

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, 2023



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, 2023, 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, 2022 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 39.1% and 80.5% 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, 2023, (except for the Light Department, which is as of December 31, 2022) 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 a 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 and *Government 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 and *Government 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 2, 2024 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Roselli Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts 01801
January 2, 2024

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, 2023 (December 31, 2022, 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 nearly \$74.2 million (*total net position*). This was an increase of nearly \$14.2 million over the prior year. This consisted mostly of an increase to the governmental activities as business-type activities were flat year-over-year.
- At the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance of nearly \$23.2 million, which is approximately \$16.8 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.
- Of the ending fund balance in the Town's governmental funds, the Town reports unassigned fund balance at year-end of over \$5.9 million in the General Fund.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was nearly 12.7% 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 nearly \$2.4 million in the fiscal year due to regular scheduled maturities exceeding proceeds from bond issuances.

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, cable access, 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, cable access, 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 Electric Department 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 present the condensed comparative statements of net position:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
<u>Assets</u>						
Current and other assets	\$ 60,245,043	\$ 47,519,143	\$ 13,513,777	\$ 14,714,923	\$ 73,758,820	\$ 62,234,066
Capital assets, net	96,197,403	67,311,754	38,768,242	32,139,554	134,965,645	99,451,308
Total assets	156,442,446	114,830,897	52,282,019	46,854,477	208,724,465	161,685,374
Deferred outflows of resources	5,400,026	4,659,468	1,933,159	1,743,427	7,333,185	6,402,895
<u>Liabilities</u>						
Long-term liabilities	75,192,370	72,573,908	10,736,868	10,764,114	85,929,238	83,338,022
Other liabilities	35,780,944	6,138,497	14,590,701	9,651,229	50,371,645	15,789,726
Total liabilities	110,973,314	78,712,405	25,327,569	20,415,343	136,300,883	99,127,748
Deferred inflows of resources	1,802,654	5,233,186	3,770,323	3,734,191	5,572,977	8,967,377
<u>Net Position</u>						
Net investment in capital assets	49,553,642	48,648,180	28,305,821	28,250,452	77,859,463	76,898,632
Restricted	9,792,072	8,715,551	-	-	9,792,072	8,715,551
Unrestricted	(10,279,210)	(21,818,957)	(3,188,535)	(3,802,082)	(13,467,745)	(25,621,039)
Net Position	\$ 49,066,504	\$ 35,544,774	\$ 25,117,286	\$ 24,448,370	\$ 74,183,790	\$ 59,993,144

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 nearly \$74.2 million (total net position).

By far the largest portion (approximately \$77.9 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 \$9.8 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 \$13.5 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,	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 3,864,639	\$ 3,634,308	\$ 16,226,107	\$ 13,904,714	\$ 20,090,746	\$ 17,539,022
Operating grants and contributions	3,762,285	2,450,278	-	-	3,762,285	2,450,278
Capital grants and contributions	9,668,169	3,581,792	101	103	9,668,270	3,581,895
General revenues:						
Property taxes	40,335,041	37,375,301	-	-	40,335,041	37,375,301
Intergovernmental	1,059,197	945,487	-	-	1,059,197	945,487
Other	3,826,199	2,285,957	93,075	44,007	3,919,274	2,329,964
Total revenues	62,515,530	50,273,123	16,319,283	13,948,824	78,834,813	64,221,947
Expenses						
General government	5,061,196	4,841,608	-	-	5,061,196	4,841,608
Public safety	8,704,573	7,806,272	-	-	8,704,573	7,806,272
Education	26,247,251	25,093,438	-	-	26,247,251	25,093,438
Public works	3,736,061	3,364,621	-	-	3,736,061	3,364,621
Health and human services	835,095	1,175,736	-	-	835,095	1,175,736
Culture and recreation	3,240,889	2,005,212	-	-	3,240,889	2,005,212
Debt service	1,168,735	562,644	-	-	1,168,735	562,644
Water	-	-	1,654,661	1,462,767	1,654,661	1,462,767
Sewer	-	-	1,190,855	1,091,014	1,190,855	1,091,014
Cable access	-	-	222,659	128,401	222,659	128,401
Stormwater drainage	-	-	175,436	181,459	175,436	181,459
Electric Light Department	-	-	12,371,903	11,070,198	12,371,903	11,070,198
Total expenses	48,993,800	44,849,531	15,615,514	13,933,839	64,609,314	58,783,370
Change in net assets before transfers	13,521,730	5,423,592	703,769	14,985	14,225,499	5,438,577
Transfers	-	-	(35,153)	(34,000)	(35,153)	(34,000)
Change in net position	13,521,730	5,423,592	668,616	(19,015)	14,190,346	5,404,577
Net position, beginning of year	35,544,774	30,121,182	24,448,370	24,467,385	59,993,144	54,588,567
Net position, beginning of year	-	-	-	-	-	-
Net position, end of year	\$ 49,066,504	\$ 35,544,774	\$ 25,116,986	\$ 24,448,370	\$ 74,183,490	\$ 59,993,144

