,000	-	10,000	40,000
Land Acquisition	3.64	120,000	-	60,000	60,000
Land Acquisition	4.49	275,000	-	50,000	225,000
Land Acquisition	4.49	640,000	-	80,000	560,000
Land Acquisition	3.84	395,000	-	35,000	360,000
Road Betterments	3.84	40,000	-	20,000	20,000
Road Betterments	3.84	10,000	-	5,000	5,000
Road Betterments	3.00	25,000	-	5,000	20,000
Road Betterments	3.00	30,000	-	10,000	20,000
Road Betterments	2.5 - 4.0	70,000	-	10,000	60,000
Road Betterments	2.5 - 4.0	90,000	-	10,000	80,000
School Renovations	2.5 - 4.0	2,465,000	-	145,000	2,320,000
Road Betterments	2.5 - 4.0	1,595,000	-	135,000	1,460,000
Fire Station	2.25 -5.00	5,850,000	-	325,000	5,525,000
Road Repairs	2.25 -5.00	1,930,000	-	160,000	1,770,000
Library Parking Lot	2.25 -5.00	245,000	-	25,000	220,000
Road Betterments	2.25 -5.00	185,000	-	20,000	165,000
Road Betterments	2.25 -5.00	60,000	-	5,000	55,000
Road Betterments	2.92	95,000	-	10,000	85,000
Fire Station	2.92	5,700,000	-	300,000	5,400,000
Town Septage	2.92	565,000	-	65,000	500,000
Total Bonds and Notes Payable		20,620,600	-	1,660,400	18,960,200
Add: Unamortized Bond Premium		658,271	-	83,150	575,121
Total		\$ 21,278,871	\$ -	\$ 1,743,550	\$ 19,535,321

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,475,200	\$ 635,498	\$ 2,110,698
2022	1,380,000	572,230	1,952,230
2023	1,375,000	507,405	1,882,405
2024	1,365,000	450,405	1,815,405
2025	1,350,000	394,718	1,744,718
2026-2030	6,055,000	1,296,050	7,351,050
2031-2035	4,265,000	595,627	4,860,627
2036-2038	1,695,000	91,000	1,786,000
Total	<u>\$ 18,960,200</u>	<u>\$ 4,542,933</u>	<u>\$ 23,503,133</u>

Bonds and Notes Payable Schedule -Water and Golf Enterprise Funds

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2019</u>	<u>Issued</u>	<u>Redeemed/ Refunded</u>	<u>Outstanding at June 30, 2020</u>
Golf Course	3.92	\$ 770,000	\$ -	\$ 770,000	\$ -
Water Mains	3.89	145,000	-	145,000	-
Water Betterments - Slough Rd	3.64	245,000	-	35,000	210,000
Water Betterments - Fiddler's Ln	4.49	15,000	-	5,000	10,000
Land Acquisition	3 - 3.50	485,000	-	35,000	450,000
Water Offices/Garage	3.96	1,100,000	-	125,000	975,000
Well #6	3 - 3.50	2,000,000	-	135,000	1,865,000
Well Access Road	2.5 - 4.0	180,000	-	30,000	150,000
Water	2.5 - 4.0	705,000	-	45,000	660,000
Total		<u>\$ 5,645,000</u>	<u>\$ -</u>	<u>\$ 1,325,000</u>	<u>\$ 4,320,000</u>

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 405,000	\$ 144,400	\$ 549,400
2022	405,000	129,880	534,880
2023	400,000	115,355	515,355
2024	395,000	101,020	496,020
2025	390,000	86,721	476,721
2026-2030	1,445,000	254,874	1,699,874
2031-2035	840,000	74,300	914,300
2036	40,000	1,000	41,000
Total	<u>\$ 4,320,000</u>	<u>\$ 907,550</u>	<u>\$ 5,227,550</u>

