

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants



TOWN OF GROTON, MASSACHUSETTS

Report on Examination of the Basic Financial Statements and
Additional Information

Year Ended June 30, 2025

TOWN OF GROTON, MASSACHUSETTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Select Board
Town of Groton, Massachusetts

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Groton, Massachusetts, (the "Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents, except for the Groton Electric Light Department, (the "Light Department", "Electric Light Department" or "GELD") which is as of December 31, 2024 and is a Town department reported as an enterprise fund and part of the Town's business-type funds. We did not audit the financial statements of the Light Department, which represented 38.9% and 78.6% of the assets and revenues of the combined enterprise funds within the Town's business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to those amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2025, (except for the Light Department, which is as of December 31, 2024) and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is high level of assurance but is not absolute assurance therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Roselli, Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts 01801
December 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Groton, Massachusetts (the “Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025 (December 31, 2024, for the Groton Electric Light Department). We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information found in this report.

Financial Highlights

- The assets and deferred outflows of financial resources for the Town exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by over \$110.2 million (*total net position*). This was an increase of nearly \$16.6 million over the prior year. This consisted of an increase in governmental activities of \$8.1 million and nearly \$8.5 million in business-type activities.
- At the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending deficit of over \$5.2 million, which is approximately \$7.8 million less than the prior year. This was due primarily to the net activity in the capital projects fund as construction on a new school continues that has been subsidized with short-term notes that have yet to be permanently borrowed..
- Of the ending fund balance in the Town’s governmental funds, the Town reports unassigned fund balance at year-end of nearly \$6.5 million in the General Fund.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was over 12.5% of the total General Fund expenditures, and the total General Fund balance was approximately 16.1% of the total General Fund expenditures.
- The Town’s total long-term debt in its governmental activities and business-type activities decreased by about \$3.5 million in the fiscal year due to regular scheduled maturities as there were no issuances in the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation pay).

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, regionalized education, health and human services, culture and recreation, fringe benefits and debt service. The business-type activities of the Town include water, sewer, stormwater drainage and electric light enterprise funds.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid items) or (b) legally or contractually required to be maintained intact.
- Restricted – amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed – amounts constrained by a government using its highest level of decision-making authority.
- Assigned – amounts a government intends to use for a particular purpose.
- Unassigned – amounts that are not constrained at all will be reported in the General Fund or in other major funds if negative.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided in the basic financial statements to help the reader understand the difference.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community preservation act fund, library trust funds, and capital projects funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes in this report.

Proprietary Funds – *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, stormwater drainage and electric light activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town includes the activities of the other postemployment trust benefits trust funds for both the Town and GELD and public assistance and scholarship funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the 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.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other postemployment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.

Government-Wide Financial Analysis

The following table presents the condensed comparative statements of net position:

	Governmental activities		Business-type activities		Total	
	June 30, 2025	2024	June 30, 2025	2024	June 30, 2025	2024
Assets						
Current and other assets	\$ 27,704,578	\$ 41,323,550	\$ 10,462,740	\$ 10,234,700	\$ 38,167,318	\$ 51,558,250
Capital assets, net	146,424,604	132,987,612	50,052,967	42,918,326	196,477,571	175,905,938
Total assets	174,129,182	174,311,162	60,515,707	53,153,026	234,644,889	227,464,188
Deferred outflows of resources	2,714,576	3,719,432	1,522,569	2,001,455	4,237,145	5,720,887
Liabilities						
Long-term liabilities	66,637,162	69,077,844	19,709,339	22,228,097	86,346,501	91,305,941
Other liabilities	31,263,697	36,465,025	3,651,887	3,202,102	34,915,584	39,667,127
Total liabilities	97,900,859	105,542,869	23,361,226	25,430,199	121,262,085	130,973,068
Deferred inflows of resources	3,601,038	4,863,864	3,769,623	3,658,517	7,370,661	8,522,381
Net Position						
Net investment in capital assets	83,776,428	87,816,733	37,298,107	29,502,680	121,074,535	117,319,413
Restricted	11,754,226	13,226,979	-	-	11,754,226	13,226,979
Unrestricted	(20,188,793)	(33,419,851)	(2,390,680)	(3,436,915)	(22,579,473)	(36,856,766)
Net Position	\$ 75,341,861	\$ 67,623,861	\$ 34,907,427	\$ 26,065,765	\$ 110,249,288	\$ 93,689,626

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over \$110.2 million (total net position).

By far the largest portion (approximately \$121.1 million) of the Town's overall net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's total net position (nearly \$11.8 million) represents resources that are subject to external restrictions on how they may be used. The remaining category represents *unrestricted net position*, which is currently in a deficit position of nearly \$22.6 million. This is primarily a result of the recognition of net other postemployment benefits and net pension liabilities. The Town expects the annual provision for this liability will continue to decrease unrestricted net position for the foreseeable future.

The following table presents the condensed comparative statement of activities in net position:

	Governmental activities		Business-type activities		Total	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 5,197,077	\$ 4,392,599	\$ 17,118,857	\$ 16,043,223	\$ 22,315,934	\$ 20,435,822
Operating grants and contributions	1,948,153	1,899,405	-	-	1,948,153	1,899,405
Capital grants and contributions	4,207,665	15,588,558	7,452,242	152,548	11,659,907	15,741,106
General revenues:						
Property taxes	44,219,877	42,542,827	-	-	44,219,877	42,542,827
Intergovernmental	1,084,322	1,057,888	-	-	1,084,322	1,057,888
Other	4,078,847	4,863,122	177,841	173,664	4,256,688	5,036,786
Total revenues	60,735,941	70,344,399	24,748,940	16,369,435	85,484,881	86,713,834
Expenses						
General government	6,784,617	6,312,743	-	-	6,784,617	6,312,743
Public safety	7,979,556	8,464,614	-	-	7,979,556	8,464,614
Education	28,781,388	27,794,307	-	-	28,781,388	27,794,307
Public works	2,813,936	3,314,002	-	-	2,813,936	3,314,002
Health and human services	904,126	879,026	-	-	904,126	879,026
Culture and recreation	3,107,364	2,804,469	-	-	3,107,364	2,804,469
Debt service	2,246,392	2,278,948	-	-	2,246,392	2,278,948
Water	-	-	3,063,285	2,396,793	3,063,285	2,396,793
Sewer	-	-	1,166,072	1,047,371	1,166,072	1,047,371
Cable access	-	-	-	238,656	-	238,656
Stormwater drainage	-	-	235,196	224,227	235,196	224,227
Electric Light Department	-	-	11,803,287	11,414,172	11,803,287	11,414,172
Total expenses	52,617,379	51,848,109	16,267,840	15,321,219	68,885,219	67,169,328
Change in net assets before transfers	8,118,562	18,496,290	8,481,100	1,048,216	16,599,662	19,544,506
Transfers	-	61,067	(40,000)	(99,737)	(40,000)	(38,670)
Change in net position	8,118,562	18,557,357	8,441,100	948,479	16,559,662	19,505,836
Net position, beginning of year	67,623,861	49,066,504	26,065,765	25,117,286	93,689,626	74,183,790
Restatement for closing of cable fund	(400,562)	-	400,562	-	-	-
Net position, beginning of year, as restated	67,223,299	49,066,504	26,466,327	25,117,286	93,689,626	74,183,790
Net position, end of year	\$ 75,341,861	\$ 67,623,861	\$ 34,907,427	\$ 26,065,765	\$ 110,249,288	\$ 93,689,626

Governmental Activities – Total revenues in fiscal year 2025 in the Town’s governmental activities decreased over \$9.6 million from fiscal year 2024. The decrease is primarily due to nearly \$11.4 million less in capital grants for the new school construction project. This was offset by increases in property taxes of nearly \$1.7 million.

The Town’s largest revenue source is property taxes which represented 72.8% of total revenues. As discussed, the current amount represented a dollar increase of nearly \$1.7 million. This increase was expected as the Town is allowed to assess property taxes at 2 ½% over the prior year amount. In addition, amounts assessed greater than this that are attributed to debt exclusion and new growth are also legally permissible.

Other revenue amounts were minor in amount or did not vary greatly from the prior year.

Major expenses were for education which continues to be an area that the Town devotes significant resources. Education expenses total approximately 54.7% of total annual expenditures in the current year; educational services are provided through two regional school districts. Public safety expenses represent about 15.2% of total expenses. Both of these functional expense categories increased modestly over the prior year, primarily due to cost-of-living increases.

All other expense categories were consistent with the prior year or less significant in amount.

Business-type Activities – User charges for water, sewer, stormwater drainage, and electric light services represent virtually all the reported fiscal year 2025 revenues in the Town’s business-type activities. However, in the current year there was a grant that was received for PFAS mitigation. This increased the revenue by nearly \$6.7 million. Due to the grant, operating revenue was \$8.4 million which was considerable higher than expenses.

Government Funds Financial Analysis

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

Governmental Funds – The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town’s financing requirements.

The following describe activity in each of the major funds that make up the governmental funds:

General Fund – Unassigned fund balance in the General Fund is perhaps the most important number on the balance sheet it serves as a useful measure of a government’s net resources available for spending at the end of the fiscal year and an amount that is commonly measured against its peers when assessing a bond rating.

As of the close of the fiscal year, the Town’s General Fund unassigned fund balance was nearly \$6.5 million (about 12.5% of expenditures) while total fund balance reached nearly \$8.3 million (about 16.1% of expenditures). These balances were consistent with the prior year.

Community Preservation Act Fund - The Community Preservation Fund decreased nearly \$0.5 million; revenues of almost \$1.4 million were offset by expenditures and transfers. Fund balance resulted in a total of over \$1.2 million and was classified as restricted.

Library Trust Funds - The Library Trust Funds increased almost \$0.3 million with nonsignificant expenditures incurred during the year. These funds are being accumulated for the sole purpose of supporting the Town's local library operations and facilities. Fund balance totals nearly \$5.8 million and was classified as restricted.

Capital Projects Funds – During fiscal 2025, the Town continued construction on a new school. The project is expected to exceed \$89 million and approximately 53% of eligible construction costs will be reimbursed by the Massachusetts School Building Authority (MSBA). Expenditures of about \$14.5 million exceeded reimbursements from the MSBA which had the impact of reducing the fund by approximately \$6.4 million. The Town also incurred activity in other minor projects such as Chapter 90 roadway construction. The Capital Projects Fund includes a deficit of approximately \$25.5 million as unassigned. This will be raised in future years through bond issuance. The remaining amount of \$0.3 million is classified as restricted.

Combined Nonmajor Fund – Revenue and expenditures in the combined nonmajor fund are expected to net over time and any increases or decreases are a product of timing of revenues and expenses. In the current year revenues did not exceed operations, expenditures and transfers by approximately \$1.2 million and result in a fund balance of nearly \$4.8 million. The majority of this is restricted.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, net position of the water, sewer, stormwater drainage, and electric light department funds were approximately \$16.5 million, \$5.2 million, \$0.3 million, and \$12.9 million respectively. The Town's water, stormwater drainage and electric light enterprise funds reported positive results from operations; the Town's sewer enterprise funds reported small losses from operations which is anticipated to be funded through existing, future revenue sources.

Fiduciary Fund – The Town's fiduciary fund is comprised of the Private Purpose Trust Funds and Other Postemployment Benefit Trust Funds for the Town and Electric Light Department.

General Fund Budgetary Highlights

Differences between the original operating budget and the final amended operating budget were not significant. A budget to actual schedule for the General Fund has been provided as required supplementary information.

Capital Asset and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to over \$196 million, net of accumulated depreciation. This investment in capital assets includes land, buildings and system improvements, machinery and equipment and reflects a increase of approximately \$20.6 million. This increase was a result of current year additions exceeding current year depreciation. Additions were comprised primarily of construction in process related to the construction of the new school which was significant.

Additional information on the Town capital assets can be found in the notes to this report.

Long-Term Debt – The Town's total long-term debt in its governmental activities and business-type activities decreased by nearly \$3.5 million in the fiscal year due to the regular scheduled maturities.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town's boundaries. Debt service from such arrangements is assessed annually to the Town. Additional information on the Town's debt can be found in the notes to this report.

The Town's debt is rated AAA by Standard and Poor. This is the top tier rating for debt issuers as the Town's debt continues to be attractive to investors of fixed income securities.

Economic Factors and Next Year's Budgets and Rates

- The Town's real estate tax base is made up predominantly of residential taxes, which in setting the tax rate is typically 96% of the entire levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than 2 ½% of the previous year's tax levy.
- The Town's housing market has been very strong for the past several years. This has been bolstered by mortgage rates at historic lows. Recent actions by the Federal Open Market Committee to soften the economy due to inflation have caused mortgage rates to spike during the last few fiscal years. Such trends may have an adverse effect on the housing market, and the Town is monitoring this.
- Inflation is still a challenge despite coming down from its historical highs in 2022. Wages, energy, supplies, construction and delivery are still at elevated levels which has created a challenging headwind in the budget setting process. The Town continues to monitor this situation
- The Town anticipates state aid for 2026 to remain relatively consistent with the prior year.

The above items were considered when the Town authorized its budget for fiscal year 2026 at the April 2025 Town Meeting. The Town's tax rate for fiscal 2026 was set in November 2025.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, Town Hall, 173 Main Street, Groton, Massachusetts 01450.

