



**MINUTEMAN REGIONAL VOCATIONAL  
TECHNICAL SCHOOL DISTRICT**

Financial Statements  
For the Year Ended June 30, 2021

(With Independent Auditor's Report Thereon)

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## INDEPENDENT AUDITOR'S REPORT

To the School Committee  
Minuteman Regional Vocational Technical School District

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Minuteman Regional Vocational Technical School District (the District), as of and for the year ended June 30, 2021, (except for the Minuteman Regional School District Contributory Retirement System, which is as of and for the year ended December 31, 2020) and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

The District'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.

### ***Auditor's Responsibility***

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

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District'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, each major fund, and the aggregate remaining fund information of the Minuteman Regional Vocational Technical School District, as of June 30, 2021 (and the Minuteman Regional School District Contributory Retirement System as of December 31, 2020), and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 19 to the financial statements, in fiscal year 2021 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads 'Melanson'.

Andover, Massachusetts  
June 28, 2022



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Minuteman Regional Vocational Technical School District (the District), we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

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

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

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

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

#### ***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. The District's funds are reported in two categories: governmental funds and fiduciary funds.

#### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District'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 District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support District programs.

### ***Notes to Financial Statements***

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

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

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

### **Financial Highlights**

- As of the close of the current fiscal year, net position in governmental activities was \$16,111,032, a change of \$(240,872).
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$9,306,820, a change of \$3,216,141 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,201,807, a change of \$668,832 in comparison to the prior year.

## Government-Wide Financial Analysis

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

	<b>NET POSITION</b>	
	<b>(in thousands)</b>	
	Governmental Activities	
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current and other assets	\$ 12,483	\$ 15,363
Capital assets	<u>140,405</u>	<u>138,497</u>
Total assets	152,888	153,860
Deferred outflows of resources	7,326	9,269
<b>Liabilities</b>		
Other liabilities	3,995	11,516
Long-term liabilities	<u>128,471</u>	<u>130,626</u>
Total liabilities	132,466	142,142
Deferred inflows of resources	11,636	4,635
<b>Net Position</b>		
Net investment in capital assets	42,792	43,791
Restricted	1,694	2,177
Unrestricted	<u>(28,375)</u>	<u>(29,616)</u>
Total net position	<u>\$ 16,111</u>	<u>\$ 16,352</u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the close of the most recent fiscal year, total net position was \$16,111,032, a change of \$(240,872) from the prior year.

The largest portion of net position, \$42,791,922, reflects our investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and construction in progress); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$1,694,138, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is in a deficit of \$(28,375,028), primarily resulting from the unfunded OPEB liability.

**CHANGES IN NET POSITION**  
(in thousands)

	Governmental <u>Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues:		
Charges for services	\$ 4,099	\$ 4,017
Operating grants and contributions	5,912	5,194
General revenues:		
Assessments to members	17,555	16,400
Capital fee revenue	1,212	880
Massachusetts School Building Authority	988	7,863
Grants and contributions not restricted to specific programs	2,823	3,212
Investment income	11	113
Other	421	238
Total revenues	<u>33,021</u>	<u>37,917</u>
Expenses		
Administration	2,172	1,778
Instruction	11,972	11,685
Other school services	1,426	1,802
Operation and maintenance	1,878	1,733
Fixed charges	7,984	10,119
Community services	140	577
Other	203	118
Interest	3,767	3,262
Depreciation	3,720	4,038
Total expenses	<u>33,262</u>	<u>35,112</u>
Change in net position before special item	(241)	2,805
Special item - loss on disposal of asset	<u>-</u>	<u>(3,320)</u>
Change in net position	(241)	(515)
Net position - beginning of year	<u>16,352</u>	<u>16,867</u>
Net position - end of year	<u>\$ 16,111</u>	<u>\$ 16,352</u>

### Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(240,726), primarily from positive operating results less depreciation expense.

### Financial Analysis of the District's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

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

#### General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,201,807, while total fund balance was \$6,271,208. 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 General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u> <sup>1</sup>
Unassigned fund balance	\$ 1,201,807	\$ 532,975	\$ 668,832	4% <sup>2</sup>
Total fund balance	\$ 6,271,208	\$ 4,927,736	\$ 1,343,472	22%

1. Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System of \$2,030,469.

2. See Note 20.

The total fund balance of the General Fund changed by \$1,343,472 during the current fiscal year. Key factors in this change are as follows:

Use of E&D	\$ (540,000)
Revenues in excess of budget	138,979
Expenditures less than budget	739,705
Change in stabilization fund	702,498
Other	302,290
Total	<u>\$ 1,343,472</u>

Included in the total General Fund committed fund balance is the District’s building stabilization fund with the following balance:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Building stabilization	\$ <u>1,283,564</u>	\$ <u>581,066</u>	\$ <u>702,498</u>

*Other Major Funds*

The Capital Projects Fund is used to account for the activities related to school construction projects.

*Nonmajor Governmental Funds*

The fund balance of nonmajor governmental funds changed by \$(479,959) primarily from timing differences between the receipt and disbursement of grants and transfers into the General Fund.

**General Fund Budgetary Highlights**

During fiscal year 2021, there was no overall change to the original budget; however, there were line-item transfers voted by the School Committee.

**Capital Assets and Debt Administration**

***Capital Assets***

Total investment in capital assets at year-end amounted to \$140,404,628 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and furniture and equipment.

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 long-term debt was \$101,250,762, all of which was backed by the full faith and credit of the District.

The District maintained their “AA” rating from Standard and Poor’s for general obligation debt.

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

## **Requests for Information**

This financial report is designed to provide a general overview of the Minuteman Regional Vocational Technical School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Minuteman Regional Vocational  
Technical School District  
758 Marrett Road  
Lexington, Massachusetts 02421

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>
<b>Assets</b>	
Current:	
Cash and short-term investments	\$ 11,711,850
Receivables:	
Intergovernmental	428,487
Prepaid health premiums	<u>267,169</u>
Total Current Assets	12,407,506
Noncurrent:	
Net pension asset	75,000
Capital assets:	
Nondepreciable capital assets	5,206,312
Other capital assets, net of accumulated depreciation	<u>135,198,316</u>
Total Noncurrent Assets	<u>140,479,628</u>
Total Assets	152,887,134
<b>Deferred Outflows of Resources</b>	
Related to pension	318,000
Related to OPEB	<u>7,007,830</u>
Total Deferred Outflows of Resources	7,325,830

(continued)

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

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Statement of Net Position

June 30, 2021

(continued)	Governmental Activities
	<hr/>
<b>Liabilities</b>	
Current:	
Warrants and accounts payable	1,617,288
Accrued payroll and withholdings	1,333,199
Retainage payable	150,199
Accrued interest on bonds payable	894,610
Current portion of noncurrent liabilities:	
Bonds payable	2,357,973
Capital lease payable	434,866
	<hr/>
Total Current Liabilities	6,788,135
Noncurrent:	
Bonds payable, net of current portion	98,892,789
Capital lease, net of current portion	1,538,961
Net OPEB liability	24,971,311
Compensated absences	275,064
	<hr/>
Total Noncurrent Liabilities	125,678,125
Total Liabilities	132,466,260
<b>Deferred Inflows of Resources</b>	
Related to pension	1,828,000
Related to OPEB	9,807,672
	<hr/>
Total Deferred Inflows of Resources	11,635,672
<b>NET POSITION</b>	
Net investment in capital assets	42,791,922
Restricted for:	
Middle school program	218,597
Capital fees	572,759
Other purposes	902,782
Unrestricted	<u>(28,375,028)</u>
Total Net Position	\$ <u>16,111,032</u>

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

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Statement of Activities  
For the Year Ended June 30, 2021

