



**TOWN OF TEMPLETON, MASSACHUSETTS  
MUNICIPAL WATER PLANT**

Financial Statements  
For the Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Water Commissioners  
Town of Templeton Municipal Water Plant

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Templeton Municipal Water Plant (the Plant) (an enterprise fund of the Town of Templeton) and the aggregate remaining fund information, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the Plant's basic financial statements as listed in the Table of Contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

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Merrimack, New Hampshire  
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Ellsworth, Maine

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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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Templeton Municipal Water Plant and the aggregate remaining fund information as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Plant's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### ***Required Supplementary Information***

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



***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plant's basic financial statements. The accompanying supplementary statement and schedule appearing on page 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Melanson*

Greenfield, Massachusetts  
December 29, 2020



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of the Town of Templeton Municipal Water Plant's (the Plant) annual financial report, management provides a narrative discussion and analysis of the financial activities for the year ended June 30, 2020. The Plant's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

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

The basic financial statements include (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses, and Changes in Net Position, (3) the Statement of Cash Flows, and (4) Notes to Financial Statements.

The Statement of Net Position is designed to indicate our financial position as of a specific point in time. At June 30, 2020, it shows our net position of \$3,134,500, which comprises \$4,538,002 invested in capital assets and \$(1,403,502) unrestricted. This deficit results from unfunded pension and OPEB liabilities.

The Statement of Revenues, Expenses, and Changes in Net Position summarizes our operating results and reveal how much, if any, of a profit was earned for the year. Our increase in net position for the year ended June 30, 2020 was \$388,447.

The Statement of Cash Flows provides information about the Plant's cash receipts and cash payments during the accounting period. It also provides information about the Plant's investing and financing activities for the same period. A review of our Statement of Cash Flows indicates that cash receipts from operating activities adequately cover our operating expenses and debt service costs.

### SUMMARY OF NET POSITION

	<u>2020</u>	<u>2019</u>
Current assets	\$ 364,994	\$ 513,310
Noncurrent assets	7,192,747	7,201,341
Deferred Outflows of Resources	<u>47,595</u>	<u>84,657</u>
Total assets and deferred outflows	7,605,336	7,799,308
Current liabilities	410,412	436,558
Noncurrent liabilities	3,388,736	3,933,514
Deferred inflows of Resources	<u>671,688</u>	<u>683,183</u>
Total liabilities and deferred inflows	4,470,836	5,053,255
Net investment in capital assets	4,538,002	4,312,831
Unrestricted	<u>(1,403,502)</u>	<u>(1,566,778)</u>
Total net position	<u>\$ 3,134,500</u>	<u>\$ 2,746,053</u>

### SUMMARY OF CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 1,604,316	\$ 1,642,213
Operating expenses	<u>(1,134,704)</u>	<u>(1,244,174)</u>
Operating income	469,612	398,039
Non-operating revenues (expenses)	(81,165)	(86,522)
Special item	<u>-</u>	<u>316,919</u>
Change in net position	388,447	628,436
Beginning net position	<u>2,746,053</u>	<u>2,117,617</u>
Ending net position	<u>\$ 3,134,500</u>	<u>\$ 2,746,053</u>

### Financial Highlights

Water sales were \$1,520,781 in fiscal 2020, a decrease of 4.0% from the prior year. This reduction was mostly due to less gallons sold in fiscal 2020. In addition, fiscal 2020 saw more rainfall than in fiscal year 2019.

Operating expenses totaled \$1,134,704 in fiscal 2020, a decrease of 8.8%. The largest portion of operating expenses, \$894,480 was for salaries, benefits, and general operating costs. Other operating expenses included \$240,224 in depreciation expense.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

Total investment in capital assets at year-end amounted to \$6,920,402 (net of accumulated depreciation), a decrease of \$138,126 from the prior year. This investment in capital assets includes machinery, equipment, and infrastructure.

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

### ***Long-term debt***

At the end of the current fiscal year, total bonded debt outstanding was \$2,382,400, all of which was backed by the full faith and credit of the Plant.