TOWN OF GROTON, MASSACHUSETTS

STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 17,436,728	\$ 4,163,728	\$ 21,600,456
Investments	8,172,318	1,145,216	9,317,534
Receivables, net of allowance for uncollectibles:			
Property taxes	879,585	-	879,585
User fees	-	1,955,438	1,955,438
Departmental and other	843,215	285,616	1,128,831
Intergovernmental	328,440	395,078	723,518
Tax foreclosures	44,292	-	44,292
Inventory	-	1,191,270	1,191,270
Prepaid items	-	134,495	134,495
Purchased power working capital	-	1,191,899	1,191,899
Capital assets, not being depreciated	115,458,555	3,741,034	119,199,589
Capital assets, net of depreciation	30,966,049	46,311,933	77,277,982
Total Assets	174,129,182	60,515,707	234,644,889
Deferred Outflows of Resources			
Related to net pension liability	1,338,312	916,765	2,255,077
Related to net other postemployment benefits liability	1,376,264	605,804	1,982,068
Total Deferred Outflows of Resources	2,714,576	1,522,569	4,237,145
Current liabilities:			
Warrants and accounts payable	327,302	1,562,328	1,889,630
Accrued expenses	-	259,745	259,745
Accrued payroll and withholdings	458,847	-	458,847
Retainage payable	869,497	450,202	1,319,699
Other liabilities	147,151	436,402	583,553
Unearned revenue	-	-	-
Due to other governments	908,845	-	908,845
Short-term notes payable	28,552,055	943,210	29,495,265
Noncurrent liabilities:			
Due in one year or less	2,530,670	612,786	3,143,456
Due in more than one year	64,106,492	19,096,553	83,203,045
Total Liabilities	97,900,859	23,361,226	121,262,085
Deferred Inflows of Resources			
Related to net pension liability	890,613	483,871	1,374,484
Related to net other postemployment benefits liability	2,710,425	761,202	3,471,627
Other Light Department inflows	-	2,524,550	2,524,550
Total Deferred Inflows of Resources	3,601,038	3,769,623	7,370,661
Net investment in capital assets			
Restricted for:			
Nonexpendable funds	249,845	-	249,845
Library trust funds	5,771,065	-	5,771,065
Community preservation	1,214,839	-	1,214,839
Other purposes	4,518,477	-	4,518,477
Unrestricted	(20,188,793)	(2,390,680)	(22,579,473)
Total Net Position	\$ 75,341,861	\$ 34,907,427	\$ 110,249,288

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 6,784,617	\$ 2,178,640	\$ 660,017	\$ -	\$ (3,945,960)		\$ (3,945,960)
Public safety	7,979,556	1,624,328	377,857	-	(5,977,371)		(5,977,371)
Education	28,781,388	-	-	4,284,875	(24,496,513)		(24,496,513)
Public works	2,813,936	340,097	98,377	(77,210)	(2,452,672)		(2,452,672)
Health and human services	904,126	38,981	424,929	-	(440,216)		(440,216)
Culture and recreation	3,107,364	1,015,031	386,973	-	(1,705,360)		(1,705,360)
Debt service	2,246,392	-	-	-	(2,246,392)		(2,246,392)
Total Governmental Activities	<u>52,617,379</u>	<u>5,197,077</u>	<u>1,948,153</u>	<u>4,207,665</u>	<u>(41,264,484)</u>		<u>(41,264,484)</u>
Business-Type Activities:							
Water	3,063,285	2,397,210	-	7,466,742	\$ 6,800,667	6,800,667	
Sewer	1,166,072	1,029,544	-	-	(136,528)	(136,528)	
Cable access	-	-	-	-	-	-	
Stormwater drainage	235,196	244,839	-	-	9,643	9,643	
Electric Light Department (December 31, 2020)	<u>11,803,287</u>	<u>13,447,264</u>	<u>-</u>	<u>(14,500)</u>	<u>1,629,477</u>	<u>1,629,477</u>	
Total Primary Government	<u><u>\$ 68,885,219</u></u>	<u><u>\$ 22,315,934</u></u>	<u><u>\$ 1,948,153</u></u>	<u><u>\$ 11,659,907</u></u>	<u><u>(41,264,484)</u></u>	<u><u>8,303,259</u></u>	<u><u>(32,961,225)</u></u>
General Revenues:							
Real and personal property taxes			44,219,877	-	44,219,877		
Motor vehicle and other excise			2,806,129	-	2,806,129		
Grants and contributions not restricted to specific purposes			1,084,322	-	1,084,322		
Penalties and interest on taxes			125,734	-	125,734		
Unrestricted investment income (loss)			1,146,984	177,841	1,324,825		
Transfers (net)			-	(40,000)	(40,000)		
Total general revenues and transfers			<u>49,383,046</u>	<u>137,841</u>	<u>49,520,887</u>		
Change in Net Position			8,118,562	8,441,100	16,559,662		
Net Position							
Beginning of year, as previously reported			67,623,861	26,065,765	93,689,626		
Cable enterprise fund closeout			(400,562)	400,562	-		
Beginning of year, as restated (see Note IV)			<u>67,223,299</u>	<u>26,466,327</u>	<u>93,689,626</u>		
End of Year			<u><u>\$ 75,341,861</u></u>	<u><u>\$ 34,907,427</u></u>	<u><u>\$ 110,249,288</u></u>		

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	Community Preservation Act Fund	Library Trust Funds	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 7,299,877	\$ 1,215,145	\$ 2,697,200	\$ 3,920,703	\$ 2,303,803	\$ 17,436,728
Investments	2,699,151	-	3,073,865	-	2,399,302	8,172,318
Receivables, net of allowance						
Property taxes	857,810	21,775	-	-	-	879,585
Excise taxes	254,747	-	-	-	-	254,747
Departmental, tax liens and other	584,847	3,621	-	-	-	588,468
Intergovernmental	-	-	-	275,619	52,821	328,440
Tax foreclosures	44,292	-	-	-	-	44,292
Total Assets	11,740,724	1,240,541	5,771,065	4,196,322	4,755,926	27,704,578
Total Deferred Outflows of Resources						
	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 11,740,724	\$ 1,240,541	\$ 5,771,065	\$ 4,196,322	\$ 4,755,926	\$ 27,704,578
Liabilities:						
Warrants and accounts payable	\$ 322,704	\$ 306	\$ -	\$ -	\$ 4,292	\$ 327,302
Accrued payroll and withholdings	458,847	-	-	-	-	458,847
Retained payable	-	-	-	869,497	-	869,497
Other liabilities	147,151	-	-	-	-	147,151
Planning and performance bonds	908,845	-	-	-	-	908,845
Short-term notes payable	-	-	-	28,552,055	-	28,552,055
Total Liabilities	1,837,547	306	-	29,421,552	4,292	31,263,697
Deferred Inflows of Resources:						
Unearned revenue - property taxes	752,698	21,775	-	-	-	774,473
Unearned revenue - excise taxes	254,747	-	-	-	-	254,747
Unearned revenue - departmental and other	629,139	3,621	-	-	-	632,760
Total Deferred Inflows of Resources	1,636,584	25,396	-	-	-	1,661,980
Fund Balances:						
Nonspendable	-	-	-	-	249,845	249,845
Restricted	-	1,214,839	5,771,065	306,696	4,518,477	11,811,077
Committed	1,070,113	-	-	-	-	1,070,113
Assigned	745,516	-	-	-	-	745,516
Unassigned	6,450,964	-	-	(25,531,926)	(16,688)	(19,097,650)
Total Fund Balances	8,266,593	1,214,839	5,771,065	(25,225,230)	4,751,634	(5,221,099)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,740,724	\$ 1,240,541	\$ 5,771,065	\$ 4,196,322	\$ 4,755,926	\$ 27,704,578

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Governmental Fund Balances	\$ (5,221,099)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	146,424,604
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the governmental funds.	1,661,980
Deferred outflows and inflows of resources to be recognized in future fiscal years are not available resources and, therefore, are not reported in the funds:	
Deferred outflows related to net pension liability	1,338,312
Deferred inflows related to net pension liability	(890,613)
Deferred outflows related to net other postemployment benefits liability	1,376,264
Deferred inflows related to net other postemployment benefits liability	<u>(2,710,425)</u>
Net effect of reporting deferred outflows and inflows of resources	(886,462)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds:	
Bonds and notes payable	(37,186,947)
Unamortized bond premiums	(1,909,312)
Landfill postclosure	(502,598)
Compensated absences	(604,504)
Net pension liability	(18,101,510)
Net other postemployment benefits liability	<u>(8,332,291)</u>
Net effect of reporting long-term liabilities	<u>(66,637,162)</u>
Net Position of Governmental Activities	\$ 75,341,861

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025

	General Fund	Community Preservation Act Fund	Library Trust Funds	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net	43,014,973	\$ 1,068,988	\$ -	\$ -	\$ -	\$ 44,083,961
Intergovernmental	1,253,502	266,397	-	5,147,339	1,131,261	7,798,499
Motor vehicle and other excises	2,706,653	-	-	-	1,111	2,707,764
Departmental and other revenue	2,809,173	-	-	-	1,534,558	4,343,731
License and permits	728,078	-	-	-	-	728,078
Penalties and interest on taxes	125,734	-	-	-	-	125,734
Fines and forfeitures	17,965	-	-	-	-	17,965
Investment income (loss)	656,884	36,845	348,851	-	104,404	1,146,984
Contributions and donations	-	-	-	23,483	381,315	404,798
Total Revenues	51,312,962	1,372,230	348,851	5,170,822	3,152,649	61,357,514
Expenditures:						
Current:						
General government	3,292,751	309,839	-	-	1,936,843	5,539,433
Public safety	5,146,367	-	-	1,292,641	555,211	6,994,219
Education	28,739,026	-	-	12,248,606	-	40,987,632
Public works	1,879,636	-	-	940,171	49,909	2,869,716
Health and human services	411,608	78,550	-	-	104,745	594,903
Culture and recreation	2,299,210	62,393	75,027	-	63,543	2,500,173
Pensions and other fringes	4,880,669	-	-	-	-	4,880,669
State and county tax assessments	101,929	-	-	-	-	101,929
Debt service:						
Principal	2,209,351	-	-	-	-	2,209,351
Interest expense	2,475,560	-	-	-	-	2,475,560
Total Expenditures	51,436,107	450,782	75,027	14,481,418	2,710,251	69,153,585
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,145)	921,448	273,824	(9,310,596)	442,398	(7,796,071)
Other Financing Sources (Uses):						
Transfers in	455,034	-	-	2,917,734	813,595	4,186,363
Transfers out	(296,127)	(1,375,672)	-	(24,530)	(2,490,034)	(4,186,363)
Total Other Financing Sources (Uses)	158,907	(1,375,672)	-	2,893,204	(1,676,439)	-
Net Change in Fund Balances	35,762	(454,224)	273,824	(6,417,392)	(1,234,041)	(7,796,071)
Fund Balances - Beginning	8,230,831	1,669,063	5,497,241	(18,807,838)	5,985,675	2,574,972
Fund Balances - Ending	\$ 8,266,593	\$ 1,214,839	\$ 5,771,065	\$ (25,225,230)	\$ 4,751,634	\$ (5,221,099)

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Total Governmental Fund Balances	\$ (7,796,071)
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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. This amount represents the net amount of depreciation expense in excess of capital outlay. The amounts are represented here as reconciling items:

Capital outlays	\$ 15,017,276
Depreciation expense	<u>(1,580,284)</u>
Net effect of reporting capital assets	13,436,992

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:

Amortization of premium on bonds and notes	229,168
Principal payments of debt	<u>2,209,351</u>
Net effect of reporting long-term debt	2,438,519

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds

	(621,573)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences, net	(35,528)
Landfill postclosure	20,104
Pension benefits	662,200
Other postemployment benefits	<u>13,919</u>
Net effect of reporting long-term liabilities	660,695

Change in Net Position of Governmental Activities

	<u>\$ 8,118,562</u>
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See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