Governmental Activities – Total revenues in fiscal year 2023 in the Town’s governmental activities increased over \$12.2 million from fiscal year 2022. The increase is primarily due to nearly \$3.0 million higher property tax revenue and nearly \$6.1 million in additional capital grants for the new school construction project.

The Town's largest revenue source is property taxes which represented 64.5% of total revenues. As discussed, the current amount represented a dollar increase of almost \$3.0 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.

In addition, the Town is receiving reimbursement from the Massachusetts School Building Authority for construction costs related to the building of a new school. This caused capital grants to be \$6.1 million greater than the prior year.

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 53.5% of total annual expenditures in the current year; educational services are provided through a regional school district. Public safety expenses represent about 17.8% 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, cable access, stormwater drainage, and electric light services represent virtually all the reported fiscal year 2023 revenues in the Town's business-type activities. Operating results from these activities were fairly consistent when comparing revenues to expenses. In aggregate, they increased about \$0.6 million over the prior year resulting in a net position that was relatively flat in comparison as the Town continues to match user rates to output.

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 over \$5.9 million (about 12.7% of expenditures) while total fund balance reached over \$7.5 million (about 16.1% of expenditures). This represented an increase of about \$0.5 million over the prior year with current year revenues approximating expenditures.

Community Preservation Act Fund - The Community Preservation Fund decreased over \$0.2 million; revenues of almost \$1.5 million were offset by a greater level of expenditures and transfers than the prior year. Fund balance resulted in a total of nearly \$1.5 million and was classified as restricted.

Library Trust Funds - The Library Trust Funds increased almost \$0.4 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 \$5.2 million and was classified as restricted.

Capital Projects Funds – This account was set up to report the activity related to the Town's various authorized capital projects. During fiscal 2023, the Town continued construction on a new school. The project is expected to exceed \$70 million and approximately 53% of eligible construction costs will be reimbursed by the Massachusetts School Building Authority (MSBA). Expenditures of about \$28.5 million exceeded reimbursements from the MSBA which had the impact of reducing the fund by approximately \$18.3 million to over \$5.9 million. The Town also incurred activity in other minor projects such as Chapter 90 roadway construction.

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 operations, expenditures and transfers exceeded revenues by approximately \$0.9 million. Any deficit fund balances would be classified as unassigned, a trivial amount represents corpus of endowments and is recorded as nonspendable, and the remainder as 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, cable access, stormwater drainage, and electric light department funds were approximately \$10.2 million, \$5.4 million, (\$0.3) million, \$0.2 million, and \$9.7 million respectively. The Town's water, stormwater drainage, and electric light enterprise funds reported positive results from operations; the Town's sewer and cable access 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, 2023 amounts to nearly \$135 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 \$35.5 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 \$2.4 million in the fiscal year due to regular scheduled maturities exceeding proceeds from bond issuances.