Loans Authorized and Unissued

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

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Road Repair & Resurfacing	5/5/2014	\$ 5,750,000
Fire Station	11/16/2015	548,504
DPW Dump Truck	5/7/2018	33,305
DPW Building Roof	5/7/2018	250,000
Private Road Betterment North Pond	5/7/2018	21,276
Land Acquisition - WH Besse	5/7/2018	155,100
Tri Town Septic Demo	12/3/2018	33,131
Fuel Depot	5/6/2019	100,000
Golf Equipment	5/6/2019	180,000
		<u>\$ 7,071,316</u>

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

Changes in Long-term Liabilities

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

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 20,620,600	\$ -	\$ (1,660,400)	\$ 18,960,200	\$ 1,475,200
Add: Unamortized Premiums	658,271	-	(83,150)	575,121	77,393
Total Bond Payable	21,278,871	-	(1,743,550)	19,535,321	1,552,593
Landfill postclosure care costs	234,500	79,200	-	313,700	38,814
Capital Leases	808,045	260,000	(253,271)	814,774	204,446
Postemployment benefits	14,526,753	214,799	-	14,741,552	-
Net pension liability	24,662,369	-	(1,485,422)	23,176,947	-
Total governmental activities long-term liabilities	<u>\$ 61,510,538</u>	<u>\$ 553,999</u>	<u>\$ (3,482,243)</u>	<u>\$ 58,582,294</u>	<u>\$ 1,795,853</u>
Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Postemployment benefits	\$ 1,782,920	\$ 26,363		\$ 1,809,283	\$ -
Net Pension Liability	4,736,092	-	(285,256)	4,450,836	-
Bonds and notes payable	5,645,000	-	(1,325,000)	4,320,000	405,000
Total business-type activities long-term liabilities	<u>\$ 12,164,012</u>	<u>\$ 26,363</u>	<u>\$ (1,610,256)</u>	<u>\$ 10,580,119</u>	<u>\$ 405,000</u>

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

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

Overlapping Debt

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

Agency	Total Long- Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
Nauset Regional School District	\$ 2,800,000	46.42%	\$ 1,299,760
Cape Cod Regional Technical High School	66,050,000	6.55%	\$ 4,326,275
Barnstable County	<u>22,991,188</u>	4.67%	<u>1,073,002</u>
	<u><u>91,841,188</u></u>		<u><u>6,699,037</u></u>

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

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

	General Fund	Community Preservation	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ 150,388	\$ 150,388
Restricted For:				
General Government	-	-	1,306,323	1,306,323
Public Safety	-	-	2,400,700	2,400,700
Education	-	-	359,727	359,727
Public Works	-	-	1,163,617	1,163,617
Human Services	-	-	224,017	224,017
Culture & Recreation	-	-	204,497	204,497
Employee Benefits	-	-	97,888	97,888
Bond Premium	208,061	-	-	208,061
Community Preservation	-	3,069,684	-	3,069,684
Expendable Trust Funds	-	-	144,606	144,606
	<u>208,061</u>	<u>3,069,684</u>	<u>5,901,375</u>	<u>9,179,120</u>
Committed To:				
Continuing Appropriations				
General Government	1,049,952	-	-	1,049,952
Public Safety	748,654	-	-	748,654
Education	24,643	-	-	24,643
Public Works	862,027	-	-	862,027
Human Services	10,147	-	-	10,147
Culture & Recreation	24,672	-	-	24,672
Employee Benefits	1,819	-	-	1,819
	<u>2,721,914</u>	<u>-</u>	<u>-</u>	<u>2,721,914</u>
Assigned To:				
Encumbered For:				
General Government	36,325	-	-	36,325
Public Safety	18,167	-	-	18,167
Education	51,385	-	-	51,385
Public Works	1,611	-	-	1,611
Human Services	800	-	-	800
Employee Benefits	43,030	-	-	43,030
	<u>151,318</u>	<u>-</u>	<u>-</u>	<u>151,318</u>
Unassigned				
General Fund	5,151,578	-	-	5,151,578
General Stabilization Fund	2,535,242	-	-	2,535,242
Nonmajor Governmental Funds	-	-	(267,592)	(267,592)
Nonmajor Capital Projects				
Public Works	-	-	(614,576)	(614,576)
Human Services	-	-	(121,963)	(121,963)
	<u>7,686,820</u>	<u>-</u>	<u>(1,004,131)</u>	<u>6,682,689</u>
Total Governmental Fund Balances	<u>\$ 10,768,113</u>	<u>\$ 3,069,684</u>	<u>\$ 5,047,632</u>	<u>\$ 18,885,429</u>