Business-type Activities - Enterprise Funds						
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2023)	Totals
Assets:						
Current assets:						
Cash and cash equivalents	\$ 991,396	\$ 1,168,166	\$ -	\$ 149,676	\$ 1,854,490	\$ 4,163,728
Investments	-	-	-	-	1,145,216	1,145,216
User fees, net of allowance	405,038	247,121	-	-	1,303,279	1,955,438
Other receivables	-	-	-	33,906	251,710	285,616
Intergovernmental receivables	395,078	-	-	-	-	395,078
Inventory	-	-	-	-	1,191,270	1,191,270
Purchased power working capital	-	-	-	-	1,191,899	1,191,899
Prepaid items	-	-	-	-	134,495	134,495
Total current assets	<u>1,791,512</u>	<u>1,415,287</u>	<u>-</u>	<u>183,582</u>	<u>7,072,359</u>	<u>10,462,740</u>
Noncurrent assets:						
Capital assets, not being depreciated	2,283,197	239,835	-	-	1,218,002	3,741,034
Capital assets, net of depreciation	26,936,383	3,938,567	-	206,780	15,230,203	46,311,933
Total noncurrent assets	<u>29,219,580</u>	<u>4,178,402</u>	<u>-</u>	<u>206,780</u>	<u>16,448,205</u>	<u>50,052,967</u>
Total Assets	<u>31,011,092</u>	<u>5,593,689</u>	<u>-</u>	<u>390,362</u>	<u>23,520,564</u>	<u>60,515,707</u>
Deferred Outflows of Resources						
Related to net pension liability	60,904	14,084	-	-	841,777	916,765
Related to net other postemployment benefits liability	183,766	16,287	-	-	405,751	605,804
Total Deferred Outflows of Resources	<u>244,670</u>	<u>30,371</u>	<u>-</u>	<u>-</u>	<u>1,247,528</u>	<u>1,522,569</u>
Liabilities:						
Current liabilities:						
Warrants and accounts payable	17,492	51,807	-	368	1,492,661	1,562,328
Accrued expenses	-	-	-	-	259,745	259,745
Retainage	450,202	-	-	-	-	450,202
Short-term notes payable	943,210	-	-	-	-	943,210
Bond and note indebtedness	315,855	25,000	-	50,571	108,013	499,439
Pooled financing loans	-	-	-	-	107,843	107,843
Compensated absences	4,309	298	-	897	-	5,504
Total current liabilities	<u>1,731,068</u>	<u>77,105</u>	<u>-</u>	<u>51,836</u>	<u>1,968,262</u>	<u>3,828,271</u>
Noncurrent liabilities:						
Bond and note indebtedness	10,673,991	-	-	52,375	1,005,862	11,732,228
Pooled financing loans - net of current portion	-	-	-	-	240,307	240,307
Compensated absences	38,776	2,682	-	8,070	-	49,528
Customer deposits and advances	-	-	-	-	281,203	281,203
Other liabilities	-	-	-	-	155,199	155,199
Net other postemployment benefits	1,112,571	98,604	-	-	31,293	1,242,468
Net pension liability	823,769	190,501	-	-	4,817,752	5,832,022
Total noncurrent liabilities	<u>12,649,107</u>	<u>291,787</u>	<u>-</u>	<u>60,445</u>	<u>6,531,616</u>	<u>19,532,955</u>
Total Liabilities	<u>14,380,175</u>	<u>368,892</u>	<u>-</u>	<u>112,281</u>	<u>8,499,878</u>	<u>23,361,226</u>
Deferred Inflows of Resources						
Related to net pension liability	40,530	9,373	-	-	433,968	483,871
Related to net other postemployment benefits liability	361,910	32,075	-	-	367,217	761,202
Other light department inflows	-	-	-	-	2,524,550	2,524,550
Total Deferred Inflows of Resources	<u>402,440</u>	<u>41,448</u>	<u>-</u>	<u>-</u>	<u>3,325,735</u>	<u>3,769,623</u>
Net Position:						
Net investment in capital assets	17,996,419	4,153,402	-	103,834	15,044,452	37,298,107
Unrestricted	(1,523,272)	1,060,318	-	174,247	(2,101,973)	(2,390,680)
Total Net Position	<u>\$ 16,473,147</u>	<u>\$ 5,213,720</u>	<u>\$ -</u>	<u>\$ 278,081</u>	<u>\$ 12,942,479</u>	<u>\$ 34,907,427</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

Business-type Activities - Enterprise Funds						
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2024)	Totals
Operating Revenues:						
Usage charges	\$ 2,286,673	\$ 1,029,544	\$ -	\$ 244,839	\$ 12,892,097	\$ 16,453,153
Other fees	110,537	-	-	-	555,167	665,704
Total Operating Revenues	<u>2,397,210</u>	<u>1,029,544</u>	<u>-</u>	<u>244,839</u>	<u>13,447,264</u>	<u>17,118,857</u>
Operating Expenses:						
Operating costs	1,524,000	983,320	-	198,640	11,082,973	13,788,933
Depreciation	1,043,908	181,111	-	31,143	585,464	1,841,626
Total Operating Expenses	<u>2,567,908</u>	<u>1,164,431</u>	<u>-</u>	<u>229,783</u>	<u>11,668,437</u>	<u>15,630,559</u>
Total Operating Income	(170,698)	(134,887)	-	15,056	1,778,827	1,488,298
Nonoperating Income (Expenses):						
Intergovernmental	7,466,742	-	-	-	-	7,466,742
Bond issuance cost	-	-	-	-	(14,500)	(14,500)
Interest income	40,812	39,531	-	4,101	93,397	177,841
Interest expense	(495,377)	(1,641)	-	(5,413)	(134,850)	(637,281)
Total Nonoperating Revenues (Expenses), net	7,012,177	37,890	-	(1,312)	(55,953)	6,992,802
Income (Loss) Before Transfers and Capital Contributions	6,841,479	(96,997)	-	13,744	1,722,874	8,481,100
Transfers out	-	-	-	-	(40,000)	(40,000)
Change in Net Position	6,841,479	(96,997)	-	13,744	1,682,874	8,441,100
Net Position - As previously reported	9,631,668	5,310,717	(400,562)	264,337	11,259,605	26,065,765
Cable enterprise fund closeout	-	-	400,562	-	-	400,562
Net Position - As restated (see Note IV)	9,631,668	5,310,717	-	264,337	11,259,605	26,466,327
Net Position - Ending	<u>\$ 16,473,147</u>	<u>\$ 5,213,720</u>	<u>\$ -</u>	<u>\$ 278,081</u>	<u>\$ 12,942,479</u>	<u>\$ 34,907,427</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

Business-type Activities - Enterprise Funds						
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2024)	Totals
Cash Flows from Operating Activities:						
Receipts from users	\$ 2,409,742	\$ 1,054,688	\$ -	\$ 241,235	\$ 13,218,070	\$ 16,923,735
Payments to vendors	(671,990)	(889,745)	-	(130,418)	(8,897,804)	(10,589,957)
Payments to employees and benefits	(432,708)	(91,607)	-	(85,056)	(2,532,689)	(3,142,060)
Rents from Electric Property	-	-	-	-	307,059	307,059
Payment in lieu of taxes	-	-	-	-	(40,000)	(40,000)
Net Cash Provided by (Used for) Operating Activities	<u>1,305,044</u>	<u>73,336</u>	<u>-</u>	<u>25,761</u>	<u>2,054,636</u>	<u>3,458,777</u>
Cash Flows from Capital and Related Financing Activities:						
Grant received from Commonwealth	7,195,994	-	-	-	-	7,195,994
Net transfers	-	-	-	-	(34,061)	(34,061)
Proceeds from issuance of short-term notes	943,210	-	-	-	-	943,210
Customer advances for construction	-	-	-	-	(5,982)	(5,982)
Acquisition and construction of capital assets	(7,503,060)	(239,835)	-	-	(1,282,421)	(9,025,316)
Principal payments on bonds and direct capital financing	(573,244)	(25,000)	-	(48,830)	(703,270)	(1,350,344)
Principal payments on short-term notes	(1,045,798)	-	-	-	-	(1,045,798)
Interest paid	(495,377)	(1,641)	-	-	(135,375)	(632,393)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,478,275)</u>	<u>(266,476)</u>	<u>-</u>	<u>(48,830)</u>	<u>(2,161,109)</u>	<u>(3,954,690)</u>
Cash Flows from Investing Activities:						
Investment income	40,812	39,531	-	4,101	17,248	101,692
Interest expense	-	-	-	(5,413)	-	(5,413)
Net Cash Provided by (Used for) Investing Activities	<u>40,812</u>	<u>39,531</u>	<u>-</u>	<u>(1,312)</u>	<u>17,248</u>	<u>96,279</u>
Net Change in Cash and Cash Equivalents						
Beginning of year	<u>\$ 1,123,815</u>	<u>\$ 1,321,775</u>	<u>\$ -</u>	<u>\$ 174,057</u>	<u>1,461,974</u>	<u>4,081,621</u>
End of year	<u>\$ 991,396</u>	<u>\$ 1,168,166</u>	<u>\$ -</u>	<u>\$ 149,676</u>	<u>\$ 1,372,749</u>	<u>\$ 3,681,987</u>
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:						
Operating income (loss)	\$ (170,698)	\$ (134,887)	\$ -	\$ 15,056	\$ 1,778,827	\$ 1,488,298
Depreciation	1,043,908	181,111	-	31,143	585,464	1,841,626
Allowance for doubtful accounts	-	-	-	-	895	895
Indemnity reserve	-	-	-	-	8,082	8,082
Rate stabilization	-	-	-	-	45,907	45,907
Appropriation in lieu of taxes	-	-	-	-	(40,000)	(40,000)
Pension expense	-	-	-	-	479,323	479,323
OPEB expense (income)	-	-	-	-	(159,205)	(159,205)
Changes in assets and liabilities:						
Receivables (net)	12,532	25,144	-	(3,604)	29,924	63,996
Inventory	-	-	-	-	(316,980)	(316,980)
OPEB liability	-	-	-	-	(54,387)	(54,387)
Prepaid items	-	-	-	-	(12,774)	(12,774)
Deferred outflows of resources	73,833	11,469	-	-	(523,430)	(438,128)
Deferred inflows of resources	(126,782)	(14,797)	-	-	-	(141,579)
Liabilities (net)	472,251	5,296	-	(16,834)	232,990	693,703
Net Cash Provided By (Used For) Operating Activities	<u>\$ 1,305,044</u>	<u>\$ 73,336</u>	<u>\$ -</u>	<u>\$ 25,761</u>	<u>\$ 2,054,636</u>	<u>\$ 3,458,777</u>
See accompanying notes to basic financial statements.						
Maintenance fund	\$ -	\$ -	\$ -	\$ -	\$ 1,101,192	\$ -
Customer deposits	-	-	-	-	-	271,557
See accompanying notes to basic financial statements.						

TOWN OF GROTON, MASSACHUSETTS

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Other Postemployment Benefit Trust Funds		Private
	Town	GELD	Purpose
	Trust Fund	Trust Fund	Trust Funds
Assets:			
Cash and cash equivalents	\$ 6,603	\$ -	\$ -
Investments (at fair value):			
Fixed income	866,490	-	6,431,816
Equities	840,580	-	16,818,660
Pooled investment fund	-	1,832,728	-
Total Investments	<u>1,707,070</u>	<u>1,832,728</u>	<u>23,250,476</u>
Total Assets	<u>1,713,673</u>	<u>1,832,728</u>	<u>23,250,476</u>
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Restricted for other postemployment benefits	1,713,673	1,832,728	-
Held in trust for private purposes	<u>-</u>	<u>-</u>	<u>23,250,476</u>
Total Net Position	<u>\$ 1,713,673</u>	<u>\$ 1,832,728</u>	<u>\$ 23,250,476</u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	Other Postemployment Benefit Trust Funds		
	Town Trust Fund	GELD Trust Fund	Private Purpose Trust Funds
Additions:			
Contributions:			
Employer	\$ 610,634	\$ -	\$ -
Other contributions and donations	-	-	12,864
Total contributions	<u>610,634</u>	<u>-</u>	<u>12,864</u>
Investment income:			
Investment income (loss)	161,431	181,026	1,414,364
Net investment earnings	<u>161,431</u>	<u>181,026</u>	<u>1,414,364</u>
Total Additions	<u>772,065</u>	<u>181,026</u>	<u>1,427,228</u>
Deductions:			
Scholarships	-	-	108,944
Public assistance	-	-	191,797
Benefit payments to retirees and beneficiaries	<u>420,634</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>420,634</u>	<u>-</u>	<u>300,741</u>
Change in Net Position	351,431	181,026	1,126,487
Net Position - Beginning of Year	<u>1,362,242</u>	<u>1,651,702</u>	<u>22,123,989</u>
Net Position - Ending of Year	<u>\$ 1,713,673</u>	<u>\$ 1,832,728</u>	<u>\$ 23,250,476</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF GROTON, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town of Groton, Massachusetts (the “Town”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town, which was incorporated in 1655, is located in northwestern Middlesex County, approximately thirty miles northwest of the City of Boston. The governing structure utilizes an open town meeting with an elected five-member Select Board and an appointed Town Manager, who performs and oversees the Town’s daily executive and administrative duties. Select Board serve staggered three-year terms.

The Town provides governmental services for the territory within its boundaries, including public safety, education through a regional school district, public works, health and human services, culture and recreation, general governmental services, water, sewer, stormwater drainage, and electricity. The water, sewer, stormwater drainage and electricity services are funded through user charges and treated as business enterprises.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements.

Joint Venture – The Town has entered into a joint venture with the Town of Dunstable, Massachusetts to pool resources and share the costs, risks and rewards of providing education services through the Groton-Dunstable Regional School District (GDRSD). This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2025, the Town’s share of the operating, debt service, and capital outlay expenses was \$27,772,307. There is no equity interest reported in these financial statements. Stand-alone financial statements for the year ended June 30, 2025, are available at the Groton-Dunstable Regional School District, PO Box 729, 145 Main Street, Groton, Massachusetts 01450.

In addition, the Town is a member community of the Nashoba Valley Technical High School. This joint venture assesses each of the nine-member communities its share of the operational and debt service costs based on student population and other factors. In fiscal year 2025, the Town’s share of operating and debt service expenses was \$966,719. Complete audited financial statements can be obtained directly from the Nashoba Valley Technical High School’s administrative office located at 100 Littleton Road, Westford, MA 01886.

The Town does not have any equity interest in either of the joint ventures.