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

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Templeton Municipal Water Plant's finances for all those with an interest in the Plant's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Manager  
Templeton Municipal Water Plant  
86 Bridge Street  
Baldwinville, Massachusetts 01436-0020



**TOWN OF TEMPLETON, MASSACHUSETTS  
MUNICIPAL WATER PLANT**

Enterprise Fund  
Statement of Net Position  
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current:		
Unrestricted cash and short-term investments	\$ 119,163	\$ 210,691
Receivables	196,626	253,278
Prepaid expenses	7,950	7,906
Inventory	<u>41,255</u>	<u>41,435</u>
Total current assets	364,994	513,310
Noncurrent:		
Restricted cash and investments	272,345	142,813
Capital assets:		
Other capital assets, net of accumulated depreciation	<u>6,920,402</u>	<u>7,058,528</u>
Total noncurrent assets	7,192,747	7,201,341
Total Assets	7,557,741	7,714,651
<b>Deferred Outflows of Resources</b>		
Related to pensions	45,729	84,165
Related to OPEB	<u>1,866</u>	<u>492</u>
Total Deferred Outflows of Resources	47,595	84,657
<b>Liabilities</b>		
Current:		
Accounts payable	20,889	15,973
Accrued liabilities	25,696	25,696
Due to Light Plant	530	6,592
Due to fiduciary fund	-	25,000
Current portion of long-term liabilities:		
Bonds and loans payable	<u>363,297</u>	<u>363,297</u>
Total current liabilities	410,412	436,558
Noncurrent:		
Bonds and loans payable, net of current portion	2,019,103	2,382,400
Net pension liability	738,515	777,958
Net OPEB liability	605,407	754,418
Accrued employee compensated absences	<u>25,711</u>	<u>18,738</u>
Total noncurrent liabilities	<u>3,388,736</u>	<u>3,933,514</u>
Total Liabilities	3,799,148	4,370,072
<b>Deferred Inflows of Resources</b>		
Related to pensions	63,134	65,951
Related to OPEB	<u>608,554</u>	<u>617,232</u>
Total Deferred Inflows of Resources	671,688	683,183
<b>Net Position</b>		
Net investment in capital assets	4,538,002	4,312,831
Unrestricted	<u>(1,403,502)</u>	<u>(1,566,778)</u>
Total Net Position	<u>\$ 3,134,500</u>	<u>\$ 2,746,053</u>

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

**TOWN OF TEMPLETON, MASSACHUSETTS  
MUNICIPAL WATER PLANT**

Enterprise Fund  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Water sales	\$ 1,520,781	\$ 1,583,828
Entrance fees	58,512	19,504
Other	<u>25,023</u>	<u>38,881</u>
Total Operating Revenues	1,604,316	1,642,213
<b>Operating Expenses</b>		
Salaries and benefits	296,130	439,128
Other operating expenses	598,350	567,581
Depreciation	<u>240,224</u>	<u>237,465</u>
Total Operating Expenses	<u>1,134,704</u>	<u>1,244,174</u>
Operating Income	469,612	398,039
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	588	928
Interest expense	(93,051)	(106,095)
Other	<u>11,298</u>	<u>18,645</u>
Total Nonoperating (Expenses)	(81,165)	(86,522)
<b>Special Items</b>		
Due to Light Plant adjustment*	<u>-</u>	<u>316,919</u>
Total Special Items	<u>-</u>	<u>316,919</u>
Change in Net Position	388,447	628,436
Net Position at Beginning of Year	<u>2,746,053</u>	<u>2,117,617</u>
Net Position at End of Year	<u>\$ 3,134,500</u>	<u>\$ 2,746,053</u>

\* See further explanation in Note 15.