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

NOTE 11 – STABILIZATION FUND

The Town has established one fund where the Town has set aside amounts for emergency and capital needs. This fund consists of the following:

- The Stabilization fund is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$2,535,242 as of June 30, 2020. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

NOTE 12 – RISK FINANCING

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

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed \$1,000 per incident. The fully insurable value of Town buildings and contents is \$96,060,955.

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

The Town is a member of the Cape Cod Municipal Health Group, (CCMHG) which is a Massachusetts Municipal Joint Health Insurance purchase group. The Group includes thirteen Towns, six school districts, five fire districts, six water districts, one recreation authority, one education collaborative, Veterans Services of Cape Cod, Barnstable County, Barnstable County Retirement Association, Cape Light Compact, and Cape Cod Regional Transit Authority as participants. In addition, the Group entered into a Joint Negotiation Purchase of Health Coverage with the Dukes County Municipal Health Group which now consists of Dukes County Commissioners; the Towns of Chilmark, Edgartown, Gosnold, Oak Bluffs, Tisbury, West Tisbury, and Aquinnah; Martha's Vineyard Refuse Disposal and Resource Recovery District; Martha's Vineyard Commission; Martha's Vineyard Land Bank Commission; Oak Bluffs Water District; Martha's Vineyard Regional School District; Up-Island Regional School District; Martha's Vineyard Charter School; and Martha's Vineyard Transit Authority.

Health benefits plans for active employees and non-Medicare eligible retirees consist of a traditional medical indemnity plan, two Preferred Provider Organization (PPO) plans and two Exclusive Provider Organization (EPO) plans. All active employee plans are self-funded with Blue Cross and Blue Shield of Massachusetts (BCBSMA) and Harvard Pilgrim Health Care (HPHC) as third party administrators. The Group offers six health plans for Medicare eligible retirees, which include two self-funded Medicare Supplement Medical plans with fully insured Medicare Prescription Drug Plans (PDP's), one of which is administered by BCBSMA and one by HPHC, one fully insured Medicare Supplement plan with a PDP provided by Tufts Health Plan, one HMO Medicare wrap plan fully insured by BCBSMA, and two fully insured Medicare Advantage HMO plans, one of which is from BCBSMA and one from Tufts Health Plan.

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

The Group has adopted a contributory dental insurance plan (self-funded) and a voluntary dental plan, which was premium based through June 30, 2007 and changed to a self funded basis effective July 1, 2007. These plans are administered by Delta Dental Plan of Massachusetts for a monthly administrative fee, based on the number of subscribers. Dental plans are optional for employees. Effective July 1, 2009 the group adopted a voluntary fully insured vision plan from EyeMed Vision Care. The vision plan is optional for employers, but employers may not offer both contributory and voluntary plans.

The Master Health Plus, Blue Care Elect Preferred PPO plan, Network Blue EPO plan, and Medex 2 plan are on a claims-paid basis, and are administered by Blue Cross Blue Shield of Massachusetts for a monthly administration fee based on the number of individual, single parent/single child, and family plan subscribers for that particular month. Medex 2 is combined with a fully insured Medicare PDP provided by Blue Cross Blue Shield and called Blue Medicare RX.