B. Government-Wide and Fund 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 non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows of financial resources, liabilities and deferred inflows of financial resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element for all funds of that category or type, and
- 2) The total assets and deferred outflows of financial resources, liabilities and deferred inflows of financial resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In one, money must be expended for a specific purpose or project before any amounts are paid to the Town; therefore, revenues are recognized as expenditures are incurred. In the other, money is virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth of Massachusetts (the “Commonwealth”).

The Town considers property tax revenues to be available if they are collected within sixty days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major Governmental Funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Community Preservation Act Fund – is used to account for funds received in accordance with the Massachusetts Community Preservation Act. Funds are used to acquire or develop open space and recreational facilities, preservation of historic resources and affordable housing.

Library Trust Funds – is used to account for the balances and activities of trust money bequeathed to the Town’s Library.

Capital Projects Funds – is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Nonmajor Governmental Funds – consist of other special revenue and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Permanent Funds - are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when the liabilities are incurred. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major proprietary funds:

Water Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the water activities are processed.

Sewer Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the sewer activities are processed.

Stormwater Drainage Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the stormwater drainage management activities are processed.

Groton Electric Light Department (GELD) – is used to account for user charges collected to finance costs associated with the Town's electrical power distribution activities to residences and businesses.

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

The Town reports the following fiduciary funds:

Town Other Postemployment Benefits Trust Fund – is used to account for funds accumulated by the Town to assist it in its future payments of other postemployment benefits for retirees such as health and life insurance.

GELD Other Postemployment Benefits Trust Fund – is used to account for funds accumulated by the Electric Light Department to assist it in its future payments of other postemployment benefits for retirees such as health and life insurance.

Private Purpose Trust Funds – is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. This fund is used primarily for public assistance.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the Town are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. The Town is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand of delinquent taxes. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes, sewer, water and user fees are secured through a lien process after the due date and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old. Departmental receivables are shown net of an allowance for uncollectible balances based on historical trends and specific account analysis.

Inventories and Prepaid Items – In the case of the Town, inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. With respect to the GELD, materials and supplies are inventories of parts and accessories purchased for use in GELD’s operations. Materials and supplies inventory are stated at the lower of cost or market with cost being determined on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure (e.g. roads, sidewalks, water and sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. 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.

Capital assets (excluding land and construction-in-process) are depreciated by the Town and the GELD on a straight-line-basis.

The estimated useful lives of capital assets being depreciated are as follows:

Land improvements	20 - 40 years
Buildings and improvements	20 - 50 years
Vehicles, machinery and equipment	5 - 15 years
Infrastructure	40 - 50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the General Fund unless otherwise directed by state law. Investment income of the proprietary and permanent funds is retained in the funds.

Compensated Absences – It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

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

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Town has two types of items that are reported on the government-wide statement of net position. These relate to outflows from changes in the net pension and net other postemployment benefits liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four types of items which qualify for reporting in this category. The first arises under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, excise taxes, and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are reported on the government-wide statement of net position and relate to inflows from changes in the net pension, net other postemployment benefit liabilities and unavailable Light Department revenues. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

Net Position – In the government-wide financial statements, net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for specific use. Net position has been *restricted for* the following:

Nonexpendable permanent funds represent the endowment portion of donor restricted trusts that support governmental programs.

Library trust funds represent assets that have restrictions placed on them from benefactors and may only be used for support of the Town library’s financial needs.

Community preservation act funds represent assets that are restricted by state law for the purposes of acquiring or developing open space and recreational facilities, historic resources and affordable housing associated with the Massachusetts Community Preservation Act.

Other purposes represent assets that are restricted by Federal and State laws for specific governmental programs and uses.

Fund Equity – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned as described below:

Nonspendable represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

Restricted represents amounts that have constraints placed either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed represents amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision-making authority, which is the Town Meeting action, and can be modified or rescinded through these actions.

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned represents amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the General Fund can only report a *negative* unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

The Town has established financial policies with respect to maintaining minimum fund balance amounts for its stabilization accounts which are part of the unassigned fund balance.

Stabilization Fund – The Town maintains a general stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B, which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. At June 30, 2025, the Town reported a balance of \$2,728,838, which is reported as unassigned in the General Fund. The minimum fund balance requirement is 5% of the line-item budget.

The Town maintains a capital stabilization fund, which may be used for any capital purpose upon a majority vote of the Town Meeting. At June 30, 2025, the Town reported a balance of \$617,184, which is reported as unassigned in the General Fund. The minimum fund balance requirement is 1.5% of the line-item budget.

The Town maintains a regional school district capital stabilization fund, which may be used for any special education purpose upon a majority vote of the Town Meeting. At June 30, 2025, the Town reported a balance of \$22,869, which is reported as unassigned in the General Fund.

Encumbrances – The Town's encumbrance policy regarding the General Fund is to (1) classify encumbrances that arise from the issuance of purchases made or to be made resulting from normal purchasing activity approved by the Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. The Town reports \$126,661 of encumbrances from normal purchasing activity in the General Fund as assigned and \$1,070,113 of encumbrances from Town Meeting votes in the General Fund as committed. There are no encumbrances reported in any other fund.

The following table reflects the Town's fund equity categorizations:

	General Fund	Community Preservation Act Fund	Library Trust Funds	Capital Projects Funds	Nonmajor Governmental Funds	Total
Nonspendable:						
Perpetual permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 249,845	\$ 249,845
Restricted:						
General government	-	480,953	-	-	1,971,898	2,452,851
Public safety	-	-	-	-	1,005,437	1,005,437
Public works	-	-	-	-	46,478	46,478
Health and human services	-	499,276	-	-	1,030,186	1,529,462
Culture and recreation	-	234,610	5,771,065	-	464,478	6,470,153
Other Capital outlay	-	-	-	306,696	-	306,696
Committed:						
General government	411,802	-	-	-	-	411,802
Public safety	166,935	-	-	-	-	166,935
Public works	398,049	-	-	-	-	398,049
Culture and recreation	93,327	-	-	-	-	93,327
Assigned:						
General government	55,262	-	-	-	-	55,262
Public safety	2,726	-	-	-	-	2,726
Public works	36,099	-	-	-	-	36,099
Health and human services	8,160	-	-	-	-	8,160
Culture and recreation	20,414	-	-	-	-	20,414
Personnel and fringe benefits	4,000	-	-	-	-	4,000
Subsequent year's budget	618,855	-	-	-	-	618,855
Unassigned	<u>6,450,964</u>	<u>-</u>	<u>-</u>	<u>(25,531,926)</u>	<u>(16,688)</u>	<u>(19,097,650)</u>
Totals	\$ 8,266,593	\$ 1,214,839	\$ 5,771,065	\$ (25,225,230)	\$ 4,751,634	\$ (5,221,099)

E. Excess of Expenditures Over Appropriations and Deficits

The Town incurred individual fund deficits of \$25,531,926 and \$16,688 in the Capital Projects fund and Nonmajor governmental funds, respectively at year end. These deficits will be funded through bond proceeds and grants in future fiscal years.

F. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool (the "Pool") which is administered by the Treasurer of the Commonwealth.

In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings.

At year-end, the carrying amount of all the Town's deposits (excluding the Light Department) was \$13,124,301 and bank balance was \$10,963,488. Of the bank balance, all except \$2,380,934 was covered by the Federal Depository Insurance Corporation (FDIC), the Depositors' Insurance Fund (DIF) or collateralization agreements.

At December 31, 2024, the Light Department bank balance was approximately \$482,000 that was subject to custodial credit risk.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town's investments in United States governmental obligations are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty. The Town does not have a formal investment policy related to custodial credit risk.

Fair Value Measurements: Investments – The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.

- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- *Level 3* – Inputs reflect the Town's best estimate of what market participants would use in pricing the investment at the measurement date.

The following table presents the Town's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2025:

	6/30/25	Fair Value Measurements Using			
		Level 1	Level 2	Level 3	
<u>Investments by fair value level</u>					
<u>Debt securities:</u>					
U.S. government obligations	\$ 7,545,770	\$ 7,488,217	\$ 57,553	\$ -	
Corporate fixed income securities	1,857,116	-	1,857,116	-	
Fixed income mutual funds	4,429,202	-	4,429,202	-	
Total debt securities	13,832,088	7,488,217	6,343,871	-	
<u>Equity securities:</u>					
Common stock	17,792,255	17,792,255	-	-	
Equity mutual funds	1,505,521	1,505,521	-	-	
Total equity securities	19,297,776	19,297,776	-	-	
Total investments by fair value level	33,129,864	\$ 26,785,993	\$ 6,343,871	\$ -	
<u>Investments measured at amortized cost</u>					
State Treasurer investment pool (MMDT)	6,628,268				
Total investments measured at fair value	<u>\$ 39,758,132</u>				

The following table presents the Light Department's investments carried at fair value on a recurring basis at December 31, 2024:

	12/31/24	Fair Value Measurements Using			
		Level 1	Level 2	Level 3	
<u>Investments by fair value level</u>					
<u>Debt securities:</u>					
U.S. government obligations	\$ 829,997	\$ 97,593	\$ 732,404	\$ -	
Municipal bonds	118,647	-	118,647	-	
Total debt securities	948,644	97,593	851,051	-	
<u>Equity securities:</u>					
Common stock	10,400	10,400	-	-	
Total equity securities	10,400	10,400	-	-	
Total investments by fair value level	959,044	\$ 107,993	\$ 851,051	\$ -	
<u>Investments measured at amortized cost</u>					
External investment pool (MMWEC)	2,967,544				
Total investments measured at fair value	<u>\$ 3,926,588</u>				

The Town had the following investments with maturities at June 30, 2025:

Investment Type	Fair Value	Time Until Maturity (Years)			
		Less Than 1	1-5	6-10	> 10
U.S. government obligations	\$ 7,545,770	\$ 838,193	\$ 2,321,955	\$ 3,506,417	\$ 879,205
Corporate fixed income securities	1,857,116	321,621	1,402,081	133,414	-
State Treasurer investment pool (MMDT)	6,628,268	6,628,268	-	-	-
Total Town investments with maturities	16,031,154	\$ 7,788,082	\$ 3,724,036	\$ 3,639,831	\$ 879,205
<u>Other investments:</u>					
Equities common stock	17,792,255				
Equities mutual fund	1,505,521				
Fixed income mutual funds	4,429,202				
Total Town investments without maturities	23,726,978				
Total Investments	<u>\$ 39,758,132</u>				

Interest Rate Risk: Deposits– This is the risk that fair value losses may arise due to increasing interest rates. The Town does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest Rate Risk: Investments – Debt securities are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The Town does not place a limit on the amount that may be invested in any one issuer.

Credit Risk: Investments – Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town has not adopted a formal policy related to credit risk but does manage credit risk for deposits and investments through its careful selection of depository institutions and investment instruments. The Town also follows the prudent investor standard and invests only in financial instruments that are allowable under Massachusetts General Laws. The Town's investment in negotiable certificates of deposit and MMDT is unrated; other securities with maturities have their published credit ratings disclosed below.

The Town investments had the following credit quality ratings at June 30, 2025:

Quality Ratings (S&P)	Corporate	U.S. Government	State Treasurer	Totals
	Fixed Income	Agencies & Treasuries	Investment Pool	
AAA	\$ 132,127	\$ -	\$ -	\$ 132,127
AA+	-	7,545,770	-	7,545,770
A+	208,862	-	-	208,862
A	561,771	-	-	561,771
A-	424,333	-	-	424,333
BBB+	124,664	-	-	124,664
BBB	405,359	-	-	405,359
Not rated	-	-	6,628,268	6,628,268
Totals - All	<u>\$ 1,857,116</u>	<u>\$ 7,545,770</u>	<u>\$ 6,628,268</u>	<u>\$ 16,031,154</u>

The following table presents the GELD's investments' credit quality ratings at December 31, 2024:

Quality Ratings (S&P)	Municipal Bonds	U.S. Government		Totals
		Agencies & Treasuries		
AAA	\$ 22,827	\$ -	\$ 22,827	
AA+	-	829,997	829,997	
AA	35,966	-	35,966	
AA-	46,519	-	46,519	
A+	13,335	-	13,335	
Totals - All	<u>\$ 118,647</u>	<u>\$ 829,997</u>	<u>\$ 948,644</u>	

B. Receivables

Receivables as of year-end for the Town's individual major governmental funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 879,585	\$ -	\$ 879,585
Tax titles and deferrals	312,657	-	312,657
Vehicle excise taxes	254,747	-	254,747
Ambulance	387,412	(114,563)	272,849
Other	2,962	-	2,962
Intergovernmental grants	328,440	-	328,440
Total	<u>\$ 2,165,803</u>	<u>\$ (114,563)</u>	<u>\$ 2,051,240</u>

Intergovernmental Receivables – The Town annually receives a significant amount of operating and capital funding from federal and state agencies relative to aid, grants, reimbursements, and subsidies. Some of these funds may be earned or awarded as entitlements but not received at year end and therefore have been recognized as receivables.