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

**TOWN OF TEMPLETON, MASSACHUSETTS  
MUNICIPAL WATER PLANT**

Enterprise Fund  
Statement of Cash Flows  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 1,660,968	\$ 1,562,313
Payments to employees	(296,130)	(439,128)
Payments to vendors	<u>(774,210)</u>	<u>(682,272)</u>
Net Cash Provided By Operating Activities	590,628	440,913
Cash Flows From Noncapital Financing Activities		
Other	<u>5,235</u>	<u>25,237</u>
Net Cash Provided By Noncapital Financing Activities	5,235	25,237
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(102,099)	(110,035)
Principal payments on bonds and loans	(363,297)	(363,297)
Interest expense	<u>(93,051)</u>	<u>(106,095)</u>
Net Cash (Used For) Capital and Related Financing Activities	(558,447)	(579,427)
Cash Flows From Investing Activities		
Investment income	<u>588</u>	<u>928</u>
Net Cash Provided By Investing Activities	588	928
Net Change in Cash and Short-Term Investments	38,004	(112,349)
Total Cash and Short Term Investments, Beginning of Year	<u>353,504</u>	<u>465,853</u>
Total Cash and Short Term Investments, End of Year	<u>\$ 391,508</u>	<u>\$ 353,504</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Operating income	\$ 469,612	\$ 398,039
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	240,224	237,465
Changes in assets, liabilities, and deferred outflows/inflows:		
Accounts receivable	56,652	(79,900)
Prepaid expenses	(44)	(71)
Inventory	181	583
Deferred outflows - related to pensions	38,436	(13,588)
Deferred outflows - related to OPEB	(1,374)	24,508
Accounts payable	(20,083)	(109,311)
Accrued liabilities	-	(9,425)
Due to fiduciary funds	-	25,000
Net pension liability	(39,443)	97,453
Net OPEB liability	(149,011)	(297,897)
Other liabilities	6,973	212
Deferred inflows - related to pensions	(2,817)	(40,599)
Deferred inflows - related to OPEB	<u>(8,678)</u>	<u>208,444</u>
Net Cash Provided By Operating Activities	<u>\$ 590,628</u>	<u>\$ 440,913</u>

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

**TOWN OF TEMPLETON, MASSACHUSETTS  
MUNICIPAL WATER DEPARTMENT**

Fiduciary Fund – Other Post-Employment Benefits Trust  
Statements of Fiduciary Net Position  
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Investments	\$ 78,803	\$ 26,483
Due from proprietary fund	<u>          -</u>	<u>25,000</u>
Total Assets	<u>\$ 78,803</u>	<u>\$ 51,483</u>
<b>Net Position</b>		
Net assets held in trust	<u>\$ 78,803</u>	<u>\$ 51,483</u>

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

**TOWN OF TEMPLETON, MASSACHUSETTS  
MUNICIPAL WATER DEPARTMENT**

Fiduciary Fund – Other Post-Employment Benefits Trust  
Statements of Changes in Fiduciary Net Position  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Additions</b>		
Contributions:		
Employers	\$ <u>35,588</u>	\$ <u>34,720</u>
Total contributions	35,588	34,720
Investment Income	<u>2,320</u>	<u>1,727</u>
Net investment income	<u>2,320</u>	<u>1,727</u>
Total additions	37,908	36,447
<b>Deductions</b>		
Benefit payments to plan members, beneficiaries and other systems	<u>10,588</u>	<u>9,720</u>
Total deductions	<u>10,588</u>	<u>9,720</u>
Net increase in net assets	27,320	26,727
<b>Net position restricted for OPEB</b>		
Beginning of year	<u>51,483</u>	<u>24,756</u>
End of year	\$ <u><u>78,803</u></u>	\$ <u><u>51,483</u></u>

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

**TOWN OF TEMPLETON, MASSACHUSETTS  
MUNICIPAL WATER PLANT**

Notes to Financial Statements

**1. Summary of Significant Accounting Policies**

The significant accounting policies of the Town of Templeton, Massachusetts Municipal Water Plant (the Plant) (an enterprise fund of the Town of Templeton, Massachusetts) are as follows:

***Reporting Entity***

The Plant is an enterprise fund and a component unit of the Town of Templeton, Massachusetts. The Plant provides public water to residences and businesses within the Town of Templeton, Massachusetts. The Municipal Water Plant appoints a general manager who shall, under the direction of the Municipal Water Board, have full charge of the operation and management of the Plant.

***Business Activity***

The Plant distributes public water to residences and businesses within the Town of Templeton, Massachusetts.