The Harvard Pilgrim EPO Plan, Harvard Pilgrim PPO plan, and Harvard Pilgrim Health Care Medicare Enhance plan (Medical Portion) are on a claims-paid basis, and are administered by Harvard Pilgrim Health Care for a monthly administration fee based on the number of individual and family plan subscribers for that particular month. Medicare Enhance is combined with a fully insured PDP from Aetna Medicare RX Plan.

On July 1, 2014 the Group joined with two other Massachusetts municipal joint purchase groups to create the first Massachusetts Municipal Reinsurance Arrangement (MMRA). The policy year is July 1 through June 30. All participants share the same rates for coverage of claims exceeding \$300,000 up to \$800,000. There is no Aggregating Specific Deductible. If claims experience is below projections, participants are dividend eligible on a collective and proportional basis. Participating governmental entities have agreed to participate for a minimum of three years. In addition, the group has a specific excess medical and prescription drug claims reinsurance contract with an insurance carrier covering claims paid in excess of \$800,000 per individual. The policy period covers claims incurred within 12 months and paid within 24 months.

The Group does not reinsure its Medex and HPHC Medicare Enhance Medical plans.

The Group's Board may deal with certified surpluses and deficits through the rate setting process and this is the preferred method. Alternatively, the Group may deal with certified surpluses and deficits by making direct distributions to members in the case of a certified surplus or may require direct payments from members in the case of a certified deficit.

The Group provides health care coverage for employees that qualify for and select health care coverage as an employee benefit as well as retired employees. There are 195 Town of Brewster employees and 173 retirees/surviving spouses who participate in the Group's health care programs. The Town contributes 75% of the premium cost for employees, and 50% of the premium costs for retirees and surviving spouses.

As of June 30, 2020 the Cape Cod Municipal Health Group had total assets of \$67,834,545 total liabilities of \$11,150,737 (including \$9,766,578 in estimated benefits obligations), and a total surplus of \$56,683,808.

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

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Plan Description. The Town of Brewster other postemployment benefits plan “the plan” is a single-employer defined benefit healthcare plan administered by the Town of Brewster. The Plan provides medical, and life insurance benefits to eligible retirees and their spouses. The Town Meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General Laws Chapter 32B to provide 50% of the premium cost of retirees’ health and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by Town Meeting vote. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2020, total Town premiums plus implicit costs for the retiree medical program was \$791,361. The Town also made a contribution to an OPEB Trust for \$200,000 for a total contribution during the measurement period of \$991,361 to be reported on the financial statements for the fiscal year ending June 30, 2020.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefits (OPEB) liabilities. During 2020, the Town prefunded future OPEB liabilities totaling \$200,000 by contributing funds to the other postemployment benefit fund in excess of the pay as you go required contribution. These funds are reported with the Fiduciary funds financial statements. As of June 30, 2020, the balance of this fund totaled \$2,199,890.

GASB Statement #75 – OPEB Employer Financial Reporting

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

Measurement Date - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

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

Plan Membership – The following table represents the Plan’s membership as June 30, 2018:

Active Members	181
Inactive members or beneficiaries currently receiving benefits	<u>168</u>
Total	<u><u>349</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	\$ 18,750,725
Less: OPEB plan's fiduciary net position	<u>(2,199,890)</u>
Net OPEB Liability	<u><u>\$ 16,550,835</u></u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	11.73%
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TOWN OF BREWSTER, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Asset-Valuation Method:	Market value
Inflation:	3.25%
Discount rate	7.25% as of June 30, 2020
Investment Rate of Return	7.25%
Salary Increases:	Service-related increases for group 1 (excluding teachers) and group 2 employees: 6.00% decreasing over 11 years to an ultimate level of 4.00%. Service-related increases for group 4 employees: 7.00% decreasing over 8 years to an ultimate level of 4.50%. Service related increases for Teachers 7.5% decreasing over 20 years to an ultimate level of 4.0%.
Healthcare trend rates:	
Cape Cod Municipal Health Group	Nonmedicare: 0% for 1 year, then 7.0% decreasing by 0.25% each year to an ultimate level of 4.5% per year Medicare: 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year
Group Insurance Commission	
Medical/Prescription Drug	8.00% decreasing by 0.5% for 5 years, then by 0.25% for 2 years to an ultimate level of 5.0% per year.
EGWP	5.00%
Contributions	Retiree contributions are expected to increase with respective trend shown above.
Pre-Retirement Mortality:	
Healthy non-teachers	RP-2014 Blue Collar Employee Mortality Table projected generationally with scale MP-2017
Healthy teachers	RP-2014 White Collar Employee Mortality Table projected generationally with scale MP-2016
Post-Retirement Mortality:	
Healthy non-teachers	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with scale MP-2017
Healthy teachers	RP-2014 White Collar Healthy Annuitant Mortality table projected generationally with Scale MP-2016.
Disabled non-teachers	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with scale MP-2017
Disabled teachers	RP-2014 Healthy Annuitant Mortality Table set forward four years and projected generationally with Scale BB2D from 2014

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

Development of Long - Term Rate

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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. The target allocation as of June 30, 2020 and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.00%	6.15%
International developed markets equity	13.00%	6.78%
International emerging markets equity	5.00%	8.65%
Core fixed income	15.00%	1.11%
High- yield fixed income	8.00%	3.51%
Real Estate	10.00%	4.33%
Commodities	4.00%	4.13%
Hedge fund, GTAA, Risk parity	11.00%	3.19%
Private equity	13.00%	9.99%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 7.25% as of June 30, 2020. The OPEB plan fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long – term expected rate of return on OPEB plan investment was applied to all periods of projected benefit payments to determine the OPEB liability.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	\$ 18,270,997	\$ 1,961,324	\$ 16,309,673
Charges for the year:			
Service cost	542,478	-	542,478
Interest	1,335,290	-	1,335,290
Changes in assumptions	(606,679)	-	(606,679)
Net Investment Income	-	38,566	(38,566)
Employer Contributions	-	991,361	(991,361)
Benefit payments, including refunds of member contributions	(791,361)	(791,361)	-
Net Changes	479,728	238,566	241,162
Balance at June 30, 2020	<u>\$ 18,750,725</u>	<u>\$ 2,199,890</u>	<u>\$ 16,550,835</u>

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB liability	\$ 18,995,654	\$ 16,550,835	\$ 14,522,120

Sensitivity of the net OPEB liability to changes in the healthcare trend rate – The following table presents the net other postemployment benefit liability, as well as what the net OPEB liability would be if it were calculated using a health care trend rate that is 1 percentage-point lower or 1 percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability	\$ 14,055,130	\$ 16,550,835	\$ 19,628,732

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

At June 30, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits of \$500,934 and \$5,056,272.

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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 422,106	\$ -	\$ 422,106
Changes of assumptions	-	(5,056,272)	(5,056,272)
Net difference between projected and actual earnings	78,828	-	78,828
Total Deferred Outflows (Inflows) of Resources	<u>\$ 500,934</u>	<u>\$ (5,056,272)</u>	<u>\$ (4,555,338)</u>

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

Period Year ended June 30	Amount
2021	\$ (1,472,763)
2022	(1,452,196)
2023	(1,450,329)
2024	(78,937)
2025	(101,113)
Deferred Inflows/Outflows Recognized in Future Years	<u>\$ (4,555,338)</u>

Changes of Assumption – None

Changes in Plan Provisions - None

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

NOTE 14 – PENSION PLANS

A. Plan Descriptions

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

The Association issues a publically available audited financial report that may be obtained by contacting the association at 3195 Main Street Barnstable, MA 02630.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No.68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$1,651,872 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$13,621,740 as of the measurement date.