		<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenues</u>
	<u>Expenses</u>	<u>Services</u>	<u>Grants and</u>	
			<u>Contributions</u>	
<b>Governmental Activities:</b>				
Administration	\$ 2,171,945	\$ -	\$ -	\$ (2,171,945)
Instruction	11,971,651	4,046,402	1,228,843	(6,696,406)
Other school services	1,426,006	52,379	74,626	(1,299,001)
Operation and maintenance	1,877,937	475	-	(1,877,462)
Fixed charges	7,983,570	-	4,608,385	(3,375,185)
Community services	140,556	-	-	(140,556)
Other	202,960	-	-	(202,960)
Interest	3,767,221	-	-	(3,767,221)
Depreciation	<u>3,719,716</u>	<u>-</u>	<u>-</u>	<u>(3,719,716)</u>
Total	<u>\$ 33,261,562</u>	<u>\$ 4,099,256</u>	<u>\$ 5,911,854</u>	(23,250,452)
 <b>General Revenues:</b>				
Assessments to members				17,555,286
Capital fee revenue				1,211,738
MSBA revenue				988,263
Grants and contributions not restricted to specific programs				2,822,848
Investment income				11,284
Other				<u>420,161</u>
Total General Revenues				23,009,580
Change in Net Position				(240,872)
 Net Position:				
Beginning of Year				<u>16,351,904</u>
End of Year				<u>\$ 16,111,032</u>

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

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Governmental Funds  
Balance Sheet  
June 30, 2021

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and short-term investments	\$ 7,534,089	\$ 2,854,003	\$ 1,323,758	\$ 11,711,850
Intergovernmental receivables	228,977	-	199,510	428,487
Prepaid health premiums	<u>267,169</u>	<u>-</u>	<u>-</u>	<u>267,169</u>
Total Assets	<u>\$ 8,030,235</u>	<u>\$ 2,854,003</u>	<u>\$ 1,523,268</u>	<u>\$ 12,407,506</u>
<b>Liabilities</b>				
Warrants and accounts payable	\$ 516,280	\$ 1,071,510	\$ 29,498	\$ 1,617,288
Accrued payroll and withholdings	1,242,747	-	90,452	1,333,199
Retainage payable	<u>-</u>	<u>150,199</u>	<u>-</u>	<u>150,199</u>
Total Liabilities	1,759,027	1,221,709	119,950	3,100,686
<b>Fund Balances</b>				
Restricted	-	1,632,294	1,694,138	3,326,432
Committed	1,283,564	-	-	1,283,564
Assigned	3,785,837	-	-	3,785,837
Unassigned	<u>1,201,807</u>	<u>-</u>	<u>(290,820)</u>	<u>910,987</u>
Total Fund Balances	<u>6,271,208</u>	<u>1,632,294</u>	<u>1,403,318</u>	<u>9,306,820</u>
Total Liabilities and Fund Balances	<u>\$ 8,030,235</u>	<u>\$ 2,854,003</u>	<u>\$ 1,523,268</u>	<u>\$ 12,407,506</u>

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

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
in the Statement of Net Position  
June 30, 2021

<b>Total governmental fund balances</b>	\$ 9,306,820
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	140,404,628
• Net pension assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	75,000
• Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	318,000
• Deferred outflows of resources related to OPEB to be recognized in pension expense in future periods.	7,007,830
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(894,610)
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds payable and unamortized premium	(101,250,762)
Capital lease payable	(1,973,827)
Net OPEB liability	(24,971,311)
Compensated absences	(275,064)
• Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(1,828,000)
• Deferred inflows of resources related to OPEB to be recognized in pension expense in future periods.	<u>(9,807,672)</u>
<b>Net position of governmental activities</b>	\$ <u><u>16,111,032</u></u>

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

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2021

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues</b>				
Assessments to members	\$ 17,337,421	\$ -	\$ 217,865	\$ 17,555,286
Intergovernmental revenues	4,853,317	988,263	1,303,469	7,145,049
Charges for services	3,519,313	-	1,791,680	5,310,993
Investment income	7,821	3,396	67	11,284
Miscellaneous	<u>338,544</u>	<u>-</u>	<u>24,175</u>	<u>362,719</u>
Total Revenues	26,056,416	991,659	3,337,256	30,385,331
<b>Expenditures</b>				
Current:				
Administration	1,988,927	-	183,018	2,171,945
Instruction	10,509,169	-	1,633,419	12,142,588
Other school services	1,180,943	-	245,063	1,426,006
Operation and maintenance	1,806,866	-	71,071	1,877,937
Fixed charges	5,382,535	-	69,700	5,452,235
Community services	80,000	-	60,556	140,556
Other	102,601	-	35,365	137,966
Debt service:				
Principal	1,439,869	-	-	1,439,869
Interest	3,619,016	-	-	3,619,016
Capital outlay:				
Capital acquisitions	<u>122,041</u>	<u>5,404,961</u>	<u>-</u>	<u>5,527,002</u>
Total Expenditures	<u>26,231,967</u>	<u>5,404,961</u>	<u>2,298,192</u>	<u>33,935,120</u>
Excess (deficiency) of revenues over expenditures	(175,551)	(4,413,302)	1,039,064	(3,549,789)
<b>Other Financing Sources (Uses):</b>				
Transfers	1,519,023	-	(1,519,023)	-
Issuance of bonds	-	6,300,000	-	6,300,000
Bond premium	<u>-</u>	<u>465,930</u>	<u>-</u>	<u>465,930</u>
Total Other Financing Sources (Uses)	<u>1,519,023</u>	<u>6,765,930</u>	<u>(1,519,023)</u>	<u>6,765,930</u>
Change in fund balance	1,343,472	2,352,628	(479,959)	3,216,141
Fund Balances, at Beginning of Year	<u>4,927,736</u>	<u>(720,334)</u>	<u>1,883,277</u>	<u>6,090,679</u>
Fund Balances, at End of Year	\$ <u><u>6,271,208</u></u>	\$ <u><u>1,632,294</u></u>	\$ <u><u>1,403,318</u></u>	\$ <u><u>9,306,820</u></u>

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

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2021

<b>Net changes in fund balances - governmental funds</b>	\$ 3,216,141																						
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay</td> <td align="right">5,627,554</td> </tr> <tr> <td>Depreciation</td> <td align="right">(3,719,716)</td> </tr> </table> </li> <li>• The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of general obligation bonds</td> <td align="right">(6,300,000)</td> </tr> <tr> <td>Premiums received on issuance of general obligation bonds</td> <td align="right">(465,930)</td> </tr> <tr> <td>Repayment of general obligation bonds</td> <td align="right">1,040,000</td> </tr> </table> </li> <li>• Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: <table border="0" style="margin-left: 40px;"> <tr> <td>Change in net pension liability and related deferred outflows and inflows</td> <td align="right">707,000</td> </tr> <tr> <td>Change in net OPEB liability and related deferred outflows and inflows</td> <td align="right">(660,419)</td> </tr> <tr> <td>Change in compensated absence liability</td> <td align="right">5,392</td> </tr> <tr> <td>Repayments of capital lease</td> <td align="right">399,869</td> </tr> <tr> <td>Bond premium amortization</td> <td align="right">57,442</td> </tr> <tr> <td>Change in accrued interest on bonds payable</td> <td align="right"><u>(148,205)</u></td> </tr> </table> </li> </ul>		Capital outlay	5,627,554	Depreciation	(3,719,716)	Issuance of general obligation bonds	(6,300,000)	Premiums received on issuance of general obligation bonds	(465,930)	Repayment of general obligation bonds	1,040,000	Change in net pension liability and related deferred outflows and inflows	707,000	Change in net OPEB liability and related deferred outflows and inflows	(660,419)	Change in compensated absence liability	5,392	Repayments of capital lease	399,869	Bond premium amortization	57,442	Change in accrued interest on bonds payable	<u>(148,205)</u>
Capital outlay	5,627,554																						
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Repayments of capital lease	399,869																						
Bond premium amortization	57,442																						
Change in accrued interest on bonds payable	<u>(148,205)</u>																						
<b>Change in net position of governmental activities</b>	\$ <u><u>(240,872)</u></u>																						