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 as 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 94% 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. Current actions by the Federal Open Market Committee to soften the economy due to inflation have caused mortgage rates to spike during fiscal year 2023 and into 2024. Such trends may have an adverse effect on the housing market, and the Town is monitoring this.
- Inflation is peaking near 40-year historic highs. This is having adverse impacts on the Town. Wage inflation cannot guarantee that the Town will be able to maintain employees without increasing wages. Energy inflation is causing a spike in energy costs. Price inflation is causing a spike in the price of the delivery and cost of goods and services. The construction building index is nearing historic highs which may cause the estimates of major capital projects to increase, in addition to the financing costs of these projects. The Town continues to monitor this situation
- The Town anticipates state aid for 2024 to remain relatively consistent with the prior year.

The above items were considered when the Town authorized its budget for fiscal year 2024 at the May 2023 Town Meeting. The Town's tax rate for fiscal 2024 was set in November 2023.

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, 2023**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 47,699,442	\$ 8,349,682	\$ 56,049,124
Investments	8,203,835	960,838	9,164,673
Receivables, net of allowance for uncollectibles:			
Property taxes	523,104	-	523,104
User fees	-	1,982,420	1,982,420
Departmental and other	713,243	230,465	943,708
Intergovernmental	3,059,829	37,012	3,096,841
Tax foreclosures	45,590	-	45,590
Inventory	-	826,738	826,738
Prepaid items	-	84,723	84,723
Purchased power working capital	-	1,041,899	1,041,899
Capital assets, not being depreciated	65,352,770	9,769,746	75,122,516
Capital assets, net of depreciation	30,844,633	28,998,496	59,843,129
Total Assets	156,442,446	52,282,019	208,724,465
Deferred Outflows of Resources			
Related to net pension liability	2,888,021	973,482	3,861,503
Related to net other postemployment benefits liability	2,512,005	959,677	3,471,682
Total Deferred Outflows of Resources	5,400,026	1,933,159	7,333,185
Current liabilities:			
Warrants and accounts payable	3,661,788	1,490,842	5,152,630
Accrued expenses	-	533,442	533,442
Accrued payroll and withholdings	-	-	-
Retainage payable	1,343,107	-	1,343,107
Other liabilities	3,488	486,031	489,519
Unearned revenue	1,111,780	-	1,111,780
Due to other governments	768,817	-	768,817
Short-term notes payable	28,891,964	12,080,386	40,972,350
Noncurrent liabilities:			
Due in one year or less	2,358,777	680,228	3,039,005
Due in more than one year	72,833,593	10,056,640	82,890,233
Total Liabilities	110,973,314	25,327,569	136,300,883
Deferred Inflows of Resources			
Related to net pension liability	1,112,872	1,259,647	2,372,519
Related to net other postemployment benefits liability	689,782	364,485	1,054,267
Other Light Department inflows	-	2,146,191	2,146,191
Total Deferred Inflows of Resources	1,802,654	3,770,323	5,572,977
Net investment in capital assets	49,553,642	28,305,821	77,859,463
Restricted for:			
Nonexpendable funds	21,297	-	21,297
Library trust funds	5,178,900	-	5,178,900
Community preservation	1,477,648	-	1,477,648
Other purposes	3,114,227	-	3,114,227
Unrestricted	(10,279,210)	(3,188,535)	(13,467,745)
Total Net Position	\$ 49,066,504	\$ 25,117,286	\$ 74,183,790