***Basis of Accounting***

The operations of the Plant are accounted for as an enterprise fund. The Plant's financial statements are reported on an accrual basis of accounting as specified by the GASB requirements for an enterprise fund. The accrual basis of accounting recognizes revenues when earned and recognized expenses when the related liability is incurred, regardless of when the related cash flow takes place.

***Operating Revenues and Expenses***

Operating revenue includes revenues and expenses related to the continuing operations of the Plant. Principal operating revenues are charges to customers for sales of water or services. Operating expenses are the costs of providing water and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

***Cash and Short-term Investments***

For the purposes of the Statement of Cash Flows, the Plant considers both restricted and unrestricted cash on deposit with the Town Treasurer. For purposes of the Statement of Net Position, the Plant considers investments with original maturities of three months or less to be short-term investments.

### ***Inventory***

Inventory consists of supplies and materials purchased for use in the utility business for construction, operation, and maintenance purposes. Inventory is stated at average cost.

### ***Capital Assets and Depreciation***

Capital assets, which include equipment and infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed.

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

Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value, and any cash proceeds, is charged to the Plant's unrestricted net position account.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Plant's assets. Estimated useful lives of the Plant's assets range from 5 to 60 years.

### ***Accrued Compensated Absences***

In accordance with Water Plant policies, employees are allowed to accumulate sick days, up to an unlimited amount. Upon retirement from employment with the Water Plant, the employee will be paid 25% for accumulated sick time to a maximum of 25 days. Upon termination, the employee will not be paid for accumulated sick time. Employees are permitted to carry over up to one week of vacation time from one year to the next. Upon termination of employment with the Water Plant, the employee will be paid for unused vacation time based on the employee's base rate of pay at the time of termination.

The Plant's policy is to recognize vacation costs when earned. The Plant records accumulated unused vested vacation and sick pay as a liability. The amount recorded is the amount to be paid at termination at the current rate of pay.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Unrestricted Cash and Short-Term Investments**

### ***Custodial Credit Risk***

Custodial Credit Risk for *deposits* is the risk that, in the event of the failure of a depository institution, the Plant will not be able to recover its deposits or will not be able to recover

collateral securities that are in the possession of an outside party. As of June 30, 2020 the Plant had a bank balance of \$392,852 subject to custodial Credit risk.

**3. Restricted Cash and Investments**

***Restricted Cash and Investments – Proprietary Fund***

The Plant maintains the following restricted cash and investments in its proprietary fund:

Capital fund	\$ 14,098
Depreciation fund	<u>258,247</u>
Total	<u>\$ 272,345</u>

**4. Accounts Receivable**

Accounts receivable consists of the following at June 30, 2020:

User charges receivable:	
Billed	\$ <u>196,510</u>
Subtotal	196,510
Other receivables:	
Other	<u>116</u>
Subtotal	<u>116</u>
Total	<u>\$ 196,626</u>

**5. Prepaid Expenses**

Prepaid expenses for the Plant consist primarily of insurance.

**6. Inventory**

Inventory comprises supplies and materials and is valued at average cost.



## 7. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Infrastructure	\$ 9,500,978	\$ 100,816	\$ (97,329)	\$ 9,504,465
Machinery and equipment	<u>643,604</u>	<u>1,282</u>	<u>-</u>	<u>644,886</u>
Total capital assets, being depreciated	10,144,582	102,098	(97,329)	10,149,351
Less accumulated depreciation for:				
Infrastructure	(2,495,664)	(189,419)	97,329	(2,587,754)
Machinery and equipment	<u>(590,390)</u>	<u>(50,805)</u>	<u>-</u>	<u>(641,195)</u>
Total accumulated depreciation	<u>(3,086,054)</u>	<u>(240,224)</u>	<u>97,329</u>	<u>(3,228,949)</u>
Total capital assets, being depreciated, net	<u>7,058,528</u>	<u>(138,126)</u>	<u>-</u>	<u>6,920,402</u>
Capital assets, net	<u>\$ 7,058,528</u>	<u>\$ (138,126)</u>	<u>\$ -</u>	<u>\$ 6,920,402</u>

## 8. Deferred Outflows of Resources

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

## 9. Accounts Payable

Accounts payable represent fiscal 2020 expenses that were paid after June 30, 2020.