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

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2021

	Pension and OPEB <u>Trust Funds</u>	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
<b>Assets</b>			
Cash and short-term investments	\$ 261,286	\$ 142,112	\$ 49,788
Investments:			
External investment pool	15,403,209	-	-
Equity mutual funds	302,176	-	-
Fixed income mutual funds	<u>97,706</u>	<u>-</u>	<u>-</u>
Total Investments	15,803,091	-	-
Receivables	<u>17,224</u>	<u>-</u>	<u>-</u>
 Total Assets	 16,081,601	 142,112	 49,788
<b>Liabilities</b>			
Other liabilities	<u>-</u>	<u>-</u>	<u>882</u>
 <b>Net Position</b>			
Restricted for pension purposes	15,681,719	-	-
Restricted for OPEB purposes	399,882	-	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>142,112</u>	<u>48,906</u>
 Total Net Position	 \$ <u>16,081,601</u>	 \$ <u>142,112</u>	 \$ <u>48,906</u>

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

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2021

	<u>Pension and OPEB Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
<b>Additions</b>			
Contributions:			
Employer	\$ 936,569	\$ -	\$ -
Plan members	301,568	-	-
Other systems and Commonwealth of Massachusetts	131,377	-	-
Other	2,624	-	-
Fees collected for students	-	-	21,728
Miscellaneous	-	<u>33,631</u>	-
Total contributions	1,372,138	33,631	21,728
Investment income			
Interest	6,430	270	-
Increase in fair value of investments	1,800,625	-	-
Less: management fees	<u>(68,298)</u>	<u>-</u>	<u>-</u>
Net investment income	<u>1,738,757</u>	<u>270</u>	<u>-</u>
Total additions	3,110,895	33,901	21,728
<b>Deductions</b>			
Benefit payments to plan members, beneficiaries, and other systems	1,775,891	-	-
Refunds to plan members	21,310	-	-
Transfers to other systems	170,252	-	-
Administrative expenses	60,079	-	-
Payments on behalf of students	-	-	21,200
Scholarships and other	-	<u>27,582</u>	-
Total deductions	<u>2,027,532</u>	<u>27,582</u>	<u>21,200</u>
Change in net position	1,083,363	6,319	528
<b>Net Position Restricted for Pension, OPEB, and Other Purposes</b>			
Beginning of year	<u>14,998,238</u>	<u>135,793</u>	<u>48,378</u>
End of year	\$ <u><u>16,081,601</u></u>	\$ <u><u>142,112</u></u>	\$ <u><u>48,906</u></u>

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

# MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Minuteman Regional Vocational Technical School District (the District) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of the significant policies:

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

The District is a municipal corporation governed by an appointed School Committee. As required by GAAP, these financial statements present the District and applicable component units for which the District is considered to be financially accountable. In fiscal year 2021, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

The Minuteman Regional School District Contributory Retirement System (the MMCRS), which was established to provide retirement benefits to employees and their beneficiaries, is presented in the fiduciary fund financial statements. Additional financial information of the MMCRS can be obtained by contacting the MMCRS located at 758 Marrett Road, Lexington, Massachusetts.

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements.

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

##### *Fund Financial Statements*

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

## ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements.

### *Fund Financial Statements*

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Typically, revenue items are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, pension, and OPEB are recorded as expenditures only when payment is due.

The District reports the following major governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to segregate activities related to the District's capital projects.

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

The District reports the following fiduciary funds:

- The *Pension and OPEB Trust Funds* include retirement trust fund accounts for the activities of the Minuteman Regional School District Contributory Retirement System, which accumulates resources for pension benefit payments to qualified employees, and other post-employment benefits trust funds used to accumulate resources for health benefits for retired employees.

- The *Private Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the pension trust fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Custodial Funds* account for fiduciary assets held by the District in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include fees collected on behalf of students.

***Cash and Investments***

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

Deposits with financial institutions consist primarily of demand deposits, savings accounts, and money market accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected in the financial statements under the caption “cash and short-term investments”.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

The District invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

***Capital Assets***

Capital assets, which include land, buildings and improvements, furniture and equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

	<u>Years</u>
Buildings and improvements	20 - 40
Furniture and equipment	3 - 20

***Compensated Absences***

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

***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

***Fund Equity***

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

***Fund Balance***

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

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

***Net Position***

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported

as restricted when there are limitations imposed on use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

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

The preparation of basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

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

### ***Budgetary Information***

The School Committee annually determines the amount to be raised (after deducting the amount of anticipated revenue the District expects to receive) to maintain and operate the District during the next fiscal year. The District then calculates the assessments to each member community based on its approved budget and seeks an appropriation in the amount of that assessment from each community. After assessments are appropriated by each member community that are consistent with the School Committee's budget (either its initial budget or a budget revised to be consistent with the member's appropriations), the District Treasurer certifies the assessments to the treasurers of the member communities.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws.

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

**Assessments of Member Communities (Excluding Capital)**

Most capital and operating costs of the District in excess of each member’s net minimum contribution are apportioned to the members on the basis of their respective pupil enrollments in the District on October 1 of the preceding year. Certain costs, such as transportation and debt service, are outside of the net school spending requirements established by the Commonwealth of Massachusetts. These costs are apportioned to the members based on either a percentage or on a member-specific basis. For the year ended June 30, 2021, the assessments were as follows:

	<u>Total Assessment</u>
Acton-Boxborough RSD	\$ 217,865
Town of Acton	1,732,983
Town of Arlington	6,113,371
Town of Belmont	46,356
Town of Bolton	591,917
Town of Boxborough	5,268
Town of Carlisle	5,268
Town of Concord	1,213,873
Town of Dover	137,416
Town of Lancaster	2,195,473
Town of Lexington	2,863,152
Town of Lincoln	8,428
Town of Needham	1,099,935
Town of Stow	1,286,053
Town of Sudbury	23,178
Town of Wayland	7,375
Town of Weston	<u>7,375</u>
Total	<u>\$ 17,555,286</u>

**Deficit Fund Equity**

Certain individual funds reflected deficit balances as of June 30, 2021.

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

### 3. Deposits and Investments– District (Excluding the OPEB Trust Fund and MMCRS)

Massachusetts General Laws (MGL) Chapter 44, Section 55 places certain limitation on the nature of deposits and investments available to the District. Deposits, including demand deposits, money markets, and certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations that have maturities of a year or less from the date of purchase or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national, banks and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board (GASB) 79. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

#### ***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District and the Minuteman Regional School District Contributory Retirement System (MMCRS) do not have a deposit policy for custodial credit risk. Bank balances are categorized as follows at June 30, 2021 for the District and December 31, 2020 for the MMCRS:

	<u>District</u>	<u>MMCRS</u>
FDIC/DIF	\$ 4,662,830	\$ 250,000
MMDT	3,801,116	-
Uninsured or uncollateralized	<u>3,690,761</u>	<u>149,882</u>
Total	<u>\$ 12,154,707</u>	<u>\$ 399,882</u>

### 4. Investments – OPEB Trust Fund

The following is a summary of the OPEB Trust Fund’s investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Equity mutual funds	\$ 302,176
Fixed income mutual funds	<u>97,706</u>
Total Investments	<u>\$ 399,882</u>

***Custodial Credit Risk***

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

As of June 30, 2021, all of the OPEB Trust Fund's investments were subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and/or held by the OPEB Trust Fund's brokerage firm, which is also the counterparty to these securities.