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

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
<u>Governmental Activities:</u>							
General government	\$ 5,061,196	\$ 1,215,636	\$ 2,422,840	\$ -	\$ (1,422,720)		\$ (1,422,720)
Public safety	8,704,573	1,450,774	400,264	-	(6,853,535)		(6,853,535)
Education	26,247,251	-	-	8,748,632	(17,498,619)		(17,498,619)
Public works	3,736,061	363,278	3,650	919,537	(2,449,596)		(2,449,596)
Health and human services	835,095	37,913	404,623	-	(392,559)		(392,559)
Culture and recreation	3,240,889	797,038	530,908	-	(1,912,943)		(1,912,943)
Debt service	1,168,735	-	-	-	(1,168,735)		(1,168,735)
Total Governmental Activities	48,993,800	3,864,639	3,762,285	9,668,169	(31,698,707)		(31,698,707)
<u>Business-Type Activities:</u>							
Water	1,654,661	1,766,572	-	-		\$ 111,911	111,911
Sewer	1,190,855	1,002,256	-	101		(188,498)	(188,498)
Cable access	222,659	155,555	-	-		(67,104)	(67,104)
Stormwater drainage	175,436	246,153	-	-		70,717	70,717
Electric Light Department (December 31, 2020)	12,371,903	13,055,571	-	-		683,668	683,668
Total Primary Government	\$ 64,609,314	\$ 20,090,746	\$ 3,762,285	\$ 9,668,270	(31,698,707)	610,694	(31,088,013)
<u>General Revenues:</u>							
					40,335,041	-	40,335,041
					2,353,564	-	2,353,564
					1,059,197	-	1,059,197
					180,735	-	180,735
					1,291,900	93,075	1,384,975
					-	(35,153)	(35,153)
					45,220,437	57,922	45,278,359
					13,521,730	668,616	14,190,346
<u>Net Position</u>							
					35,544,774	24,448,370	59,993,144
					\$ 49,066,504	\$ 25,116,986	\$ 74,183,490

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	General Fund	Community Preservation Act Fund	Library Trust Funds	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 7,212,033	\$ 1,477,647	\$ -	\$ 36,325,412	\$ 2,684,350	\$ 47,699,442
Investments	1,532,708	-	5,178,900	-	1,492,227	8,203,835
Receivables, net of allowance						
Property taxes	516,102	7,002	-	-	-	523,104
Excise taxes	226,001	-	-	-	-	226,001
Departmental, tax liens and other	365,752	4,627	-	-	116,863	487,242
Intergovernmental	-	-	-	3,059,829	-	3,059,829
Tax foreclosures	45,590	-	-	-	-	45,590
Total Assets	<u>9,898,186</u>	<u>1,489,276</u>	<u>5,178,900</u>	<u>39,385,241</u>	<u>4,293,440</u>	<u>60,245,043</u>
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 9,898,186</u>	<u>\$ 1,489,276</u>	<u>\$ 5,178,900</u>	<u>\$ 39,385,241</u>	<u>\$ 4,293,440</u>	<u>\$ 60,245,043</u>
Liabilities:						
Warrants and accounts payable	\$ 447,710	\$ -	\$ -	\$ 3,214,078	\$ -	\$ 3,661,788
Accrued payroll and withholdings	-	-	-	-	-	-
Retained payable	-	-	-	1,343,107	-	1,343,107
Other liabilities	3,488	-	-	-	-	3,488
Unearned revenue	-	-	-	-	1,111,781	1,111,781
Planning and performance bonds	768,817	-	-	-	-	768,817
Short-term notes payable	-	-	-	28,891,964	-	28,891,964
Total Liabilities	<u>1,220,015</u>	<u>-</u>	<u>-</u>	<u>33,449,149</u>	<u>1,111,781</u>	<u>35,780,945</u>
Deferred Inflows of Resources:						
Unearned revenue - property taxes	516,102	7,002	-	-	-	523,104
Unearned revenue - excise taxes	226,001	-	-	-	-	226,001
Unearned revenue - departmental and other	411,342	4,627	-	-	116,863	532,832
Total Deferred Inflows of Resources	<u>1,153,445</u>	<u>11,629</u>	<u>-</u>	<u>-</u>	<u>116,863</u>	<u>1,281,937</u>
Fund Balances:						
Nonspendable	-	-	-	-	21,297	21,297
Restricted	-	1,477,647	5,178,900	5,936,092	3,114,227	15,706,866
Committed	817,035	-	-	-	-	817,035
Assigned	785,521	-	-	-	-	785,521
Unassigned	5,922,170	-	-	-	(70,728)	5,851,442
Total Fund Balances	<u>7,524,726</u>	<u>1,477,647</u>	<u>5,178,900</u>	<u>5,936,092</u>	<u>3,064,796</u>	<u>23,182,161</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,898,186</u>	<u>\$ 1,489,276</u>	<u>\$ 5,178,900</u>	<u>\$ 39,385,241</u>	<u>\$ 4,293,440</u>	<u>\$ 60,245,043</u>