## 10. Accrued Employee Compensated Absences

Plant employees are granted vacation and sick leave in varying amounts. Upon retirement, termination, or death, employees or their beneficiaries are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rate of pay.

## 11. Long-Term Debt

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

The Templeton Municipal Water Plant issues general obligation bonds and loans to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and direct borrowings currently outstanding are as follows:

<u>Bonds</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>6/30/20</u>
General obligation bonds	09/01/26	4.75%	\$ 805,000
General obligation bonds	06/15/23	2.60-4.00%	<u>570,000</u>
Subtotal bonds			1,375,000
<u>Loans - Direct Borrowing</u>			
USDA bonds	09/01/45	4.63%	207,400
USDA bonds	06/01/36	2.25%	<u>800,000</u>
Subtotal loans direct borrowings			<u>1,007,400</u>
Total Plant Activities			<u><u>\$ 2,382,400</u></u>

### ***Future Debt Service***

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

<u>Plant</u>	<u>Bonds - Public Offerings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 305,000	\$ 52,225	\$ 357,225
2022	305,000	40,310	345,310
2023	305,000	28,300	333,300
2024	115,000	16,100	131,100
2025	115,000	11,500	126,500
2026	115,000	6,900	121,900
2027	<u>115,000</u>	<u>2,300</u>	<u>117,300</u>
Total	<u><u>\$ 1,375,000</u></u>	<u><u>\$ 157,635</u></u>	<u><u>\$ 1,532,635</u></u>

<u>Plant</u>	<u>Loans - Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 58,297	\$ 27,592	\$ 85,889
2022	58,297	26,082	84,379
2023	58,297	24,575	82,872
2024	58,297	23,066	81,363
2025	58,297	21,557	79,854
2026	58,297	20,049	78,346
2027	58,297	18,540	76,837
2028	58,297	17,030	75,327
2029	58,297	15,622	73,919
2030	58,297	14,014	72,311
2031-2035	291,485	47,437	338,922
Thereafter	<u>132,945</u>	<u>22,219</u>	<u>155,164</u>
Total	\$ <u>1,007,400</u>	\$ <u>277,783</u>	\$ <u>1,285,183</u>

### ***Changes in General Long-Term Liabilities***

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

	<u>Beginning</u>			<u>Ending</u>	<u>Less</u>	<u>Equals</u>
<b>Total Activities</b>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>	<u>Long-Term</u>
					<u>Portion</u>	<u>Portion</u>
Bonds and loans payable:						
Public offerings	\$ 1,680	\$ -	\$ (305)	\$ 1,375	\$ (305)	\$ 1,070
Direct borrowings	<u>1,066</u>	<u>-</u>	<u>(59)</u>	<u>1,007</u>	<u>(58)</u>	<u>949</u>
Bonds and loans payable subtotal	2,746	-	(364)	2,382	(363)	2,019
Net pension liability	778	-	(39)	739	-	739
Net OPEB liability	754	-	(149)	605	-	605
Compensated absences	<u>18</u>	<u>8</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>26</u>
Totals	\$ <u>4,296</u>	\$ <u>8</u>	\$ <u>(552)</u>	\$ <u>3,752</u>	\$ <u>(363)</u>	\$ <u>3,389</u>

## **12. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position by the Plant that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes.

### 13. Retirement System

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

#### *Plan Description*

Substantially all employees of the Plant are members of the Worcester Regional Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

#### *Participant Contributions*

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

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

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

#### *Participant Retirement Benefits*

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

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation

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

There are 4 classes of membership in the retirement system, but 1 of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other 3 classes are as follows:

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

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

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

#### *Methods of Payment*

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

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the members death.

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

#### *Participant Refunds*

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

#### *Employer Contributions*

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

The Plant’s contribution to the System for the year ended June 30, 2020 was \$50,517, which was equal to its annual required contribution.

#### ***Summary of Significant Accounting Policies***

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

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

At June 30, 2020, the Plant reported a liability of \$738,515 for its proportionate share of the net pension liability. The net pension liability was measured as of, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 and rolled forward to the plan's measurement date of December 31, 2019. The Plant's proportion of the net pension liability was based on a projection of the Plant's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the Plant's proportion was 0.0830%.