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

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

B. Benefits

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

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

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

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

C. Contributions

Barnstable County Retirement Association

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan employees are required to contribute to the Association at rates ranging from 5 to 9% and of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Employees hired on or after January 1, 1979, contribute an additional 2.0% of annual regular compensation in excess of \$30,000. The member units are required to pay into the Association, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on the covered payroll. The Town's proportionate share of the required contribution for the year ended June 30, 2020 which was \$2,431,289 and 21.67% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

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

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

Pension Liabilities

At June 30, 2020 the Town reported a liability of \$27,627,783 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, updated procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined. At December 31, 2019, the Town's proportion was 3.68% which was a slight increase from the last measurement.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2020 the Town recognized pension expense of \$3,595,266. At June 30, 2020 the Town reported deferred outflows and inflows of resources related to pensions of \$4,074,345 and \$2,394,744 respectively.

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

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Difference between expected and actual experience	\$ -	\$ (232,878)	\$ (232,878)
Changes of Assumption	3,211,919	-	3,211,919
Net difference between projected and actual investment earnings on pension plan investments	-	(1,651,076)	(1,651,076)
Contributions and proportionate share of contributions	<u>862,426</u>	<u>(510,790)</u>	<u>351,636</u>
Total Deferred Outflows (Inflows) of Resources	<u>\$ 4,074,345</u>	<u>\$ (2,394,744)</u>	<u>\$ 1,679,601</u>

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

<u>Period Year ended June 30</u>	<u>Amount</u>
2021	\$ 441,358
2022	433,447
2023	971,093
2024	(403,685)
2025	<u>237,388</u>
Deferred Inflows/Outflows Recognized in Future Years	<u>\$ 1,679,601</u>

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

E. Actuarial assumptions

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

Valuation date..... January 1, 2020

Actuarial cost method..... Entry Age Actuarial Cost Method.

Amortization method..... Appropriations increase at 5.28% per year

Projected salary increases.....3.25%

Investment Rate of Return/Discount Rate.....7.15% (previously 7.375%)

Cost of living adjustments..... 3.0% of the first \$18,000

Mortality Rates:

Pre-Retirement.....The RP-2014 Blue Collar Employee Mortality Table
projected generationally with Scale MP-2017

Healthy Retiree.....The RP-2014 Blue Collar Healthy Annuitant Mortality Table
projected generationally with Scale MP-2017

Disabled Retiree.....The RP-2014 Blue Collar Healthy Annuitant Mortality Table
set forward one year and projected generationally with Scale
MP-2017.

Investment policy

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

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

F. Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.00%	6.15%
International developed markets equity	13.00%	6.78%
International emerging markets equity	5.00%	8.65%
Core fixed income	15.00%	1.11%
High-yield fixed income	8.00%	3.51%
Real estate	10.00%	4.33%
Commodities	4.00%	4.13%
Hedge fund, GTAA, Risk parity	11.00%	3.19%
Private equity	13.00%	9.99%
Total	100.00%	

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 16.09%. The money weighted rate of return expenses investment performance, net of the investment expense, adjusted for the changing amounts actually invested.

G. Discount Rate

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

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

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

The following presents the net pension liability, calculated using the discount rate of 7.15%, 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:

	<u>1% Decrease (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
The Town's proportionate share of the net pension liability	<u>\$ 36,331,941</u>	<u>\$ 27,627,783</u>	<u>\$ 20,315,287</u>

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

NOTE 15 – COMMITMENTS AND CONTINGENCIES

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

The Town's landfill was capped in 2000 by order of the Department of Environmental Protection (DEP). The Town is responsible for postclosure monitoring of the site for twelve years (11 years remaining), and the estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$313,700 reported as landfill postclosure liability at June 30, 2020 is based on what it would cost to perform all post-closure care at June 30, 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

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

NOTE 16 – COVID-19

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

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

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

NOTE 17 – RESTATEMENT DUE TO A CHANGE IN ACCOUNTING STANDARDS

During 2020, management has determined that it would be preferable to use the respective year-end as the measurement date for GASB Statement #75 to coincide with the reporting date of the financial statements. This resulted in a restatement of the governmental activities and business type activities beginning net position at June 30, 2019 to reflect this change. The resulting change in net position is detailed in the following table.