Receivables as of year-end for the Town's proprietary funds (the GELD's activity is for the year ended December 31, 2024) are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user charges	\$ 405,038	\$ -	\$ 405,038
Sewer user charges	247,121	-	247,121
Stormwater drainage user charges	33,906	-	33,906
Electric light user charges	1,305,282	(2,003)	1,303,279
Electric light other receivables	251,710	-	251,710
Intergovernmental	395,078	-	395,078
Total	<u>\$ 2,638,135</u>	<u>\$ (2,003)</u>	<u>\$ 2,636,132</u>

Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following table identifies the components of unavailable revenues in the governmental funds:

	General Fund	Other Governmental Funds	Net Amount
Receivables and other asset type:			
Real estate and personal property taxes	\$ 752,698	\$ 21,775	\$ 774,473
Tax titles and deferrals	309,191	3,621	312,812
Excise	254,747	-	254,747
Ambulance fees	272,849	-	272,849
Other	2,807	-	2,807
Tax foreclosures	44,292	-	44,292
Total	<u>\$ 1,636,584</u>	<u>\$ 25,396</u>	<u>\$ 1,661,980</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

Transfers Out	Transfers In			
	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 282,532	13,595	\$ 296,127 (1)
Community Preservation Fund	-	575,672	800,000	1,375,672 (2)
Capital Projects Funds	-	24,530	-	24,530 (3)
Nonmajor Governmental Funds	455,034	2,035,000	-	2,490,034 (3)
Total	<u>\$ 455,034</u>	<u>\$ 2,917,734</u>	<u>\$ 813,595</u>	<u>\$ 4,186,363</u>

(1) Transfers to the Capital Projects Fund for capital outlay and to Nonmajor for opioid settlement

(2) Transfers to the Capital Projects and Nonmajor Fund for community preservation projects

(3) Transfers to the General Fund to supplement operating budgets, transfer to capital project funds for capital outlay

D. Capital Assets

Capital asset activity for the year ended June 30, 2025 (the GELD's activity is for the year ended December 31, 2024) is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 30,796,250	\$ 41,300	\$ -	\$ 30,837,550
Construction in process	72,372,399	12,248,606	-	84,621,005
Total capital assets not being depreciated	103,168,649	12,289,906	-	115,458,555
Capital assets being depreciated:				
Buildings and improvements	27,543,289	-	-	27,543,289
Land improvements	1,057,686	-	-	1,057,686
Infrastructure	22,316,170	843,389	-	23,159,559
Machinery and equipment	5,105,284	445,471	-	5,550,755
Vehicles	7,598,306	1,685,361	(246,851)	9,036,816
Total capital assets being depreciated	63,620,735	2,974,221	(246,851)	66,348,105
Less accumulated depreciation for:				
Buildings and improvements	(10,944,648)	(683,705)	-	(11,628,353)
Land improvements	(913,415)	(23,091)	-	(936,506)
Infrastructure	(13,554,555)	(336,598)	-	(13,891,153)
Machinery and equipment	(3,001,815)	(241,628)	-	(3,243,443)
Vehicles	(5,387,339)	(542,113)	246,851	(5,682,601)
Total accumulated depreciation	(33,801,772)	(1,827,135)	246,851	(35,382,056)
Total capital assets being depreciated, net	29,818,963	1,147,086	-	30,966,049
Total governmental activities capital assets, net	<u>\$ 132,987,612</u>	<u>\$ 13,436,992</u>	<u>\$ -</u>	<u>\$ 146,424,604</u>
<u>Business-type Activities - All:</u>				
Capital assets not being depreciated:				
Land	\$ 1,948,599	\$ -	\$ -	\$ 1,948,599
Construction in process	940,739	1,792,435	(940,739)	1,792,435
Total capital assets not being depreciated	2,889,338	1,792,435	(940,739)	3,741,034
Capital assets being depreciated:				
Buildings and improvements	2,623,388	-	-	2,623,388
Infrastructure	58,751,629	8,118,602	(81,111)	66,789,120
Machinery and equipment	646,169	-	(105,428)	540,741
Vehicles	399,133	55,018	(48,890)	405,261
Total capital assets being depreciated	62,420,319	8,173,620	(235,429)	70,358,510
Less accumulated depreciation for:				
Buildings and improvements	(994,197)	(52,814)	-	(1,047,011)
Infrastructure	(20,592,782)	(1,799,106)	81,111	(22,310,777)
Machinery and equipment	(646,169)	-	105,428	(540,741)
Vehicles	(158,183)	(38,755)	48,890	(148,048)
Total accumulated depreciation	(22,391,331)	(1,890,675)	235,429	(24,046,577)
Total capital assets being depreciated, net	40,028,988	6,282,945	-	46,311,933
Total business-type activities capital assets, net	<u>\$ 42,918,326</u>	<u>\$ 8,075,380</u>	<u>\$ (940,739)</u>	<u>\$ 50,052,967</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type Activities: Water</u>				
Capital assets not being depreciated:				
Land	\$ 730,597	\$ -	\$ -	\$ 730,597
Construction in process	-	1,552,600	-	1,552,600
Total capital assets not being depreciated	<u>730,597</u>	<u>1,552,600</u>	<u>-</u>	<u>2,283,197</u>
Capital assets being depreciated:				
Buildings and improvements	2,623,388	-	-	2,623,388
Infrastructure	29,225,523	5,895,442	-	35,120,965
Machinery and equipment	540,741	-	-	540,741
Vehicles	121,194	55,018	(48,890)	127,322
Total capital assets being depreciated	<u>32,510,846</u>	<u>5,950,460</u>	<u>(48,890)</u>	<u>38,412,416</u>
Less accumulated depreciation for:				
Buildings and improvements	(994,197)	(52,814)	-	(1,047,011)
Infrastructure	(8,827,910)	(983,482)	-	(9,811,392)
Machinery and equipment	(540,741)	-	-	(540,741)
Vehicles	(118,167)	(7,612)	48,890	(76,889)
Total accumulated depreciation	<u>(10,481,015)</u>	<u>(1,043,908)</u>	<u>48,890</u>	<u>(11,476,033)</u>
Total capital assets being depreciated, net	<u>22,029,831</u>	<u>4,906,552</u>	<u>-</u>	<u>26,936,383</u>
Total Water capital assets, net	<u>\$ 22,760,428</u>	<u>\$ 6,459,152</u>	<u>\$ -</u>	<u>\$ 29,219,580</u>
<u>Business-type Activities: Sewer</u>				
Capital assets not being depreciated:				
Construction in process	\$ -	\$ 239,835	\$ -	\$ 239,835
Total capital assets not being depreciated	-	239,835	-	239,835
Capital assets being depreciated:				
Infrastructure	8,375,701	-	-	8,375,701
Total capital assets being depreciated	<u>8,375,701</u>	<u>-</u>	<u>-</u>	<u>8,375,701</u>
Less accumulated depreciation for:				
Infrastructure	(4,256,023)	(181,111)	-	(4,437,134)
Total accumulated depreciation	<u>(4,256,023)</u>	<u>(181,111)</u>	<u>-</u>	<u>(4,437,134)</u>
Total capital assets being depreciated, net	<u>4,119,678</u>	<u>(181,111)</u>	<u>-</u>	<u>3,938,567</u>
Total Sewer capital assets, net	<u>\$ 4,119,678</u>	<u>\$ 58,724</u>	<u>\$ -</u>	<u>\$ 4,178,402</u>
<u>Business-type Activities: Cable</u>				
Capital assets being depreciated:				
Machinery and equipment	\$ 105,428	\$ -	\$ (105,428)	\$ -
Total capital assets being depreciated	<u>105,428</u>	<u>-</u>	<u>(105,428)</u>	<u>-</u>
Less accumulated depreciation for:				
Machinery and equipment	(105,428)	-	105,428	-
Total accumulated depreciation	<u>(105,428)</u>	<u>-</u>	<u>105,428</u>	<u>-</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cable capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Business-type Activities: Stormwater Drainage

Capital assets being depreciated:

Vehicles	\$ 277,939	\$ -	\$ -	\$ 277,939
Total capital assets being depreciated	<u>277,939</u>	<u>-</u>	<u>-</u>	<u>277,939</u>
Less accumulated depreciation for:				
Vehicles	(40,016)	(31,143)	-	(71,159)
Total accumulated depreciation	<u>(40,016)</u>	<u>(31,143)</u>	<u>-</u>	<u>(71,159)</u>
Total capital assets being depreciated, net	<u>237,923</u>	<u>(31,143)</u>	<u>-</u>	<u>206,780</u>
Total Stormwater Drainage capital assets, net	<u>\$ 237,923</u>	<u>\$ (31,143)</u>	<u>\$ -</u>	<u>\$ 206,780</u>

Business-type Activities: Electric Light

Capital assets not being depreciated:

Land	\$ 1,218,002	\$ -	\$ -	\$ 1,218,002
Construction in process	<u>940,739</u>	<u>-</u>	<u>(940,739)</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,158,741</u>	<u>-</u>	<u>(940,739)</u>	<u>1,218,002</u>
Capital assets being depreciated:				
Infrastructure	21,150,405	2,223,160	(81,111)	23,292,454
Total capital assets being depreciated	<u>21,150,405</u>	<u>2,223,160</u>	<u>(81,111)</u>	<u>23,292,454</u>
Less accumulated depreciation for:				
Infrastructure	(7,508,849)	(634,513)	81,111	(8,062,251)
Total accumulated depreciation	<u>(7,508,849)</u>	<u>(634,513)</u>	<u>81,111</u>	<u>(8,062,251)</u>
Total capital assets being depreciated, net	<u>13,641,556</u>	<u>1,588,647</u>	<u>-</u>	<u>15,230,203</u>
Total Electric Light capital assets, net	<u>\$ 15,800,297</u>	<u>\$ 1,588,647</u>	<u>\$ (940,739)</u>	<u>\$ 16,448,205</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 146,294
Public safety	864,815
Education	42,362
Public works	434,353
Health and human services	179,582
Culture and recreation	159,729
Total Governmental Activities	<u>\$ 1,827,135</u>

Business-type Activities:

Water	\$ 1,043,908
Sewer	181,111
Stormwater drainage	31,143
Electric light	<u>634,513</u>
Total Business-type Activities	<u>\$ 1,890,675</u>

E. Purchased Power Working Capital

The GELD is a member and participant of the Massachusetts Municipal Wholesale Electric Company (“MMWEC”). The purchased power working capital is an amount held by MMWEC as an escrow. The purchased power working capital fund is replenished as needed from the GELD’s monthly invoice payments. The income earned from the purchased power working capital fund applicable to the GELD’s deposit is applied as a credit to MMWEC’s power sales billings. The balance in the fund as of December 31, 2024 is \$1,191,899.

F. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue (“RANS”) or tax anticipation notes (“TANS”).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (“BANS”) or grant anticipation notes (“GANS”). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and generally carry maturity dates of less than one year and are interest bearing and will be paid through future issuance of general obligation bonds.

The Town’s temporary borrowing activity for fiscal year 2025 was as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
<i>Governmental Activities</i>						
BAN	4.25%	Matured	\$ 1,488,790	\$ -	\$ (1,488,790)	\$ -
BAN	4.50%	Matured	27,604,469	-	(27,604,469)	-
BAN	3.96%	02/12/26	-	829,702	-	829,702
BAN	4.00%	02/12/26	-	27,722,353	-	27,722,353
<i>Total Governmental Notes</i>			<u>29,093,259</u>	<u>28,552,055</u>	<u>(29,093,259)</u>	<u>28,552,055</u>
<i>Business-type Activities - Water</i>						
BAN	4.25%	Matured	86,794	-	(86,794)	-
BAN	4.50%	Matured	959,004	-	(959,004)	-
BAN	3.96%	02/12/26	-	47,502	-	47,502
BAN	4.00%	02/12/26	-	895,708	-	895,708
<i>Total Business-Type Notes - Water</i>			<u>1,045,798</u>	<u>943,210</u>	<u>(1,045,798)</u>	<u>943,210</u>
<i>Total Short Term Notes Payable</i>			<u>\$ 30,139,057</u>	<u>\$ 29,495,265</u>	<u>\$(30,139,057)</u>	<u>\$ 29,495,265</u>

Governmental activities BAN’s outstanding at year-end were issued for: Highway dump truck (\$33,569), Middle school track (\$829,702), Dump truck (\$285,000), elementary school (\$27,050,000), and ambulance (\$353,784). Business-type activities – Water project BAN’s were issued for: Whitney Pond Well (\$272,502) and Water Treatment Facility (\$670,708).

G. Long-Term Obligations

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for various governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs. State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

The governmental activities liabilities will be liquidated by the General Fund. The business-type liabilities will be liquidated by the water, sewer, and GELD enterprise funds.