For the year ended June 30, 2020, the Plant recognized pension expense of \$63,694. In addition, the Plant reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 2,169	\$ (4,425)
Changes of assumptions	41,277	-
Net difference between projected and actual investment earnings on pension plan investments	-	(20,285)
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>2,283</u>	<u>(38,424)</u>
Total	<u>\$ 45,729</u>	<u>\$ (63,134)</u>

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

Year ended June 30:

2021	\$ (12,385)
2022	2,852
2023	(56)
2024	(8,873)
2025	<u>1,057</u>
Total	<u>\$ (17,405)</u>

### **Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2018, rolled forward to the measurement date of December 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.4% per year
Projected salary increases	Group 1: 4.25%-6.00%, based on service
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. For disabled lives, the mortality rates were based on RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB.

### **Target Allocations**

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	39.00%	4.68%
Fixed Income	23.00%	1.90%
Private equity	13.00%	8.50%
Real estate	10.00%	3.70%
Timberland/Natural Resources	4.00%	4.30%
Portfolio Completion Strategies	11.00%	3.40%
Total	<u>100.00%</u>	

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer





**General Information about the OPEB Plan**

*Plan Description*

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

*Benefits Provided*

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

*Funding Policy*

The Plant’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget authorizations.

*Plan Membership*

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

Inactive employees or beneficiaries	
currently receiving benefit payments	2
Active employees	<u>6</u>
Total	<u>8</u>

**Investments**

*Rate of Return*

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Actuarial Assumptions and Other Inputs**

The net OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% as of June 30, 2020 and for future periods
Salary increases	3.00% annually as of June 30, 2020 and for future periods
Investment rate of return	6.57%, net of OPEB plan investment expense, including inflation. 2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Municipal bond rate	
Discount rate	6.00%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Initial Trend of 4.50% for 2020 grading down 0.00% per year for an ultimate trend rate of 4.50%.
Retirees' share of benefit-related costs	50% of premiums
Participation rate	80% of employees eligible to receive benefits

Mortality rates were based on:

- Pre-Retirement Mortality – RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
- Post-Retirement Mortality – RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
- Disabled Mortality – RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.

The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014.

***Target Allocations***

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity - large cap	19.00%	4.80%
Domestic equity - small/mid cap	18.25%	5.29%
International equity - developed market	15.25%	5.45%
International equity - emerging market	7.50%	6.42%
Domestic fixed income	30.50%	2.05%
International fixed income	0.00%	3.00%
Alternatives	7.75%	6.50%
Real Estate	0.00%	6.25%
Cash & Cash Equivalents	<u>1.75%</u>	0.00%
Total	<u><u>100.00%</u></u>	

**Discount Rate**

The discount rate used to measure the net OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.57% and municipal bond rate of 2.66% (based S&P Municipal Bond 20-Year High Grade Index - SAPIHG as of June 30, 2020).

**Net OPEB Liability**

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

Total OPEB liability	\$ 684,210
Plan fiduciary net position	<u>78,803</u>
Net OPEB liability	<u>\$ 605,407</u>
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%

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

**Changes in the Net OPEB Liability**

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

	Increase (Decrease)		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances, beginning of year	\$ 805,901	\$ 51,483	\$ 754,418
Changes for the year:			
Service cost	12,361	-	12,361
Interest	46,750	-	46,750
Contributions - employer	-	35,588	(35,588)
Net investment income	-	2,320	(2,320)
Differences between expected and actual experience	(130,498)	-	(130,498)
Changes in assumptions or other inputs	(39,716)	-	(39,716)
Benefit payments	<u>(10,588)</u>	<u>(10,588)</u>	<u>-</u>
Net Changes	<u>(121,691)</u>	<u>27,320</u>	<u>(149,011)</u>
Balances, end of year	<u>\$ 684,210</u>	<u>\$ 78,803</u>	<u>\$ 605,407</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 5.75% in 2019 to 6.00% in 2020.

Changes in the differences between expected and actual experience reflect an increase in premiums by 1% rather than the expected 10% increase over the two-year period as well as an employee moving from the Water to the Light Plant.