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, 2023**

Total Governmental Fund Balances		\$ 23,182,161
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		96,197,403
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the governmental funds.		1,281,937
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	2,888,021	
Deferred inflows related to net pension liability	(1,112,872)	
Deferred outflows related to net other postemployment benefits liability	2,512,005	
Deferred inflows related to net other postemployment benefits liability	(689,782)	
Net effect of reporting deferred outflows and inflows of resources	3,597,372	3,597,372
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	(40,707,669)	
Unamortized bond premiums	(2,301,766)	
Landfill postclosure	(542,806)	
Compensated absences	(554,449)	
Net pension liability	(19,777,982)	
Net other postemployment benefits liability	(11,307,697)	
Net effect of reporting long-term liabilities	(75,192,369)	(75,192,369)
Net Position of Governmental Activities		\$ 49,066,504

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, 2023

	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	39,478,365	\$ 967,644	\$ -	\$ -	\$ -	\$ 40,446,009
Intergovernmental	1,179,944	483,508	-	9,213,182	2,684,961	13,561,595
Penalties and interest on taxes	180,735	-	-	-	1,711	182,446
Motor vehicle and other excise	2,346,251	-	-	-	787,455	3,133,706
Departmental and other	2,267,174	-	-	-	-	2,267,174
Licenses and permits	800,579	-	-	-	-	800,579
Fines and forfeitures	11,543	-	-	-	-	11,543
Investment income (loss)	503,592	46,242	464,118	-	87,678	1,101,630
Contributions and donations	-	500	-	-	927,556	928,056
Total Revenues	<u>46,768,183</u>	<u>1,497,894</u>	<u>464,118</u>	<u>9,213,182</u>	<u>4,489,361</u>	<u>62,432,738</u>
Expenditures:						
Current:						
General government	2,791,963	391,189	-	-	982,256	4,165,408
Public safety	5,228,781	-	-	311,546	579,462	6,119,789
Education	26,189,285	-	-	28,497,796	-	54,687,081
Public works	1,906,047	-	-	500,153	402,821	2,809,021
Health and human services	385,135	64,044	85,000	845	63,655	598,679
Culture and recreation	1,860,352	133,929	-	-	713,545	2,707,826
Pensions and other fringes	4,707,932	-	-	-	-	4,707,932
State and county tax assessments	95,249	-	-	-	-	95,249
Debt service:						
Principal	2,232,805	-	-	-	-	2,232,805
Interest expense	1,404,562	-	-	-	-	1,404,562
Total Expenditures	<u>46,802,111</u>	<u>589,162</u>	<u>85,000</u>	<u>29,310,340</u>	<u>2,741,739</u>	<u>79,528,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,928)</u>	<u>908,732</u>	<u>379,118</u>	<u>(20,097,158)</u>	<u>1,747,622</u>	<u>(17,095,614)</u>
Other Financing Sources (Uses):						
Proceeds from issuance of debt	96,274	-	-	-	-	96,274
Premium from issuance of bonds	-	-	-	190,270	-	190,270
Transfers in	574,224	101,401	-	1,589,876	400,000	2,665,501
Transfers out	(144,196)	(1,260,000)	-	(15,224)	(1,246,081)	(2,665,501)
Total Other Financing Sources (Uses)	<u>526,302</u>	<u>(1,158,599)</u>	<u>-</u>	<u>1,764,922</u>	<u>(846,081)</u>	<u>286,544</u>
Net Change in Fund Balances	492,374	(249,867)	379,118	(18,332,236)	901,541	(16,809,070)
Fund Balances - Beginning	7,032,352	1,727,514	4,799,782	24,268,328	2,163,255	39,991,231
Fund Balances - Ending	<u>\$ 7,524,726</u>	<u>\$ 1,477,647</u>	<u>\$ 5,178,900</u>	<u>\$ 5,936,092</u>	<u>\$ 3,064,796</u>	<u>\$ 23,182,161</u>