The following reflects the activity in the long-term liability accounts for the year ended June 30, 2025 (the GELD’s activity is for the year ended December 31, 2024):

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 39,347,000	\$ -	\$ (2,185,000)	\$ 37,162,000	\$ 2,210,000
Unamortized bond premiums	2,138,480	-	(229,168)	1,909,312	215,169
Notes from direct borrowings and placements	49,298	-	(24,351)	24,947	24,947
Landfill post-closure	522,702	-	(20,104)	502,598	20,104
Compensated absences, net	(a) 568,976	35,528	-	604,504	60,450
Net pension liability	(a) 18,973,943	3,301,834	(4,174,267)	18,101,510	-
Net other postemployment benefits liability	(a) 7,878,013	2,187,441	(1,733,163)	8,332,291	-
Total Governmental Activities	<u>\$ 69,478,412</u>	<u>\$ 5,524,803</u>	<u>\$ (8,366,053)</u>	<u>\$ 66,637,162</u>	<u>\$ 2,530,670</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds	\$ 10,398,000	\$ -	\$ (160,000)	\$ 10,238,000	\$ 205,000
Notes from direct borrowings and placements	518,427	-	(371,358)	147,069	72,799
Unamortized bond premiums	646,663	-	(41,886)	604,777	38,056
Compensated absences, net	42,074	1,011	-	43,085	4,309
Net pension liability	863,472	150,261	(189,964)	823,769	-
Net other postemployment benefits liability	1,051,913	292,079	(231,421)	1,112,571	-
Total Water	<u>13,520,549</u>	<u>443,351</u>	<u>(994,629)</u>	<u>12,969,271</u>	<u>320,164</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	50,000	-	(25,000)	25,000	25,000
Compensated absences, net	2,045	935	-	2,980	298
Net pension liability	199,682	34,749	(43,930)	190,501	-
Net other postemployment benefits liability	93,228	25,886	(20,510)	98,604	-
Total Sewer	<u>344,955</u>	<u>61,570</u>	<u>(89,440)</u>	<u>317,085</u>	<u>25,298</u>
<i>Business-Type Activities - Cable Access:</i>					
Compensated absences, net	(a) -	-	-	-	-
Net pension liability	(a) -	-	-	-	-
Net other postemployment benefits liability	(a) -	-	-	-	-
Total Cable Access	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Business-Type Activities - Stormwater Drainage:</i>					
Notes from direct borrowings and placements	151,776	-	(48,830)	102,946	50,571
Compensated absences, net	6,606	2,361	-	8,967	897
Total Stormwater Drainage	<u>158,382</u>	<u>2,361</u>	<u>(48,830)</u>	<u>111,913</u>	<u>51,468</u>
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds	1,190,000	-	(105,000)	1,085,000	105,000
Unamortized bond premiums	31,888	-	(3,013)	28,875	3,013
Notes from direct borrowings and placements	946,420	-	(261,746)	684,674	107,873
Net pension liability	5,060,975	1,022,021	(1,265,244)	4,817,752	-
Other postemployment benefits	574,360	-	(543,067)	31,293	-
Total Electric Light	<u>7,803,643</u>	<u>1,022,021</u>	<u>(2,178,070)</u>	<u>6,647,594</u>	<u>215,886</u>
Total Business-Type Activities	<u>\$ 21,827,529</u>	<u>\$ 1,529,303</u>	<u>\$ (3,310,969)</u>	<u>\$ 20,045,863</u>	<u>\$ 612,816</u>

Bond, Note and Lease Purchase Indebtedness

The following is a summary of outstanding long-term debt related obligations as of June 30, 2025 (the GELD's activity is for the year ended December 31, 2024):

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 39,347,000	\$ -	\$ (2,185,000)	\$ 37,162,000
Total General Obligation Bonds		39,347,000	-	(2,185,000)	37,162,000
Unamortized bond premiums		2,138,480	-	(229,168)	1,909,312
Total General Obligation Bonds, net		41,485,480	-	(2,414,168)	39,071,312
Lease Purchase Agreements	2.28 - 2.94%	49,298	-	(24,351)	24,947
Total notes from direct borrowings and placements		49,298	-	(24,351)	24,947
Total Governmental Activities Debt		\$ 41,534,778	\$ -	\$ (2,438,519)	\$ 39,096,259
<i>Business-Type Activities - Water</i>					
General Obligation Bonds		\$ 10,398,000	\$ -	\$ (160,000)	\$ 10,238,000
Total General Obligation Bonds		10,398,000	-	(160,000)	10,238,000
Unamortized bond premiums		646,663	-	(41,886)	604,777
Total General Obligation Bonds, net		11,044,663	-	(201,886)	10,842,777
Massachusetts Clean Water Trust	2.00%	\$ 518,427	\$ -	\$ (371,358)	\$ 147,069
Total notes from direct borrowings and placements		518,427	-	(371,358)	147,069
Total Water Debt		11,563,090	-	(573,244)	10,989,846
<i>Business-Type Activities - Sewer</i>					
General Obligation Bonds	4.00 - 5.00%	50,000	-	(25,000)	25,000
Total General Obligation Bonds		50,000	-	(25,000)	25,000
Massachusetts Clean Water Trust	2.00%	-	-	-	-
Total notes from direct borrowings and placements		-	-	-	-
Total Sewer Debt		50,000	-	(25,000)	25,000
<i>Business-Type Activities - Stormwater Drainage</i>					
Lease Purchase Agreement	2.19%	151,776	-	(48,830)	102,946
Total notes from direct borrowings and placements		151,776	-	(48,830)	102,946
Total Stormwater Drainage Debt		151,776	-	(48,830)	102,946
<i>Business-Type Activities - Electric Light</i>					
General Obligation Bonds	2.00 - 3.25%	1,190,000	-	(105,000)	1,085,000
Total General Obligation Bonds		1,190,000	-	(105,000)	1,085,000
Unamortized bond premiums		31,888	-	(3,013)	28,875
Total General Obligation Bonds, net		1,221,888	-	(108,013)	1,113,875
Massachusetts Municipal Wholesale Electric Co.	2.75%	946,420	-	(261,746)	684,674
Total notes from direct borrowings and placements		946,420	-	(261,746)	684,674
Total Electric Light Debt		2,168,308	-	(369,759)	1,798,549
Total Business-type Activities Debt		\$ 13,781,398	\$ -	\$ (968,003)	\$ 12,813,395

MCWT Loan Subsidies – As previously noted in Note I. B., the Town has entered into loan agreements with the MCWT. It is expected that the Town will be subsidized by MCWT on a periodic basis for principal in the amount of \$20,830 and interest in the amount of \$0 until the maturity of these agreements.

Payments on outstanding general obligation bonds and notes payable due in future years consist of the following:

<i>Governmental Activities</i>				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2026	\$ 2,210,000	\$ 1,355,670	\$ 24,947	\$ 608
2027	2,345,000	1,254,046	-	-
2028	2,370,000	1,148,208	-	-
2029	2,245,000	1,046,707	-	-
2030	2,270,000	956,771	-	-
2031-2035	10,705,000	3,555,314	-	-
2036-2040	8,680,000	1,928,906	-	-
2041-2045	4,847,000	783,670	-	-
2046	1,490,000	89,400	-	-
Totals	<u>\$ 37,162,000</u>	<u>\$ 12,118,692</u>	<u>\$ 24,947</u>	<u>\$ 608</u>

<i>Business-Type Activities - Water</i>				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2026	\$ 205,000	\$ 277,799	\$ 72,799	\$ 2,214
2027	215,000	289,270	74,270	743
2028	225,000	225,000	-	-
2029	235,000	235,000	-	-
2030	245,000	245,000	-	-
2031-2035	1,435,000	1,435,000	-	-
2036-2040	1,760,000	1,760,000	-	-
2041-2045	2,128,000	2,128,000	-	-
2046-2050	2,595,000	2,595,000	-	-
2051-2055	1,195,000	1,195,000	-	-
Totals	<u>\$ 10,238,000</u>	<u>\$ 10,385,069</u>	<u>\$ 147,069</u>	<u>\$ 2,957</u>

<i>Business-Type Activities - Sewer</i>				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2026	\$ 25,000	\$ 547	\$ -	\$ -
2027	-	-	-	-
Totals	<u>\$ 25,000</u>	<u>\$ 547</u>	<u>\$ -</u>	<u>\$ -</u>

<i>Business-Type Activities - Stormwater Drainage</i>				
Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2026	\$ -	\$ -	\$ 50,571	\$ 3,672
2027	-	-	52,375	1,868
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,946</u>	<u>\$ 5,540</u>

Business-Type Activities - Electric Light

Year Ending December 31,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2026	\$ 105,000	\$ 33,850	\$ -	\$ -
2027	110,000	30,700	-	-
2028	115,000	27,400	-	-
2029	115,000	23,950	-	-
2030	120,000	20,500	-	-
2031-2034	<u>520,000</u>	<u>42,739</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,085,000</u>	<u>\$ 179,139</u>	<u>\$ -</u>	<u>\$ -</u>

Authorized and Unissued Debt - At June 30, 2025, the Town had authorized and unissued debt for the following:

Description	Authorized & Unissued
<i>Governmental:</i>	
Senior Center Construction	\$ 86,000
Fire Engine #5 Replacement	63,000
Elem. School New Const. - Flo-Ro	32,960,360
<i>Business-Type Activities - Water:</i>	
Whitney Pond Well #3	8,500
500 Main Street Water Main	1,225,000
Water Main - High School PFAS	16,780,000
Total Authorized and Unissued	<u>\$ 51,122,860</u>

III. Other Information

A. Retirement System

Plan Description – The Town and GELD contribute to the Middlesex County Regional Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan established under Chapter 32 of the Commonwealth of Massachusetts General Laws (MGL) and administered by the Middlesex Regional Retirement Board. Stand-alone audited financial statements for the year ended December 31, 2024, were issued and may be obtained by writing to the Middlesex County Regional Retirement System, 25 Linnell Circle, Billerica, Massachusetts 01865.

Membership – Membership in the System as of December 31, 2024, was as follows:

Retired employee members and beneficiaries currently receiving benefits	6,607
Inactive members entitled to a return on their contributions	4,227
Inactive members with a vested right to a deferred or immediate benefit	470
Active employee members	9,603
Total	<u>20,907</u>

Benefit Terms – The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Members of the System do not participate in the Federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to retirement system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant’s highest three-year or five-year average annual rate of regular compensation, depending on the participant’s date of hire. Benefit payments are based upon a participant’s age, length of creditable service, level of compensation and job classification.

Contributions Requirements – The System has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The Town contributed \$2,653,019 to the System in fiscal year 2025, which was the actuarially determined contribution requirement for the fiscal year. The Town’s contributions as a percentage of covered payroll was approximately 27.6%. GELD amounts are included in the above amounts but are as of December 31, 2024 therefore totals may not agree in all situations.

Net Pension Liability – At June 30, 2025, the Town reported a liability of \$19,115,779 for its proportionate share of the net pension liability and GELD reported a liability of \$4,817,752 which was as of December 31, 2024. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. These figures were updated by the independent actuary as of December 31, 2024. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the System’s benefit terms since the actuarial valuation.

The Town’s proportion of the net pension liability is based on a projection of the Town’s long-term share of contributions to the System relative to the projected contributions of all employers. The Town’s proportion was approximately 1.4% at December 31, 2024.

Pension Expense – The Town recognized \$1,825,992 in pension expense in the statement of activities in fiscal year 2025 and GELD recognized \$479,323 for the year ended December 31, 2024.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2025 for the Town, and December 31, 2024 for GELD deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were recorded:

	Town		GELD	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 422,519	\$ -	\$ 138,614	\$ -
Changes of assumptions	63,825	-	30,958	-
Net difference between projected and actual earnings	595,807	-	246,989	-
Changes in proportion differences	331,150	940,516	155,339	433,968
Contributions made subsequent to the measurement date	-	-	269,877	-
	<u>\$ 1,413,301</u>	<u>\$ 940,516</u>	<u>\$ 841,777</u>	<u>\$ 433,968</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town's pension expense as follows:

	Town		GELD	
	June 30		December 31	
2026	\$ (5,243)		2025	\$ 287,343
2027	815,092		2026	17,464
2028	(262,936)		2027	51,722
2029	(74,128)		2028	51,280
Total	<u>\$ 472,785</u>		Total	<u>\$ 407,809</u>

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

Actuarial Valuation – The measurement of the System's total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2024. The significant actuarial assumptions used in the January 1, 2024 actuarial valuation included:

Investment rate of return	7.15%
Discount rate	7.15%
Inflation	3.25%
Salary increases	4.00% - 4.50%
Pre-retirement mortality	General: RP-2014 Blue Collar healthy annuitants projected generationally using Scale MP-2021;
Post-retirement mortality	General: RP-2014 Blue Collar healthy annuitants projected generationally using Scale MP-2021;
Disabled mortality	General: RP-2014 Blue Collar healthy annuitants projected generationally using Scale MP-2021;
Actuarial cost method	Entry age normal - Level percentage of payroll

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

Asset Class	Town	
	Target Allocation	Expected Investment Rate of Return
Domestic equity - large cap	23.50%	5.82%
International equity - developed market	9.00%	5.91%
International equity - emerging market	3.50%	7.06%
Core fixed income	15.00%	1.81%
High yield fixed income	9.00%	3.34%
Real estate	10.00%	3.34%
Timber	4.00%	3.82%
Hedge funds, GTAA, risk parity	10.00%	2.77%
Private equity	16.00%	9.20%
Cash and equivalents	0.00%	0.00%
	<u>100.00%</u>	

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the current discount rate as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate (GELD as of December 31, 2024)			
	Current		Current Discount	1% Increase
	Rate	1% Decrease		
Net Pension Liability - Town	7.15%	\$ 24,244,401	\$ 19,115,779	\$ 14,801,995
Net Pension Liability - GELD	7.15%	6,031,483	4,817,752	3,796,358

B. Other Postemployment Benefits

In addition to the pension benefits previously described, the Town and GELD provide health and life insurance benefits (other postemployment benefits, or OPEB) to current and future retirees, their dependents and beneficiaries in accordance with Massachusetts General Law (“MGL”) Chapter 32B Section 20 (hereinafter referred to as the “OPEB Plans”).

The Town and GELD operate OPEB Plans, while all benefits are provided through the Town’s insurance program. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. Neither OPEB Plans issue standalone financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the OPEB Plans.