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

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

<u>1% Decrease</u>	Current Discount <u>Rate</u>	<u>1% Increase</u>
\$ 702,423	\$ 605,407	\$ 525,797

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

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

<u>1% Decrease</u>	Current Healthcare Cost Trend <u>Rates</u>	<u>1% Increase</u>
\$ 519,886	\$ 605,407	\$ 710,543

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

For the year ended June 30, 2020, the Plant recognized an OPEB expense of \$(123,475). At June 30, 2020, the Plant reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Difference between expected and actual experience	\$ -	\$ (343,809)
Change in assumptions	-	(264,745)
Net difference between projected and actual OPEB investment earnings	<u>1,866</u>	<u>-</u>
Total	<u>\$ 1,866</u>	<u>\$ (608,554)</u>

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

<u>Year Ended June 30:</u>	
2021	\$ (178,395)
2022	(178,395)
2023	(159,583)
2024	(79,471)
2025	<u>(10,844)</u>
Total	\$ <u>(606,688)</u>

**15. Special Item**

Some of the employees of the Templeton Municipal Light Plant work for both the Water Plant and the Templeton Municipal Light Plant. Since 2001 the Light Plant has charged the Water Plant a portion of these individuals' salaries since they are paid entirely from the Light Plant. Between 2001 and 2011 the Water Plant made intermittent payments to the Light Plant leaving an unpaid balance of \$131,354. Between 2011 and 2017, the Water Plant did not reimburse the Light Plant. Starting in 2018 the Water Department began making monthly reimbursement payments to the Light Plant. In fiscal year 2019 the two entities mutually agreed to write-off the unpaid balance for amounts prior to 2018 which is reported as a special item for \$316,919.

**16. Subsequent Events**

Management has evaluated subsequent events through December 29, 2020, which is the date the financial statements were available to be issued.

**17. Commitments and Contingencies**

***COVID-19***

The COVID-19 outbreak in the United States and across the globe resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, special acts or legislation by the state or federal government, and the impact on our taxpayers, customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

**TEMPLETON MUNICIPAL WATER PLANT**

Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability (GASB 68)  
 June 30, 2020  
 (Unaudited)

Worcester Regional Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2020	December 31, 2019	0.0830%	\$738,515	\$ 226,607	325.90%	47.40%
June 30, 2019	December 31, 2018	0.0858%	\$777,958	\$ 232,825	334.14%	43.05%
June 30, 2018	December 31, 2017	0.0835%	\$680,505	\$ 213,747	318.37%	46.40%
June 30, 2017	December 31, 2016	0.0562%	\$470,795	\$ 381,136	123.52%	42.00%
June 30, 2016	December 31, 2015	0.1124%	\$797,955	\$ 365,922	218.07%	44.52%
June 30, 2015	December 31, 2014	0.1525%	\$907,704	\$ 348,393	260.54%	47.94%

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

See Independent Auditors' Report.

**TEMPLETON MUNICIPAL WATER PLANT**

Required Supplementary Information  
 Schedule of Pension Contributions (GASB 68)  
 June 30, 2020  
 (Unaudited)

Worcester Regional Retirement System

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Fiscal <u>Year</u>	Measurement <u>Date</u>	Contributions in Relation to the			Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
		Contractually Required <u>Contribution</u>	Contractually Required <u>Contribution</u>				
June 30, 2020	December 31, 2019	\$ 50,517	\$ 50,517	\$ -	\$ 226,607	22.29%	
June 30, 2019	December 31, 2018	\$ 47,766	\$ 47,766	\$ -	\$ 232,825	20.52%	
June 30, 2018	December 31, 2017	\$ 42,227	\$ 42,227	\$ -	\$ 213,747	19.76%	
June 30, 2017	December 31, 2016	\$ 27,703	\$ 27,703	\$ -	\$ 381,136	7.27%	
June 30, 2016	December 31, 2015	\$ 50,576	\$ 50,576	\$ -	\$ 365,922	13.82%	
June 30, 2015	December 31, 2014	\$ 60,282	\$ 60,282	\$ -	\$ 348,393	17.30%	

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

See Independent Auditors' Report.