Description	Statement of Net Position			
	Primary Government		Business-type Activities	
	Governmental Activities	Business-type Activities	Water	Golf
Total Net Position at June 30, 2019, as previously reported	\$ 43,668,673	\$ 13,859,712	\$ 10,436,573	\$ 3,423,139
To adjust the beginning post employment benefits liability	(982,384)	120,923	26,723	94,200
To adjust the beginning deferred outflows of resources related to post employment benefits liability	(89,068)	(10,932)	(4,021)	(6,911)
Total Net Position at June 30, 2019, as restated	<u>\$ 42,597,221</u>	<u>\$ 13,969,703</u>	<u>\$ 10,459,275</u>	<u>\$ 3,510,428</u>

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

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

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

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

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

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

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

Future GASB Pronouncements:

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

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

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

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

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

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

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

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

**TOWN OF BREWSTER, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BARNSTABLE COUNTY RETIREMENT ASSOCIATION
JUNE 30, 2020**

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	3.68%	3.72%	3.68%	3.47%	3.60%	3.62%
Town's proportionate share of the net pension liability	\$ 27,627,783	\$ 29,398,461	\$ 25,055,361	\$ 24,381,943	\$ 22,672,955	\$ 20,436,149
Town's covered-employee payroll	\$ 11,221,114	\$ 10,957,745	\$ 10,398,846	\$ 9,735,188	\$ 9,902,884	\$ 9,494,687
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	246.21%	268.29%	240.94%	250.45%	228.95%	215.24%
Plan fiduciary net position as a percentage of the total pension liability	62.34%	57.63%	61.86%	57.28%	58.10%	60.43%

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

See notes to Required Supplementary Information

**TOWN OF BREWSTER, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
BARNSTABLE COUNTY RETIREMENT ASSOCIATION
JUNE 30, 2020**

SCHEDULE OF TOWNS CONTRIBUTION

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Actuarily determined contribution	\$ 2,421,198	\$ 2,342,130	\$ 2,197,453	\$ 1,967,090	\$ 1,946,029	\$ 1,885,218
Contribution in relation to the actuarilly determined contribution	<u>(2,431,289)</u>	<u>(2,342,130)</u>	<u>(2,197,453)</u>	<u>(1,967,090)</u>	<u>(1,946,029)</u>	<u>(1,885,218)</u>
Contribution deficiency (excess)	<u>\$ (10,091)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 11,221,114	\$ 10,957,745	\$ 10,398,846	\$ 9,735,188	\$ 9,902,884	\$ 9,494,687
Contribution as a percentage of covered - employee payroll	21.67%	21.37%	21.13%	20.21%	19.65%	19.86%

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

See notes to Required Supplementary Information

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

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

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all 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 total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2020	\$ 13,621,740	\$ 1,651,872	53.95%
2019	12,597,747	1,276,599	54.84%
2018	12,722,094	1,327,842	54.25%
2017	13,320,299	1,358,758	52.73%
2016	12,323,157	999,518	55.38%
2015	9,511,918	660,839	61.64%

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

See notes to required supplementary information.