OPEB Plan disclosures that impact the net OPEB liability using a measurement date of June 30, 2025 for the Town and December 31, 2024, for GELD, are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms:

	Town	GELD
Retired employee members and beneficiaries currently receiving benefits	57	11
Active employee members	91	14
Total	<u>148</u>	<u>25</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 35% of premiums for medical plans and 50% of the group term life insurance plan. The remainder of the cost is funded by general revenues of the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis and annually anticipates contributing additional funding above that amount into the OPEB Trust Fund. The costs of administering the OPEB Plan are paid by the Town. The Town's average contribution rate was approximately 6.2% of covered payroll and GELD's average contribution rate of covered payroll was unavailable.

Net OPEB Liability – The Town's net OPEB liability was measured as of June 30, 2025, using an actuarial valuation as of July 1, 2023, and GELD's was measured as of December 31, 2024 using an actuarial valuation of January 1, 2024. The components of the net OPEB liability (asset) are as follows:

	Town	GELD
Total OPEB Liability	\$ 11,257,139	\$ 1,864,021
Plan fiduciary net position	<u>(1,713,673)</u>	<u>(1,832,728)</u>
Net OPEB liability	<u><u>\$ 9,543,466</u></u>	<u><u>\$ 31,293</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.22%	98.32%

The total OPEB liability in the most recent actuarial valuations was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.52%, Town - 5.48%, GELD
Municipal bond rate	4.81%, Town - 4.28%, GELD
Discount rate	6.52%, Town - 5.48%, GELD
Inflation	2.50%
Health care trend rate	9.0% to 3.63%, Town - 5.00%, GELD
Salary increases	3.00%
Pre-retirement mortality	General: RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2016; set forward 1 year for females
Post-retirement mortality	General: RP-2014 Blue Collar healthy annuitants projected generationally using Scale MP-2016; set forward 1 year for females
Disabled mortality	General: RP-2014 Blue Collar healthy annuitants projected generationally using Scale MP-2016; set forward 1 year
Actuarial cost method	Entry age normal - Level percentage of payroll

There were no significant assumption changes in the current year.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.52% for Town and 5.48% for GELD which represented a blend of the yield or index rate of 4.27% at June 30, 2025 (3.87% at December 31, 2024 for GELD) for twenty-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher used for unfunded periods and the long-term expected rate of return of 6.52% for Town and 5.48% for GELD.

Long Term Expected Rate of Return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Town		GELD	
	Target Allocation	Expected Investment Rate of Return	Target Allocation	Expected Investment Rate of Return
Domestic equity - large cap	36.00%	4.52%	31.75%	4.52%
Domestic equity - small/mid cap	1.50%	5.06%	6.25%	5.06%
International equity - developed market	16.50%	5.08%	4.25%	5.08%
International equity - emerging market	7.25%	5.80%	4.50%	5.80%
Domestic fixed income	22.25%	2.44%	41.00%	2.44%
International fixed income	3.50%	2.13%	0.00%	2.13%
Alternatives	9.50%	6.09%	0.00%	6.09%
Real estate	3.00%	3.73%	0.00%	3.73%
Cash and equivalents	0.50%	0.00%	12.25%	0.00%
	<u>100.00%</u>		<u>100.00%</u>	

Sensitivity Analyses – The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate (GELD as of December 31, 2024)			
	Current Rate	1% Decrease	Current Discount	1% Increase
Net OPEB (Asset) Liability - Town	6.52%	\$ 11,086,489	\$ 9,543,466	\$ 8,280,051
Net OPEB (Asset) Liability - GELD	5.48%	326,999	31,293	(206,178)

	Healthcare Trend Rate (GELD as of December 31, 2024)			
	Current Rate	1% Decrease	Current Trend	1% Increase
Net OPEB (Asset) Liability - Town	9.00% > 3.63%	\$ 8,138,991	\$ 9,543,466	\$ 11,274,893
Net OPEB (Asset) Liability - GELD	5.00%	(240,148)	31,293	379,262

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability:

	Town			GELD (as of December 31, 2024)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(asset) (a) - (b)
Balances at July 1, 2024	\$ 10,385,397	\$ 1,362,242	\$ 9,023,155	\$ 2,226,062	\$ 1,651,702	\$ 574,360
Changes for the year:						
Service cost	255,307	-	255,307	75,118	-	75,118
Interest	708,458	-	708,458	111,896	-	111,896
Difference between expected and actual experience	-	-	-	(9,831)	-	(9,831)
Changes of assumptions	328,611	-	328,611	(188,753)	-	(188,753)
Changes in benefit terms	-	-	-	(296,084)	-	(296,084)
Net investment income	-	161,431	(161,431)	-	181,026	(181,026)
Employer contributions	-	610,634	(610,634)	-	54,387	(54,387)
Benefit payments withdrawn from trust	-	(420,634)	420,634	-	(54,387)	54,387
Benefit payments	(420,634)	-	(420,634)	(54,387)	-	(54,387)
Net changes	871,742	351,431	520,311	(362,041)	181,026	(543,067)
Balances at June 30, 2025	\$ 11,257,139	\$ 1,713,673	\$ 9,543,466	\$ 1,864,021	\$ 1,832,728	\$ 31,293

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – The Town recognized OPEB expense of \$594,691 while GELD recognized \$159,205. Deferred outflows of resources and deferred inflows of resources related to OPEB were reported as follows:

	Town		GELD	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,815	\$ 2,353,248	\$ 134,492	\$ 169,194
Changes of assumptions	1,493,502	674,461	227,576	170,059
Net difference between projected and actual earnings	-	76,701	43,683	27,964
Totals	\$ 1,576,317	\$ 3,104,410	\$ 405,751	\$ 367,217

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

	Town		GELD	
	June 30		December 31	
2026	\$ (178,797)		2025	\$ 56,732
2027	(206,014)		2026	101,433
2028	(448,298)		2027	(33,791)
2029	(675,915)		2028	(49,761)
2030	(24,988)		2029	(32,501)
Thereafter	<u>5,919</u>		Thereafter	<u>(3,578)</u>
Total	\$ (1,528,093)		Total	\$ 38,534

Investment Custody – In accordance with Massachusetts General Laws, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

Investment Policy – The OPEB Plan follows the same investment policies that apply to all other Town Trust funds. Notably it can be invested in accordance with State Statutes that govern Trust investments including PRIM which is an external investment pool managed by the State. GELD invests its plan assets in a pooled fund MMWEC.

Investment Rate of Return – The annual money-weighted rate of return on investments, net of investment expense, was 10.74% for the Town and for GELD was 10.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Risk Financing

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

The Town is a member of the Massachusetts Interlocal Insurance Association (MIIA), which is a joint purchase collaborative consisting of over 150 cities, towns, and municipal districts. The MIIA offers a variety of premium based plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the MIIA.

D. Commitments and Contingencies

General – During its day-to-day operations, the Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2025, cannot be determined, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2025.

Grant Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, would not have a material effect on its financial condition.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town does not believe it has failed to comply with any of these agreements.

MMWEC Participation – The GELD is a participant in certain projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC). MMWEC is a public corporation and a political subdivision of the Commonwealth, created as a means to develop a bulk power supply for its members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (“Projects”). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities.

MMWEC operates the Stony Brook Intermediate Project and Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix One project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for Millstone Unit 3 extends to November 25, 2045.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The GELD has entered into PSAs with MMWEC. Under the PSAs, the GELD is required to make certain

payments to MMWEC solely from GELD revenues. Among other things, PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants may be required to increase (step-up) their payments and correspondingly their Participant's share of Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs. Under the PSAs each Participant is unconditionally obligated to make all payments due to MMWEC, whether or not the Project(s) is completed or operating, and notwithstanding the suspension or interruption of the output of the Project(s).

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

MMWEC is involved in various legal actions, the outcome of which, in the opinion of MMWEC management, will not have a material effect on the financial position of MMWEC.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses discussed above) associated with the GELD's Project Capability of the Projects in which it participates was \$14,829,868 for the year ended December 31, 2024.

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

Under the term of the All Requirements Agreement, the GELD is committed to purchase additional power through MMWEC in 2025 for \$118,705.

Berkshire Wind Cooperative – The GELD is a member of the Berkshire Wind Cooperation Corporation (the “Cooperative”). The Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and 16 Municipal Light Departments (Members) for the purpose of financing, owning, constructing, and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

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

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

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

The total capital expenditures, debt service and operation and maintenance (O&M) costs associated with the Plant's *pro rata* share of the Phases in which it participates for the year ended December 31, 2024 are listed in the table below:

Phase	Percentage Share	Total Capital Expenditures	Debt Service Billed	Operations & Maintenance Billed
Berkshire Phase 1	5.533%	\$ 3,063,713	\$ 267,914	\$ 227,544

The estimated aggregate amount of the required payments for future years for the GELD's *pro rata* share of the Phases in which it participates is shown below:

For Years Ending December 31,	Total Phase 1 Debt Service
2025	\$ 267,839
2026	267,970
2027	267,859
2028	267,770
2029	267,811
2030	<u>133,912</u>
Total	<u>\$ 1,473,161</u>

E. Landfill Closure and Post-Closure Care Costs

The Town's landfill is closed, and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions ("post-closure care") at the site for 30 years after the landfill cover is installed. In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring; \$502,598 has been recorded as a governmental activity's liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

IV. Implementation of New GASB Pronouncements

Current Year Implementations

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement became effective in fiscal year 2025. The adoption of this accounting standard did not have a material effect on the Town's financial statements.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The provisions of this Statement became effective in fiscal year 2025. The adoption of this accounting standard did not have a material effect on the Town's financial statements.

Future Implementations –

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2025 (fiscal year 2026). The Town is currently evaluating whether adoption will have a material impact on its financial statements.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2025 (fiscal year 2026). The Town is currently evaluating whether adoption will have a material impact on its financial statements.

IV. Restatement of Prior Year Balances

During fiscal year 2025, the Town dissolved the Cable Access enterprise fund into the general fund. This resulted in a restatement of beginning net position as follows:

	Governmental Activities	Business-type Activities Cable Fund
Prior year, as previously reported	\$ 67,623,861	\$ 26,065,765
Cable enterprise fund closed to governmental	(400,562)	400,562
Prior year, as restated	\$ 67,223,299	\$ 26,466,327

TOWN OF GROTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEARS ENDED JUNE 30, 2025

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended December 31,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	1.39%	\$ 22,607,096	\$ 9,462,612	238.91%	58.24%
2023	1.40%	23,696,683	9,066,266	261.37%	55.21%
2022	1.42%	25,150,097	8,598,720	292.49%	52.61%
2021	1.43%	19,238,916	8,229,713	233.77%	61.10%
2020	1.60%	24,595,262	8,305,473	296.13%	53.40%
2019	1.59%	25,513,416	7,971,673	320.05%	49.50%
2018	1.49%	23,290,688	7,545,657	308.66%	46.40%
2017	1.51%	21,402,700	7,236,359	295.77%	49.30%
2016	1.58%	22,421,400	7,051,413	317.97%	45.50%
2015	1.60%	20,586,198	6,891,765	298.71%	46.10%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN

Year Ended June 30,	Contributions in Relation to the				Contributions as a Percentage of Covered Payroll	
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll		
2025	\$ 2,653,019	\$ 2,653,019	\$ -	\$ 9,604,551	27.62%	
2024	2,494,280	2,494,280	-	9,202,260	27.11%	
2023	2,538,910	2,538,910	-	8,727,701	29.09%	
2022	2,385,255	2,385,255	-	8,353,159	28.56%	
2021	2,090,290	2,090,290	-	8,430,055	24.80%	
2020	1,973,053	1,973,053	-	8,091,248	24.39%	
2019	2,081,699	2,081,699	-	7,658,842	27.18%	
2018	1,966,279	1,966,279	-	7,344,904	26.77%	
2017	1,839,040	1,839,040	-	7,157,184	25.70%	
2016	1,737,842	1,737,842	-	6,995,141	24.84%	