***Credit Risk – Investments in Debt Securities***

Generally, credit risk is the risk that an issuer of an investment will not fulfil its obligation to the holder of the investment. The OPEB Trust Fund does not have formal investment policies related to credit risk.

As of June 30, 2021, \$97,706 of the OPEB Trust Fund's investments had an AA rating. The remaining \$302,176 of investments were in equity mutual funds and are not subject to credit risk disclosure.

***Concentration of Credit Risk***

The OPEB Trust Fund places no limit on the amount that may be invested in any one issuer. The OPEB Trust Fund does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2021, the OPEB Trust Fund does not have an investment in one issuer greater than 5% of total investments.

***Interest Rate Risk***

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

As of June 30, 2021, \$97,706 of the OPEB Trust Fund's investments had a maturity of 8.5 years. The remaining \$302,176 of investments were in equity mutual funds which are not subject to interest rate risk disclosure.

***Fair Value***

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

The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 2 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

The OPEB Trust Fund had the following fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Equity mutual funds	\$ 302,176	\$ 302,176	\$ -	\$ -
Fixed income mutual funds	97,706	-	97,706	-
Total	<u>\$ 399,882</u>	<u>\$ 302,176</u>	<u>\$ 97,706</u>	<u>\$ -</u>

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

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

## 5. Investments – Pension Trust Fund (MMCRS)

At December 31, 2020, MMCRS had \$15,403,209 invested in the Pension Reserves Investment Trust (PRIT). The Pension Reserves Investment Trust was created under Massachusetts General Laws, Chapter 32, Section 22, in December 1983. The Pension Reserves Investment Trust is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Laws, Chapter 30B.

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

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

As of December 31, 2020, all of the MMCRS's investments totaling \$15,403,209 were held in the State investment pool (PRIT).

### ***Credit Risk – Investments in Debt Securities***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Massachusetts General Laws, Chapter 32, Section 23, limits the investment of the MMCRS's funds, to the extent not required for current disbursements, in PRIT or in securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth of Massachusetts, provided that no more than the established percentage of assets, is invested in any one security.

Due to their nature, none of MMCRS's investments were subject to credit risk disclosure.

### ***Concentration of Credit Risk***

Massachusetts General Laws, Chapter 32, Section 23 limits the amount MMCRS may invest in any one issuer or security type, with the exception of investments in PRIT.

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

All of MMCRS's investments are invested in PRIT, which is exempt from concentration of credit risk disclosure.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The MMCRS 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. MMCRS 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.

Information about the sensitivity of the fair value of MMCRS's investments to market interest rate fluctuations is not applicable as all MMCRS's investments are immediately liquid.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The MMCRS does not have policies for foreign currency risk.

**Fair Value**

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

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy categorizes the inputs to valuation techniques used for fair value measurements into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

The net asset value (NAV) per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using the NAV for fair value are not subject to level classification.

The MMCRS had the following fair value measurements as of December 31, 2020:

<u>Investment Type</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Investments measured using net asset value (NAV):				
External investment pool	\$ <u>15,403,209</u>	\$ <u>-</u>	Monthly	30 Days

## 6. Receivables

Receivables are comprised primarily of reimbursements requested from federal, state, and local agencies for expenditures incurred in fiscal year 2021 and State aid.

## 7. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 139,881	\$ 2,357	\$ -	\$ 142,238
Furniture and equipment	<u>2,356</u>	<u>215</u>	<u>-</u>	<u>2,571</u>
Total capital assets, being depreciated	142,237	2,572	-	144,809
Less accumulated depreciation for:				
Buildings and improvements	(4,844)	(3,513)	-	(8,357)
Furniture and equipment	<u>(1,047)</u>	<u>(207)</u>	<u>-</u>	<u>(1,254)</u>
Total accumulated depreciation	<u>(5,891)</u>	<u>(3,720)</u>	<u>-</u>	<u>(9,611)</u>
Capital assets, being depreciated, net	136,346	(1,148)	-	135,198
Capital assets, not being depreciated:				
Land	669	-	-	669
Construction in progress	<u>1,482</u>	<u>3,055</u>	<u>-</u>	<u>4,537</u>
Total capital assets, not being depreciated	<u>2,151</u>	<u>3,055</u>	<u>-</u>	<u>5,206</u>
Governmental activities capital assets, net	\$ <u>138,497</u>	\$ <u>1,907</u>	\$ <u>-</u>	\$ <u>140,404</u>

## 8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the District 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

pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

**9. Notes Payable**

The District had the following note outstanding at June 30, 2021:

<u>Purpose</u>	<u>Issue Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance at 06/30/21</u>
School Construction Project	\$ 3,800,000	05/19/20	05/19/21	1.75%	\$ -

The following summarizes activity in notes payable during fiscal year 2021:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Repayments</u>	<u>Balance End of Year</u>
School Construction Project	\$ 3,800,000	\$ -	\$ (3,800,000)	\$ -

**10. Capital Lease Obligations**

The District is the lessee of certain equipment under a capital lease agreement that expires in fiscal year 2025. Future minimum lease payments under the capital lease agreement are as follows at June 30, 2021:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 535,136
2023	550,408
2024	566,290
2025	<u>582,807</u>
Total payments	2,234,641
Less amounts representing interest	<u>260,814</u>
Present value of minimum lease payments	<u>\$ 1,973,827</u>

Equipment financed by the lease was disposed of during fiscal year 2020 during the course of the new school construction. The General Fund has been designated as the source to repay the outstanding capital lease.

**11. Long-Term Debt**

***General Obligation Bonds***

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds outstanding are as follows:

<u>Governmental Activities</u>		Serial	Interest	Amount
<u>General Obligation Bonds</u>	<u>Original</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
	<u>Issue</u>	<u>Through</u>		<u>as of</u>
				<u>06/30/21</u>
Public offerings:				
School construction	\$ 36,000,000	9/15/2047	3-5%	\$ 35,170,000
School construction	46,000,000	10/15/2048	3-5%	45,990,000
School construction	12,000,000	1/15/2050	2-5%	11,785,000
School construction	6,300,000	4/15/2041	2-5%	<u>6,300,000</u>
Total governmental activities				<u>\$ 99,245,000</u>

***Future Debt Service***

The annual payments to retire all general obligation bonds outstanding as of June 30, 2021 are as follows:

<u>Year</u>	<u>Bonds - Public Offerings</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,285,000	\$ 3,545,208
2023	2,350,000	3,432,563
2024	2,315,000	3,316,438
2025	2,585,000	3,194,563
2026	2,700,000	3,063,188
2027 - 2031	17,740,000	13,327,766
2032-2036	19,300,000	10,166,894
2037-2041	19,830,000	7,053,375
2042-2046	19,410,000	3,673,244
2047-2051	<u>10,730,000</u>	<u>589,828</u>
Total	<u>\$ 99,245,000</u>	<u>\$ 51,363,067</u>

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

During the year ended June 30, 2021, the following changes occurred in long-term liabilities (in thousands):

	Beginning			Ending	Current	Long-Term
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Portion</u>	<u>Portion</u>
<b>Governmental Activities</b>						
Bonds payable:						
Public offerings	\$ 93,985	\$ 6,300	\$ (1,040)	\$ 99,245	\$ (2,285)	\$ 96,960
Unamortized premium	<u>1,597</u>	<u>466</u>	<u>(57)</u>	<u>2,006</u>	<u>(73)</u>	<u>1,933</u>
Subtotal	95,582	6,766	(1,097)	101,251	(2,358)	98,893
Net pension liability (asset)	1,665	-	(1,740)	(75)	-	(75)
Net OPEB liability	32,222	-	(7,251)	24,971	-	24,971
Compensated absences	280	-	(5)	275	-	275
Capital lease	<u>2,374</u>	<u>-</u>	<u>(400)</u>	<u>1,974</u>	<u>(435)</u>	<u>1,539</u>
Total	<u>\$ 132,123</u>	<u>\$ 6,766</u>	<u>\$ (10,493)</u>	<u>\$ 128,396</u>	<u>\$ (2,793)</u>	<u>\$ 125,603</u>

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

Bonds and loans issued by the District for various projects are approved by the School Committee and repaid with revenues recorded in the General Fund. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund.