**TEMPLETON MUNICIPAL WATER PLANT**

Required Supplementary Information  
Other Post-Employment Benefits (OPEB)  
Schedule of Changes in Net OPEB Liability (GASB 74 and 75)  
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 12,361	\$ 19,401	\$ 35,802	\$ 44,139
Interest on unfunded liability - time value of \$	46,750	36,709	35,230	48,861
Differences between expected and actual experience	(130,498)	-	-	(494,308)
Changes of assumptions	(39,716)	(355,462)	-	-
Benefit payments, including refunds of member contributions	<u>(10,588)</u>	<u>(9,720)</u>	<u>(8,374)</u>	<u>(11,163)</u>
Net change in total OPEB liability	(121,691)	(309,072)	62,658	(412,471)
Total OPEB liability - beginning	<u>805,901</u>	<u>1,114,973</u>	<u>1,052,315</u>	<u>1,464,786</u>
Total OPEB liability - ending (a)	684,210	805,901	1,114,973	1,052,315
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	35,588	34,720	33,374	11,163
Net investment income	2,320	1,727	(244)	-
Benefit payments, including refunds of member contributions	<u>(10,588)</u>	<u>(9,720)</u>	<u>(8,374)</u>	<u>(11,163)</u>
Net change in plan fiduciary net position	27,320	26,727	24,756	-
Plan fiduciary net position - beginning	<u>51,483</u>	<u>24,756</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>78,803</u>	<u>51,483</u>	<u>24,756</u>	<u>-</u>
Net OPEB liability (asset) - ending (a-b)	<u>\$ 605,407</u>	<u>\$ 754,418</u>	<u>\$ 1,090,217</u>	<u>\$ 1,052,315</u>

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

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

See Independent Auditors' Report.

**TEMPLETON MUNICIPAL WATER PLANT**

Required Supplementary Information  
Other Post-Employment Benefits (OPEB)  
Schedules of Net OPEB Liability, Contributions, and Investment Returns (GASB 74 and 75)  
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Net OPEB Liability</b>				
Total OPEB liability	\$ 684,210	\$ 805,901	\$ 1,114,973	\$ 1,052,315
Plan fiduciary net position	<u>78,803</u>	<u>51,483</u>	<u>24,756</u>	<u>-</u>
Net OPEB liability	<u>\$ 605,407</u>	<u>\$ 754,418</u>	<u>\$ 1,090,217</u>	<u>\$ 1,052,315</u>
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.39%	2.22%	0.00%
Covered employee payroll	\$ 431,319	\$ 408,998	\$ 385,519	\$ 376,900
Participating employer net OPEB liability (asset) as a percentage of covered employee payroll	140.4%	184.5%	282.8%	279.2%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Contributions</b>				
Actuarially determined contribution	\$ 53,854	\$ 69,850	\$ 92,692	\$ 97,832
Contributions in relation to the actuarially determined contribution	<u>35,588</u>	<u>34,720</u>	<u>33,374</u>	<u>11,163</u>
Contribution deficiency	<u>\$ 18,266</u>	<u>\$ 35,130</u>	<u>\$ 59,318</u>	<u>\$ 86,669</u>
Covered employee payroll	\$ 431,319	\$ 408,998	\$ 385,519	\$ 376,900
Contributions as a percentage of covered employee payroll	8.3%	8.5%	8.7%	3.0%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Investment Returns</b>				
Annual money weighted rate of return, net of investment expense	4.51%	6.98%	-0.10%	0.00%

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

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

See Independent Auditors' Report.

**TOWN OF TEMPLETON, MASSACHUSETTS  
MUNICIPAL WATER PLANT**

Schedule of Water Operations Expenses  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operation Expenses		
Chemical and water testing	\$ 56,183	\$ 31,561
Electricity	57,252	57,910
Insurance	28,520	22,082
Materials and supplies	43,645	51,873
Miscellaneous	15,617	21,915
Office expense	24,005	28,315
Outside services	64,800	47,656
Salaries and benefits	296,130	439,128
Transportation	<u>11,838</u>	<u>11,116</u>
Total Operation Expenses	<u>\$ 597,990</u>	<u>\$ 711,556</u>

See Independent Auditors' Report.