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS - TOWN

	Year Ended June 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:									
Service cost	\$ 255,307	\$ 379,529	\$ 371,225	\$ 280,037	\$ 290,989	\$ 286,592	\$ 328,620	\$ 460,696	\$ 395,760
Interest	708,458	861,748	820,035	656,612	619,730	550,245	645,543	461,403	334,604
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience		(3,498,380)	-	40,016	-	777,133	-	-	2,270,297
Changes of assumptions	328,611	(876,804)	(14,236)	3,168,541	(307,696)	(887,465)	(2,198,188)	-	-
Benefit payments	(420,634)	(541,308)	(502,239)	(407,202)	(390,892)	(344,921)	(300,225)	(269,876)	(226,325)
Net change in total OPEB liability	871,742	(3,675,215)	674,785	3,738,004	212,131	381,584	(1,524,250)	652,223	2,774,336
Total OPEB liability - beginning of year	<u>\$ 10,385,397</u>	<u>\$ 14,060,612</u>	<u>\$ 13,385,827</u>	<u>\$ 9,647,823</u>	<u>\$ 9,435,692</u>	<u>\$ 9,054,108</u>	<u>\$ 10,578,358</u>	<u>\$ 9,926,135</u>	<u>\$ 7,151,799</u>
Total OPEB liability - end of year (a)	<u>\$ 11,257,139</u>	<u>\$ 10,385,397</u>	<u>\$ 14,060,612</u>	<u>\$ 13,385,827</u>	<u>\$ 9,647,823</u>	<u>\$ 9,435,692</u>	<u>\$ 9,054,108</u>	<u>\$ 10,578,358</u>	<u>\$ 9,926,135</u>
Plan fiduciary net position:									
Contributions - employer	\$ 610,634	\$ 726,308	\$ 683,239	\$ 584,296	\$ 567,986	\$ 513,921	\$ 400,204	\$ 369,826	\$ 226,325
Net investment income	161,431	152,971	74,983	(130,373)	145,866	15,891	12,377	1,388	12
Benefit payments	(420,634)	(541,308)	(502,239)	(407,202)	(390,892)	(344,921)	(300,225)	(269,876)	(226,325)
Net change in Plan fiduciary net position	351,431	337,971	255,983	46,721	322,960	184,891	112,356	101,338	12
Plan fiduciary net position - beginning of year	<u>\$ 1,362,242</u>	<u>\$ 1,024,271</u>	<u>\$ 768,288</u>	<u>\$ 721,567</u>	<u>\$ 398,607</u>	<u>\$ 213,716</u>	<u>\$ 101,360</u>	<u>\$ 22</u>	<u>\$ 10</u>
Plan fiduciary net position - end of year (b)	<u>\$ 1,713,673</u>	<u>\$ 1,362,242</u>	<u>\$ 1,024,271</u>	<u>\$ 768,288</u>	<u>\$ 721,567</u>	<u>\$ 398,607</u>	<u>\$ 213,716</u>	<u>\$ 101,360</u>	<u>\$ 22</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 9,543,466</u>	<u>\$ 9,023,155</u>	<u>\$ 13,036,341</u>	<u>\$ 12,617,539</u>	<u>\$ 8,926,256</u>	<u>\$ 9,037,085</u>	<u>\$ 8,840,392</u>	<u>\$ 10,476,998</u>	<u>\$ 9,926,113</u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.22%	13.12%	7.28%	5.74%	7.48%	4.22%	2.36%	0.96%	0.00%
Covered payroll	\$ 9,886,194	\$ 9,598,247	\$ 8,628,236	\$ 8,376,928	\$ 7,892,268	\$ 7,662,396	\$ 6,857,693	\$ 6,552,226	\$ 6,657,954
Net OPEB liability as a percentage of covered-employee payroll	96.53%	94.01%	151.09%	150.62%	113.10%	117.94%	128.91%	159.90%	149.09%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS - TOWN

	Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Actuarially-determined contribution	\$ 751,877	\$ 863,426	\$ 1,016,208	\$ 903,575	\$ 767,568	\$ 936,392	\$ 934,511	\$ 1,043,834	\$ 978,898	
Contributions in relation to the actuarially-determined contribution	(610,634)	(726,308)	(683,239)	(584,296)	(567,986)	(513,921)	(400,204)	(369,826)	(226,325)	
Contribution deficiency (excess)	\$ 141,243	\$ 137,118	\$ 332,969	\$ 319,279	\$ 199,582	\$ 422,471	\$ 534,307	\$ 674,008	\$ 752,573	
Covered-employee payroll	\$ 9,886,194	\$ 9,598,247	\$ 8,628,236	\$ 8,376,928	\$ 7,892,268	\$ 7,662,396	\$ 6,857,693	\$ 6,552,226	\$ 6,657,954	
Contribution as a percentage of covered payroll	6.18%	7.57%	7.92%	6.98%	7.20%	6.71%	5.84%	5.64%	3.40%	
Valuation date	July 1, 2023									
Amortization period	30 years									
Investment rate of return	6.52%									
Municipal bond rate	4.80%									
Single equivalent discount rate	6.52%									
Inflation	2.50%									
Healthcare cost trend rates	9.00 > 3.63%									
Salary increases	3.00%									
Actuarial cost method	Individual Entry Age Normal									
Asset valuation method	Market value of assets as of reporting date									

SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Annual money-weighted rate of return, net of	10.74%	14.93%	8.03%	-14.74%	26.85%	4.31%	4.71%	0.88%	0.01%	

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS - GELD

	Year ended December 31							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	\$ 75,118	\$ 71,454	\$ 57,815	\$ 45,560	\$ 44,453	\$ 47,023	\$ 42,255	\$ 43,054
Interest	111,896	106,149	82,928	79,456	85,843	81,077	76,041	64,746
Changes of benefit terms	(296,084)	-	-	-	-	-	-	-
Differences between expected and actual experience	(9,831)	-	97,830	-	(156,807)	-	(2,836)	115,369
Changes of assumptions	(188,753)	34,649	338,468	169,164	(96,903)	56,750	-	-
Benefit payments	(54,387)	(57,812)	(53,680)	(48,535)	(44,259)	(37,091)	(35,542)	(32,739)
Net change in total OPEB liability	(362,041)	154,440	523,361	245,645	(167,673)	147,759	79,918	190,430
Total OPEB liability - beginning of year	2,226,062	2,071,622	1,548,261	1,302,616	1,470,289	1,322,530	1,242,612	1,052,182
Total OPEB liability - end of year (a)	<u>\$ 1,864,021</u>	<u>\$ 2,226,062</u>	<u>\$ 2,071,622</u>	<u>\$ 1,548,261</u>	<u>\$ 1,302,616</u>	<u>\$ 1,470,289</u>	<u>\$ 1,322,530</u>	<u>\$ 1,242,612</u>
Plan fiduciary net position:								
Contributions - employer	\$ 54,387	\$ 57,812	\$ 21,472	\$ 34,817	\$ 44,259	\$ 37,091	\$ 89,971	\$ 238,739
Net investment income	181,026	181,509	(245,516)	203,790	171,246	204,052	(37,566)	118,827
Benefit payments	(54,387)	(57,812)	(53,680)	(48,535)	(44,259)	(37,091)	(35,542)	(32,739)
Net change in Plan fiduciary net position	181,026	181,509	(277,724)	190,072	171,246	204,052	16,863	324,827
Plan fiduciary net position - beginning of year	1,651,702	1,470,193	1,747,917	1,557,845	1,386,599	1,182,547	1,165,684	840,857
Plan fiduciary net position - end of year (b)	<u>\$ 1,832,728</u>	<u>\$ 1,651,702</u>	<u>\$ 1,470,193</u>	<u>\$ 1,747,917</u>	<u>\$ 1,557,845</u>	<u>\$ 1,386,599</u>	<u>\$ 1,182,547</u>	<u>\$ 1,165,684</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 31,293</u>	<u>\$ 574,360</u>	<u>\$ 601,429</u>	<u>\$ (199,656)</u>	<u>\$ (255,229)</u>	<u>\$ 83,690</u>	<u>\$ 139,983</u>	<u>\$ 76,928</u>
Plan fiduciary net position as a percentage of the total OPEB liability	98.32%	74.20%	70.97%	112.90%	119.59%	94.31%	89.42%	93.81%
Covered payroll	\$ 1,808,906	\$ 1,449,622	\$ 1,407,400	\$ 1,365,722	\$ 1,325,944	\$ 1,180,461	\$ 1,151,904	\$ 1,118,353
Net OPEB liability as a percentage of covered-employee payroll	1.73%	39.62%	42.73%	-14.62%	-19.25%	7.09%	12.15%	6.88%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
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See independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS - GELD

	Year ended December 31							
	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 76,560	\$ 96,162	\$ 57,815	\$ 45,560	\$ 31,942	\$ 52,619	\$ 51,849	\$ 57,538
Contributions in relation to the actuarially-determined contribution	(54,387)	(57,812)	(21,742)	(34,817)	(44,259)	(37,091)	(89,971)	(238,739)
Contribution deficiency (excess)	<u>\$ 22,173</u>	<u>\$ 38,350</u>	<u>\$ 36,073</u>	<u>\$ 10,743</u>	<u>\$ (12,317)</u>	<u>\$ 15,528</u>	<u>\$ (38,122)</u>	<u>\$ (181,201)</u>
Covered-employee payroll	\$ 1,808,906	\$ 1,449,622	\$ 1,407,400	\$ 1,365,722	\$ 1,325,944	\$ 1,180,461	\$ 1,151,904	\$ 1,118,353
Contribution as a percentage of covered payroll	3.01%	3.99%	1.54%	2.55%	3.34%	3.14%	7.81%	21.35%
Valuation date	January 1, 2024							
Investment rate of return	5.48%							
Municipal bond rate	4.28%							
Single equivalent discount rate	5.48%							
Inflation	2.50%							
Healthcare cost trend rates	5.00%							
Salary increases	3.00%							
Actuarial cost method	Individual entry age normal							
Asset valuation method	Fair value							

SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of	10.96%	12.35%	-14.13%	13.11%	12.35%	17.26%	-3.10%	12.88%

TOWN OF GROTON, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual		Actual Budgetary Adjusted	Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Budgetary Amounts	Encumbrances		
REVENUES						
Real estate and personal property taxes, net	43,312,210	43,075,705	43,015,275	\$ -	\$ 35,124,995	\$ (60,430)
Intergovernmental	1,119,404	1,119,404	1,240,986	-	1,240,986	121,582
Motor vehicle and other excises	2,229,583	2,229,583	2,706,653	-	2,706,653	477,070
License and permits	429,300	429,300	728,078	-	728,078	298,778
Departmental and other revenue	2,168,063	2,168,063	3,121,724	-	3,121,724	953,661
Penalties and interest on taxes	110,000	110,000	125,734	-	125,734	15,734
Fines and forfeitures	10,000	10,000	17,965	-	17,965	7,965
Investment income	309,744	309,744	486,605	-	486,605	176,861
Total Revenues	<u>49,688,304</u>	<u>49,451,799</u>	<u>51,443,020</u>		<u>43,552,740</u>	<u>1,991,221</u>
EXPENDITURES						
General government	3,466,174	3,924,826	3,292,751	\$ 467,064	3,759,815	165,011
Public safety	5,371,890	5,523,066	5,146,367	169,661	5,316,028	207,038
Education	28,739,026	28,739,026	28,739,026	-	28,739,026	-
Public works	2,078,308	2,655,021	2,192,188	434,148	2,626,336	28,685
Health and human services	438,641	454,355	411,608	8,160	419,768	34,587
Culture and recreation	2,257,359	2,501,011	2,299,212	113,741	2,412,953	88,058
Pension and fringe benefits	4,987,702	4,857,366	4,690,669	4,000	4,694,669	162,697
State and county tax assessments	101,926	101,926	101,926	-	101,926	-
Debt service	4,809,079	4,684,920	4,684,911	-	4,684,911	9
Total Expenditures	<u>52,250,105</u>	<u>53,441,517</u>	<u>51,558,658</u>	<u>1,196,774</u>	<u>52,755,432</u>	<u>686,085</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,644,931	2,149,886	1,834,301	-	1,834,301	(315,585)
Transfers out	(437,532)	(1,372,532)	(1,372,532)	-	(1,372,532)	-
Total Other Financing Sources (Uses)	<u>1,207,399</u>	<u>777,354</u>	<u>461,769</u>	<u>-</u>	<u>461,769</u>	<u>(315,585)</u>
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE						
Other budget items:						
Undesignated surplus (free cash)	711,815	2,569,777				
Prior year encumbrances	642,587	642,587				
Miscellaneous	-	-				
Total other budget items	<u>1,354,402</u>	<u>3,212,364</u>				
Net budget	<u>\$ -</u>	<u>-</u>				

The notes to the financial statements are an integral part of this statement.
Town of Groton, Massachusetts

TOWN OF GROTON, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2025

Budgetary Information – An annual budget is legally adopted for the General Fund and each enterprise fund. Financial orders are initiated by the Town Administrator, recommended by the Town Finance Committee and approved by Town Meeting. Expenditures may not legally exceed appropriations at the department level or in the categories of personnel and non-personnel expenses. Department heads may not transfer, without Town Meeting approval or Select Board/Finance Committee approval during year-end transfers, appropriation balances from one account to another within their department or budget, and within the categories of personnel and non-personnel. The Town Meeting must approve any transfer of unencumbered appropriation balances between departments or agencies. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2025, Town Meeting approved approximately \$1.9 million in supplemental budgetary appropriations, for nearly all government operation classifications, and approximately \$0.5 million in transfers to other funds.

The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted by Town Meeting. Budgetary control is exercised through the Town's accounting system.

Budgetary-to-GAAP Reconciliation – The Town's General Fund is prepared on a basis of accounting other than GAAP to conform to the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2025, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 51,443,020
Stabilization revenue	\$ -	\$ 182,795	182,795
Change in accruing tax revenues	(302)	-	(302)
Indirect cost allocations	-	(312,551)	(312,551)
Revenues on a GAAP basis	<u>\$ (302)</u>	<u>\$ (129,756)</u>	<u>\$ 51,312,962</u>
Expenditures on a budgetary basis			\$ 51,558,658
OPEB contribution	\$ -	\$ 190,000	190,000
Indirect cost allocations	-	(312,551)	(312,551)
Expenditures on a GAAP basis	<u>\$ -</u>	<u>\$ (122,551)</u>	<u>\$ 51,436,107</u>
Other financing sources (uses) on a budgetary basis			\$ 461,769
Stabilization transfers	\$ -	\$ (492,682)	(492,682)
OPEB contribution	-	190,000	190,000
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ (302,682)</u>	<u>\$ 159,087</u>