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

Deferred inflows of resources represent the acquisition of net position by the District that is 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 are more fully described in the corresponding pension and OPEB notes.

## **13. Governmental Fund – Balances**

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

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

The following types of fund balances are reported at June 30, 2021:

**Restricted**

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

**Committed**

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. This fund balance classification includes building stabilization funds.

**Assigned**

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

**Unassigned**

Represents amounts that are available to be spent in future periods and deficit funds.

The following are the District's fund balances at June 30, 2021:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Restricted</b>				
Capital projects funds	\$ -	\$ 1,632,294	\$ -	\$ 1,632,294
Grants and revolving funds	-	-	1,121,379	1,121,379
Debt service (capital fees)	-	-	572,759	572,759
Total Restricted	-	1,632,294	1,694,138	3,326,432
<b>Committed</b>				
Building stabilization	1,283,564	-	-	1,283,564
Total Committed	1,283,564	-	-	1,283,564
<b>Assigned</b>				
Reserved for expenditures:				
Tuition	2,695,837	-	-	2,695,837
Operating budget	540,000	-	-	540,000
Stabilization fund	550,000	-	-	550,000
Total Assigned	3,785,837	-	-	3,785,837
<b>Unassigned:</b>				
Deficits	-	-	(290,820)	(290,820)
Unassigned	1,201,807	-	-	1,201,807
Total Unassigned	1,201,807	-	(290,820)	910,987
<b>Total</b>	<b>\$ 6,271,208</b>	<b>\$ 1,632,294</b>	<b>\$ 1,403,318</b>	<b>\$ 9,306,820</b>

**14. Transfers**

The District reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The sum of all transfers presented in the table below agrees with the sum of transfers presented in the governmental fund financial statements.

	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund	\$ 1,519,023	\$ -
Debt Service Fund (capital fees)	<u>-</u>	<u>1,519,023</u>
Total	<u>\$ 1,519,023</u>	<u>\$ 1,519,023</u>

**15. Minuteman Regional School District Contributory Retirement System (MMCRS)**

The District follows the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to employees’ retirement funds.

***Plan Description***

The Minuteman Regional School District Contributory Retirement System (MMCRS) is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Because of the significance of its operational and financial relationships with the District, MMCRS is included as a pension trust fund in the District’s basic financial statements.

Substantially all employees of the District (except teachers) are members of the Minuteman Regional School District Contributory Retirement System (MMCRS), a single employer defined benefit public employee retirement system. Eligible employees must participate in the MMCRS. 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 MMCRS Retirement Board. Chapter 32 also establishes contribution percentages and benefits paid.

The MMCRS is governed by a five-member Board. The five members include two appointed by the District, two elected by the members and retirees, and a fifth member chosen by the other four members with the approval of the Public Employee Retirement Administration Commission. The MMCRS does not have the authority to amend benefit provisions.

Membership of the plan consisted of the following at January 1, 2021 (the latest actuarial valuation):

Retirees and beneficiaries receiving benefits	39
Inactive members	58
Active plan members	<u>41</u>
Total	<u>138</u>

*Benefits Provided*

A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year (or five-year salary as discussed below) average salary. For veterans as defined in G.L. c. 32, s. 1, there is an additional benefit of \$15 per year for each year of creditable service, up to a maximum of \$300.

- Salary is defined as gross regular compensation. For employees who become members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. 401(a)(17). In addition, regular compensation for members who retire after April 2, 2012 will be limited to prohibit "spiking" of a member's salary to increase the retirement benefit.
- For persons who became members prior to April 2, 2012, average salary is the average annual rate of regular compensation received during the three consecutive years that produce the highest average, or, if greater, during the last three years (whether or not consecutive) preceding retirement.
- For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement.
- The benefit rate varies with the member's retirement age. For persons who became members prior to April 2, 2012, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 65, Group 2 employees who retire at or after age 60, and to Group 4 employees who retire at or after age 55. A .1% reduction is applied for each year of age under the maximum age for the member's group. For Group 2 employees who terminate from service under age 55, the benefit rate for a Group 1 employee shall be used.
- For persons who became members on or after April 2, 2012 and retire with less than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .15% reduction is applied for each year of age under the maximum age for the member's group.

- For persons who became members on or after April 2, 2012 and retire with more than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 55. A .125% reduction is applied for each year of age under the maximum age for the member’s group.
- A participant who has attained the requisite years of creditable service can elect to defer his or her retirement until a later date. Group 4 employees cannot defer beyond age 65.
- All participants must begin to receive a retirement allowance or withdraw their accumulated deductions no later than April 15 of the calendar year following the year they reach age 70½.

*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. An employee’s individual contribution percentage is determined by their date of entry into MMCRS. 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.

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

The District’s contribution to the MMCRS for the year ended June 30, 2021 was \$297,000, which was equal to its annual required contribution.

***Summary of Significant Accounting Policies***

The accounting policies of the MMCRS used in the accompanying financial statements for the year ended December 31, 2020 conform to Generally Accepted Accounting Principles for public employee retirement systems. The more significant accounting policies of the MMCRS are summarized below:

***Basis of Accounting***

Contributory retirement system financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized as revenue in the period in which the members provide services to the employer. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

***Investments***

Investments are reported at fair value in accordance with PERAC requirements. MMCRS assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

***Rate of Return***

For the year ended December 31, 2020, the money weighted rate of return on investments, net of investment expenses including inflation, was 11.79%.

***Net Pension Liability***

The net pension liability was based on an actuarial valuation dated January 1, 2021.

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 MMCRS and additions to/deductions from MMCRS's fiduciary net position have been determined on the same basis as they are reported by MMCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

The components of the net pension liability of the participating employer at June 30, 2021 was as follows:

Total pension liability	\$ 15,607,000
Plan fiduciary net position	<u>(15,682,000)</u>
Employer's net pension liability (asset)	\$ <u><u>(75,000)</u></u>
Plan fiduciary net position as a percentage of total pension liability	100.48%

**Actuarial Assumptions**

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	
Group 1	4.25%
Group 4	4.75%
Inflation rate	Not explicitly assumed
Post-retirement cost-of-living adjustment	3% on first \$13,000

Actuarial valuations involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period January 1, 2017.

- Pre-retirement rates reflect the RP-2000 Employees table projected generationally with scale BB and a base year of 2009 (gender distinct)
- Post-retirement rates reflect the RP-2000 Healthy Annuitant table projected generationally with scale BB and a base year of 2009 (gender distinct)
- For disabled retirees, the rates reflect the RP-2000 Healthy Annuitant table projected generationally with scale BB and a base year of 2012 (gender distinct)

### ***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, without inflation, 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>
US Equity	21.20%	1.36%
Int'l Equities	11.80%	0.78%
Emerging Int'l Equities	5.00%	0.42%
Hedged equity	1.00%	0.06%
Core fixed income	15.00%	1.41%
Value-Added Fixed Income	8.00%	0.50%
Private Equity	14.00%	1.43%
Real Estate	10.00%	0.60%
Timberland	4.00%	0.26%
Portfolio Completion	<u>10.00%</u>	0.52%
Total	<u>100.00%</u>	

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.00% (previously 7.25%). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Current Discount Rate	1% Increase
1% Decrease		
<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
\$ 1,493,000	\$(75,000)	\$(1,401,000)

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

At June 30, 2021, the District reported an asset of \$(75,000) representing the total net pension asset of the MMCRS. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021.