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

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service Cost	\$ 542,478	\$ 1,010,441	\$ 1,032,989	\$ 1,200,462
Interest	1,335,290	920,650	857,050	686,109
Differences between expected and actual experience	-	1,117,981	844,215	-
Changes of assumptions	(606,679)	(1,273,555)	(6,891,871)	(2,577,803)
Benefit Payments	(791,361)	(707,276)	(554,673)	(530,788)
Net Change in total OPEB liability	479,728	1,068,241	(4,712,290)	(1,222,020)
Total OPEB liability-beginning	18,270,997	17,202,756	21,915,046	23,137,066
Total OPEB liability-ending (a)	18,750,725	18,270,997	17,202,756	21,915,046
Plan fiduciary net position				
Contributions-employer	991,361	807,276	609,673	605,788
Net investment income	38,566	106,780	125,456	199,756
Benefit payments	(791,361)	(707,276)	(554,673)	(530,788)
Net change in plan fiduciary net position	238,566	206,780	180,456	274,756
Plan fiduciary net position - beginning	1,961,324	1,754,544	1,574,088	1,299,332
Plan fiduciary net position - ending (b)	2,199,890	1,961,324	1,754,544	1,574,088
Town's net OPEB liability-ending (a)-(b)	\$ 16,550,835	\$ 16,309,673	\$ 15,448,212	\$ 20,340,958
Plan fiduciary net position as a percentage of total OPEB liability	11.73%	10.73%	10.20%	7.18%
Covered-employee payroll	N/A	16,171,858	N/A	15,756,605
Plan's net OPEB liability as a percentage of covered-employee payroll	N/A	100.85%	N/A	129.09%

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

See notes to required supplementary information.

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

Schedule of the Town's Contribution				
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarially determined contribution	\$ 1,502,340	\$ 1,455,051	\$ 1,143,921	\$ 1,105,238
Contributions in relation to the actuarially determined contribution	<u>(991,360)</u>	<u>(807,276)</u>	<u>(609,673)</u>	<u>(605,788)</u>
Contribution deficiency (excess)	<u>\$ 510,980</u>	<u>\$ 647,775</u>	<u>\$ 534,248</u>	<u>\$ 499,450</u>
Covered-employee payroll	N/A	\$ 16,171,858	N/A	\$ 15,756,605
Contributions as a percentage of covered- employee payroll	N/A	4.99%	N/A	3.84%

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.

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

Schedule of Investment Return

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	5.44%

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

See notes to required supplementary information.

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

Pension Plan Schedules

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

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

B. Schedule of Town's Contribution

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

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

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

D. Changes in Plan Provisions – None

Other Postemployment Benefits Schedules

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

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

B. Schedule of the Town's Contribution

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

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

C. Schedule of Investment Return

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

D. Changes in Provisions - None

Facsimile Bid Form

Town of Brewster, Massachusetts

\$4,000,000*

GENERAL OBLIGATION BOND ANTICIPATION NOTES

(UNLIMITED TAX)

(SUBJECT TO FEDERAL AND MASSACHUSETTS INCOME TAXATION)

Lisa Vitale
Treasurer/Collector
Town of Brewster, Massachusetts 02631

Sale Date: October 27, 2021
Dated Date: November 10, 2021

By Fax to: (508) 234-1938

Dear Ms. Vitale:

For all or a portion of the principal amount of \$4,000,000* General Obligation Bond Anticipation Notes, (Subject to Federal and Massachusetts Income Taxation), (the "Notes"), legally issued as described in the Notice of Sale dated October 20, 2021, we will pay the Town a price of not less than par **plus a premium of not less than \$14,800** as follows, plus accrued interest to date of delivery, provided the Notes bear the following interest rate or rates:

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Premium</u>	<u>NIC</u>	<u>NIC</u>
\$ _____	_____ %	\$ _____	_____ %	\$ _____
\$ _____	_____ %	\$ _____	_____ %	\$ _____
\$ _____	_____ %	\$ _____	_____ %	\$ _____

Interest on the Notes is payable at maturity on November 10, 2022. The Notes are not subject to redemption prior to maturity.

In making this bid, we accept the terms and conditions as defined in the Notice of Sale dated October 20, 2021. All blank spaces in this bid are intentional and are not to be construed as an omission.

All Bids are subject to verification prior to award.

Submitted by:

Phone:

Mailing Address:

* Preliminary, subject to change.