For the year ended June 30, 2021, the District recognized total pension expense of \$(410,000). In addition, the District reported deferred outflows and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 987,000
Net difference between the projected and actual earnings on pension investments	-	841,000
Changes in assumptions	<u>318,000</u>	<u>-</u>
Total	\$ <u>318,000</u>	\$ <u>1,828,000</u>

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

<u>Year ended June 30:</u>	
2022	\$ (782,000)
2023	(266,000)
2024	(341,000)
2025	<u>(121,000)</u>
Total	\$ <u>(1,510,000)</u>

## 16. Massachusetts Teachers' Retirement System

### ***Plan Description***

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts reporting entity and does not issue a standalone audited financial report.

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

### ***Benefits Provided***

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

creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

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

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

### **Contributions**

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

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

### **Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

- (a) 7.15% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2017.

- Mortality rates were as follows:
  - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
  - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
  - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

***Target Allocations***

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.70%
Private equity	13.00%	8.20%
Portfolio completion strategies	11.00%	3.20%
Real estate	10.00%	3.50%
Value added fixed income	8.00%	4.20%
Timber/natural resources	4.00%	4.10%
Total	<u>100.00%</u>	

***Discount Rate***

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

**Sensitivity Analysis**

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
\$ 35,411,955	\$ 28,544,844	\$ 22,908,510

**Special Funding Situation**

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

**District Proportions**

In fiscal year 2020 (the most recent measurement period), the District’s proportionate share of the MTRS’ collective net pension liability was \$37,310,529 based on a proportionate share of 0.130708%. As required by GASB 68, the District has recognized its portion of the Commonwealth’s contribution of approximately \$2,030,469 as both a revenue and expenditure in the General Fund, and its portion of the collective pension expense of approximately \$4,608,385 as both a revenue and expense in governmental activities.

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2017, the District established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

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

All the following OPEB disclosures are based on a measurement date of June 30, 2021.

***General Information about the OPEB Plan***

*Plan Description*

The District provides post-employment healthcare benefits for retired employees through the District’s plan. The District provides health insurance coverage through the Massachusetts Bay Health Care Trust Fund. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

*Benefits Provided*

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

*Plan Membership*

As of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	107
Active employees	<u>112</u>
Total	<u><u>219</u></u>

***Investments***

The OPEB trust fund assets consist of equity mutual funds and fixed income mutual funds.

*Rate of Return*

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was not available.

**Actuarial Assumptions and Other Inputs**

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

Salary increases	3.50% annually
Investment rate of return	2.19% net of OPEB plan investment expense
Municipal bond rate	2.16% - June 30, 2021 Bond Buyer's 20 Bond Index
Discount rate	2.19%
Healthcare cost trend rates	7.00% for 2020 fluctuating to an ultimate rate of 5.0% in 2024 and later
Retiree's share of benefit-related costs	40% medical, 50% life
Participation rate	80% of active employees

Mortality rates were based on the RP-2000 combined mortality table projected on a generational basis using projection scale AA.

**Contributions**

In addition to the implicit subsidy contribution, the District's policy is to contribute the amounts provided annually by the budget.

**Discount Rate**

The discount rate used to measure the net OPEB liability was 2.19%, changed from 2.21%. 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 projected to be available to make all projected future benefit payments of current plan members.

**Net OPEB Liability**

The components of the net OPEB liability, measured as of June 30, 2021, were as follows:

Total OPEB liability	\$ 25,371,193
Plan fiduciary net position	<u>399,882</u>
Net OPEB liability	<u>\$ 24,971,311</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.58%

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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 32,473,201	\$ 251,563	\$ 32,221,638
Changes for the year:			
Service cost	1,174,260	-	1,174,260
Interest	552,987	5,559	547,428
Contributions - employer	-	639,569	(639,569)
Differences between expected and actual experience	(2,907,246)	82,760	(2,990,006)
Changes in assumptions and other inputs	(5,342,440)	-	(5,342,440)
Benefit payments	<u>(579,569)</u>	<u>(579,569)</u>	<u>-</u>
Net changes	<u>(7,102,008)</u>	<u>148,319</u>	<u>(7,250,327)</u>
Balances, end of year	<u>\$ 25,371,193</u>	<u>\$ 399,882</u>	<u>\$ 24,971,311</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of June 30, 2020 to 2.19% as of June 30, 2021; the Non-Medicare-eligible trend rate was updated; the demographic assumptions were updated; and the mortality table was updated.

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

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

1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
\$ 29,947,600	\$ 24,971,311	\$ 21,070,999

**Schedule of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

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:

	Current Healthcare Cost Trend Rates	
1% Decrease <u>(6.00%)</u>		1% Increase <u>(8.00%)</u>
\$ 20,355,617	\$ 24,971,311	\$ 31,182,673

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,299,988. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,949,473
Changes in assumptions	7,007,830	4,791,991
Net difference between projected and actual earnings on OPEB investment	-	66,208
Total	\$ <u>7,007,830</u>	\$ <u>9,807,672</u>

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

<u>Year ended June 30:</u>	
2022	\$ (421,700)
2023	(404,347)
2024	(248,179)
2025	(271,390)
2026	(1,359,092)
Thereafter	<u>(95,134)</u>
Total	\$ <u>(2,799,842)</u>

## 18. Consolidation of Pension and OPEB Trust Funds

The Minuteman Regional School District Contributory Retirement System and the District's OPEB Trust Fund are presented in a single column in the accompanying fiduciary fund statements. Details of the financial position and changes in net position are as follows:

	Pension Trust Fund (December 31, 2020)	Other Post-Employment Benefits Trust Fund	Pension and OPEB Trust Funds
<b>Assets</b>			
Cash and short-term investments	\$ 261,286	\$ -	\$ 261,286
Investments:			
External investment pool	15,403,209	-	15,403,209
Equity mutual funds	-	302,176	302,176
Mutual funds	-	97,706	97,706
Total Investments	<u>15,403,209</u>	<u>399,882</u>	<u>15,803,091</u>
Accounts receivable	<u>17,224</u>	<u>-</u>	<u>17,224</u>
Total Assets	15,681,719	399,882	16,081,601
<b>Net Position</b>			
Restricted for pension purposes	15,681,719	-	15,681,719
Restricted for OPEB purposes	<u>-</u>	<u>399,882</u>	<u>399,882</u>
Total Net Position	<u>\$ 15,681,719</u>	<u>\$ 399,882</u>	<u>\$ 16,081,601</u>
<b>Additions</b>			
Contributions:			
Employer	\$ 297,000	\$ 639,569	\$ 936,569
Plan members	301,568	-	301,568
Other systems and Commonwealth of Massachusetts	131,377	-	131,377
Other	<u>2,624</u>	<u>-</u>	<u>2,624</u>
Total contributions	732,569	639,569	1,372,138
Investment Income (Loss):			
Investment income	-	6,430	6,430
Increase (decrease) in fair value of investments			
Investment income	1,718,736	81,889	1,800,625
Less: management fees	<u>(68,298)</u>	<u>-</u>	<u>(68,298)</u>
Net investment income (loss)	<u>1,650,438</u>	<u>88,319</u>	<u>1,738,757</u>
Total additions	2,383,007	727,888	3,110,895
<b>Deductions</b>			
Benefit payments to plan members and beneficiaries	1,196,322	579,569	1,775,891
Refunds to plan members	21,310	-	21,310
Transfers to other systems	170,252	-	170,252
Administrative expenses	<u>60,079</u>	<u>-</u>	<u>60,079</u>
Total deductions	<u>1,447,963</u>	<u>579,569</u>	<u>2,027,532</u>
Net increase	935,044	148,319	1,083,363
<b>Net Position Restricted for Pension and OPEB Purposes</b>			
Beginning of year	<u>14,746,675</u>	<u>251,563</u>	<u>14,998,238</u>
End of year	<u>\$ 15,681,719</u>	<u>\$ 399,882</u>	<u>\$ 16,081,601</u>

## **19. Change in Accounting Principle**

During fiscal year 2021, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

## **20. Commitments and Contingencies**

### ***COVID-19***

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the District, 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 remains uncertain.

### ***Outstanding Legal Issues***

There are several pending legal issues in which the District is involved. The District's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

### ***Grants***

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

### ***MGL Chapter 71, Section 16 B1/2***

On June 29, 2021, the School Committee voted a transfer to the stabilization fund; however, they are reviewing the appropriateness of this transaction with the Commonwealth of Massachusetts Department of Revenue. This transfer is reported as assigned fund balance.

**21. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the District beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has not yet evaluated the effect this standard will have on the financial statements.

**22. Subsequent Events**

Management has evaluated subsequent events through June 28, 2022, which is the date the financial statements were available to be issued.

***Debt***

Subsequent to June 30, 2021, the District incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Bond anticipation note - School Construction	\$ 2,800,000	1.95%	05/24/22	04/12/23

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Required Supplementary Information

General Fund

Schedule of Revenues, and Expenditures and Other Financial Sources (Uses) - Budget and Actual

For the Year Ended June 30, 2021

(Unaudited)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Assessments to members	\$ 17,337,421	\$ 17,337,421	\$ 17,337,421	\$ -
Intergovernmental revenues	2,967,192	2,967,192	2,822,848	(144,344)
Charges for services	705,615	705,615	705,615	-
Investment income	-	-	5,323	5,323
Miscellaneous	-	-	278,000	278,000
<b>Total Revenues</b>	<b>21,010,228</b>	<b>21,010,228</b>	<b>21,149,207</b>	<b>138,979</b>
<b>Expenditures</b>				
Administration	1,633,590	2,014,964	1,988,927	26,037
Instruction	10,869,565	10,825,450	10,509,169	316,281
Other school services	2,302,396	1,450,964	1,180,943	270,021
Operation and maintenance	1,680,185	1,845,635	1,806,866	38,769
Fixed charges	3,679,825	3,353,825	3,352,066	1,759
Community services	80,000	80,000	80,000	-
Capital acquisitions	70,000	191,723	122,041	69,682
Other	10,000	41,000	29,344	11,656
Debt service	5,092,385	5,064,385	5,058,885	5,500
<b>Total Expenditures</b>	<b>25,417,946</b>	<b>24,867,946</b>	<b>24,128,241</b>	<b>739,705</b>
Excess (Deficiency) of Revenues over Expenditures	(4,407,718)	(3,857,718)	(2,979,034)	878,684
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,519,023	1,519,023	1,519,023	-
Transfers out	(700,000)	(1,250,000)	(1,250,000)	-
Use of fund balance - prior year tuition	3,048,695	3,048,695	3,048,695	-
Use of fund balance - operations	540,000	540,000	540,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,407,718</b>	<b>3,857,718</b>	<b>3,857,718</b>	<b>-</b>
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 878,684	\$ 878,684

See Independent Auditor's Report.

**Notes to the Required Supplementary Information  
for General Fund Budget**

**Budgetary Basis**

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

**Budget/GAAP Reconciliations**

The budgetary data for the General Fund is based upon accounting principles that differ from Generally Accepted Accounting Principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP Basis	\$ 26,056,416	\$ 26,231,967	\$ 1,519,023
Recognize use of fund balance as funding source - prior year tuition	-	-	3,048,695
Current year tuition received - assigned to 2022 budget	(2,813,698)	-	-
To record use of E&D	-	-	540,000
To reverse stabilization fund activity	(2,498)	-	(1,250,000)
Unbudgeted revenues and expenditures	(60,544)	(73,257)	-
To reverse MTRS for budget purposes	(2,030,469)	(2,030,469)	-
Budgetary Basis	<u>\$ 21,149,207</u>	<u>\$ 24,128,241</u>	<u>\$ 3,857,718</u>

See Independent Auditor's Report.

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability (Asset)

(Unaudited)

**Minuteman Regional School District Contributory Retirement Plan**

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	December 31, 2020	100%	\$ (75,000)	\$ 2,029,000	-3.7%	100.5%
June 30, 2020	December 31, 2019	100%	\$ 1,665,000	\$ 2,264,000	73.5%	89.9%
June 30, 2019	December 31, 2018	100%	\$ 2,540,000	\$ 2,209,000	115.0%	84.1%
June 30, 2018	December 31, 2017	100%	\$ 1,201,000	\$ 2,209,000	54.4%	92.3%
June 30, 2017	December 31, 2016	100%	\$ 2,752,000	\$ 2,745,000	100.3%	82.5%
June 30, 2016	December 31, 2015	100%	\$ 2,367,000	\$ 2,745,000	86.2%	84.3%
June 30, 2015	December 31, 2014	100%	\$ 310,000	\$ 2,338,000	13.3%	97.7%

**Massachusetts Teachers' Retirement System**

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the District</u>	<u>Total Net Pension Liability Associated with the District</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2021	June 30, 2020	0.130708%	\$ -	\$ 37,310,529	\$ 37,310,529	\$ 9,903,441	0.00%	50.67%
June 30, 2020	June 30, 2019	0.133657%	\$ -	\$ 33,700,373	\$ 33,700,373	\$ 9,726,418	0.00%	53.95%
June 30, 2019	June 30, 2018	0.135695%	\$ -	\$ 32,174,938	\$ 32,174,938	\$ 9,329,177	0.00%	58.84%
June 30, 2018	June 30, 2017	0.137544%	\$ -	\$ 31,477,463	\$ 31,477,463	\$ 9,157,556	0.00%	54.25%
June 30, 2017	June 30, 2016	0.145840%	\$ -	\$ 32,606,846	\$ 32,606,846	\$ 9,292,274	0.00%	52.73%
June 30, 2016	June 30, 2015	0.151304%	\$ -	\$ 31,001,679	\$ 31,001,679	\$ 9,308,132	0.00%	55.38%
June 30, 2015	June 30, 2014	0.150000%	\$ -	\$ 23,845,878	\$ 23,845,878	\$ 7,722,908	0.00%	61.64%

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

See Independent Auditor's Report.

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Required Supplementary Information  
Schedule of Pension Contributions

(Unaudited)

**Massachusetts Teachers' Retirement System**

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	June 30, 2020	\$ 2,030,469	\$ 2,030,469	\$ -	\$ 9,903,441	20.5%
June 30, 2020	June 30, 2019	\$ 1,929,621	\$ 1,929,621	\$ -	\$ 9,726,418	19.8%
June 30, 2019	June 30, 2018	\$ 1,784,090	\$ 1,784,090	\$ -	\$ 9,329,177	19.1%
June 30, 2018	June 30, 2017	\$ 1,699,376	\$ 1,699,376	\$ -	\$ 9,157,556	18.6%
June 30, 2017	June 30, 2016	\$ 1,640,094	\$ 1,640,094	\$ -	\$ 9,292,274	17.7%
June 30, 2016	June 30, 2015	\$ 1,546,222	\$ 1,546,222	\$ -	\$ 9,308,132	16.6%
June 30, 2015	June 30, 2014	\$ 1,406,148	\$ 1,406,148	\$ -	\$ 7,722,908	18.2%

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

See Independent Auditor's Report.

MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information  
Schedule of Changes in the Net Pension Liability (Asset)

(Unaudited)

(Amounts expressed in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>							
Service cost	\$ 339	\$ 324	\$ 322	\$ 307	\$ 354	\$ 338	\$ 291
Interest	1,175	1,138	1,133	1,144	1,124	1,004	999
Differences between expected and actual experience	(1,478)	(316)	-	(767)	-	397	-
Changes of assumptions	245	444	-	217	-	730	-
Benefit payments, including refunds/transfers of member contributions	<u>(1,086)</u>	<u>(1,091)</u>	<u>(1,071)</u>	<u>(1,057)</u>	<u>(866)</u>	<u>(880)</u>	<u>(816)</u>
Net change in total pension liability	(805)	499	384	(156)	612	1,589	474
Total pension liability - beginning	<u>16,412</u>	<u>15,913</u>	<u>15,529</u>	<u>15,685</u>	<u>15,073</u>	<u>13,484</u>	<u>13,010</u>
Total pension liability - ending (a)	\$ <u>15,607</u>	\$ <u>16,412</u>	\$ <u>15,913</u>	\$ <u>15,529</u>	\$ <u>15,685</u>	\$ <u>15,073</u>	\$ <u>13,484</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 297	\$ 270	\$ 250	\$ 200	\$ 185	\$ 170	\$ 150
Contributions - member	131	217	223	196	49	194	268
Contributions - other additions	3	-	-	-	4	-	(5)
Net investment income	1,650	2,045	(305)	2,093	889	88	933
Benefit payments, including refunds/transfers of member contributions	(1,086)	(1,091)	(1,069)	(1,057)	(866)	(880)	(816)
Administrative expense	<u>(60)</u>	<u>(67)</u>	<u>(54)</u>	<u>(37)</u>	<u>(34)</u>	<u>(40)</u>	<u>(46)</u>
Net change in plan fiduciary net position	935	1,374	(955)	1,395	227	(468)	484
Plan fiduciary net position - beginning	<u>14,747</u>	<u>13,373</u>	<u>14,328</u>	<u>12,933</u>	<u>12,706</u>	<u>13,174</u>	<u>12,690</u>
Plan fiduciary net position - ending (b)	<u>15,682</u>	<u>14,747</u>	<u>13,373</u>	<u>14,328</u>	<u>12,933</u>	<u>12,706</u>	<u>13,174</u>
Net pension liability (asset) - ending (a-b)	\$ <u>(75)</u>	\$ <u>1,665</u>	\$ <u>2,540</u>	\$ <u>1,201</u>	\$ <u>2,752</u>	\$ <u>2,367</u>	\$ <u>310</u>

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

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

See Independent Auditor's Report.

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Required Supplementary Information  
Schedules of the Net Pension Liability, Contributions, and Investment Returns

(Unaudited)  
(Amounts expressed in thousands)

<b>Schedule of Net Pension Liability</b>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability	\$ 15,607	\$ 16,412	\$ 15,913	\$ 15,529	\$ 15,685	\$ 15,073	\$ 13,484
Plan fiduciary net position	<u>15,682</u>	<u>14,747</u>	<u>13,373</u>	<u>14,328</u>	<u>12,933</u>	<u>12,706</u>	<u>13,174</u>
Net pension liability (asset)	\$ <u>(75)</u>	\$ <u>1,665</u>	\$ <u>2,540</u>	\$ <u>1,201</u>	\$ <u>2,752</u>	\$ <u>2,367</u>	\$ <u>310</u>
Plan fiduciary net position as a percentage of the total pension liability	100.5%	89.9%	84.0%	92.3%	82.5%	84.3%	97.7%
Covered payroll	\$ 2,029	\$ 2,264	\$ 2,209	\$ 2,209	\$ 2,745	\$ 2,745	\$ 2,238
Participating employer net pension liability (asset) as a percentage of covered payroll	-3.7%	73.5%	115.0%	54.4%	100.3%	86.2%	13.9%
 <b>Schedule of Contributions</b>	 <u>2021</u>	 <u>2020</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Actuarially determined contribution	\$ 297	\$ 270	\$ 250	\$ 200	\$ 185	\$ 170	\$ 150
Contributions in relation to the actuarially determined contribution	<u>297</u>	<u>270</u>	<u>250</u>	<u>200</u>	<u>185</u>	<u>170</u>	<u>150</u>
Contribution deficiency (excess)	\$ <u>-</u>						
Covered payroll	\$ 2,029	\$ 2,264	\$ 2,209	\$ 2,209	\$ 2,745	\$ 2,745	\$ 2,238
Participating employer net pension liability as a percentage of covered payroll	14.6%	11.9%	11.3%	9.1%	6.7%	6.2%	6.4%
 <b>Schedule of Investment Returns</b>	 <u>2021</u>	 <u>2020</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
<i>Year Ended December 31</i>							
Annual money weighted rate of return, net of investment expense	11.79%	16.26%	-2.26%	7.40%	7.50%	0.71%	7.74%

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

See Independent Auditor's Report.

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

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

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 1,174,260	\$ 1,111,424	\$ 977,751	\$ 1,168,517
Interest	552,987	877,010	855,485	838,862
Differences between expected and actual experience	(2,907,246)		(4,937,651)	
Change in assumptions and other inputs	(5,342,440)	6,806,446	4,860,139	(1,023,773)
Benefit payments, including refunds of member contributions	<u>(579,569)</u>	<u>(530,802)</u>	<u>(491,472)</u>	<u>(598,924)</u>
Net change in total OPEB liability	(7,102,008)	8,264,078	1,264,252	384,682
Total OPEB liability - beginning	<u>32,473,201</u>	<u>24,209,123</u>	<u>22,944,871</u>	<u>22,560,189</u>
Total OPEB liability - ending (a)	\$ <u>25,371,193</u>	\$ <u>32,473,201</u>	\$ <u>24,209,123</u>	\$ <u>22,944,871</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 639,569	\$ 580,802	\$ 541,472	\$ 648,924
Net investment income	5,559	(8,174)	9,868	(100)
Differences between expected and actual experience	82,760	-	-	-
Benefit payments, including refunds of member contributions	<u>(579,569)</u>	<u>(530,802)</u>	<u>(491,472)</u>	<u>(598,924)</u>
Net change in plan fiduciary net position	148,319	41,826	59,868	49,900
Plan fiduciary net position - beginning	<u>251,563</u>	<u>209,737</u>	<u>149,869</u>	<u>99,969</u>
Plan fiduciary net position - ending (b)	\$ <u>399,882</u>	\$ <u>251,563</u>	\$ <u>209,737</u>	\$ <u>149,869</u>
Net OPEB liability - ending (a - b)	\$ <u>24,971,311</u>	\$ <u>32,221,638</u>	\$ <u>23,999,386</u>	\$ <u>22,795,002</u>

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

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

See Independent Auditor's Report.

**MINUTEMAN REGIONAL VOCATIONAL TECHNICAL SCHOOL DISTRICT**

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

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Schedule of Net OPEB Liability</b>				
Total OPEB liability	\$ 25,371,193	\$ 32,473,201	\$ 22,712,987	\$ 22,944,871
Plan fiduciary net position	<u>399,882</u>	<u>251,563</u>	<u>209,737</u>	<u>149,869</u>
Net OPEB liability	\$ <u>24,971,311</u>	\$ <u>32,221,638</u>	\$ <u>22,503,250</u>	\$ <u>22,795,002</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.58%	0.77%	0.92%	0.65%
Covered payroll	\$ Unavailable	\$ Unavailable	\$ Unavailable	\$ Unavailable
Participating employer net OPEB liability as a percentage of covered payroll	Unavailable	Unavailable	Unavailable	Unavailable
<b>Schedule of Contributions</b>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution*	\$ 579,569	\$ 530,802	\$ 491,472	\$ 598,924
Contributions in relation to the actuarially determined contribution	<u>639,569</u>	<u>580,802</u>	<u>541,472</u>	<u>648,924</u>
Contribution deficiency (excess)	\$ <u>(60,000)</u>	\$ <u>(50,000)</u>	\$ <u>(50,000)</u>	\$ <u>(50,000)</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A
<b>Schedule of Investment Returns</b>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money weighted rate of return, net of investment expense	Unavailable	Unavailable	Unavailable	Unavailable

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