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, 2023**

Net Change in Fund Balances - Total Governmental Fund Balances **\$ (16,809,070)**

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	\$ 30,237,977	
Depreciation expense	<u>(1,352,328)</u>	
Net effect of reporting capital assets		28,885,649

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:

Issuance of bonds, notes and direct capital financing	(96,274)	
Amortization of premium on bonds and notes	235,827	
Principal payments of debt	<u>2,232,805</u>	
Net effect of reporting long-term debt		2,372,358

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds (107,478)

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	885	
Landfill postclosure	20,104	
Pension benefits	(68,054)	
Other postemployment benefits	<u>(772,664)</u>	
Net effect of reporting long-term liabilities		<u>(819,729)</u>

Change in Net Position of Governmental Activities **\$ 13,521,730**

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-type Activities - Enterprise Funds					Totals
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2022)	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 5,831,163	\$ 1,173,058	\$ 136,711	\$ 184,660	\$ 1,024,090	\$ 8,349,682
Investments	-	-	-	-	960,838	960,838
User fees, net of allowance	387,576	296,731	-	17,121	1,280,992	1,982,420
Other receivables	-	-	-	-	230,465	230,465
Intergovernmental receivables	36,608	404	-	-	-	37,012
Inventory	-	-	-	-	826,738	826,738
Purchased power working capital	-	-	-	-	1,041,899	1,041,899
Prepaid items	-	-	-	-	84,723	84,723
Total current assets	6,255,347	1,470,193	136,711	201,781	5,449,745	13,513,777
Noncurrent assets:						
Capital assets, not being depreciated	8,289,192	-	-	-	1,480,554	9,769,746
Capital assets, net of depreciation	10,947,330	4,304,306	-	232,226	13,514,634	28,998,496
Total noncurrent assets	19,236,522	4,304,306	-	232,226	14,995,188	38,768,242
Total Assets	25,491,869	5,774,499	136,711	434,007	20,444,933	52,282,019
Deferred Outflows of Resources						
Related to net pension liability	133,820	30,945	52,525	-	756,192	973,482
Related to net other postemployment benefits liability	337,616	29,923	16,480	-	575,658	959,677
Total Deferred Outflows of Resources	471,436	60,868	69,005	-	1,331,850	1,933,159
Liabilities:						
Current liabilities:						
Warrants and accounts payable	22,822	1,930	210	1,079	1,464,801	1,490,842
Accrued expenses	274,239	-	-	-	259,203	533,442
Short-term notes payable	12,080,386	-	-	-	-	12,080,386
Bond and note indebtedness	364,945	30,400	-	47,148	103,013	545,506
Pooled financing loans	-	-	-	-	128,912	128,912
Compensated absences	3,983	302	913	612	-	5,810
Total current liabilities	12,746,375	32,632	1,123	48,839	1,955,929	14,784,898
Noncurrent liabilities:						
Bond and note indebtedness	518,427	50,000	-	151,776	1,221,888	1,942,091
Pooled financing loans - net of current portion	-	-	-	-	374,501	374,501
Compensated absences	35,849	2,727	8,221	5,506	-	52,303
Customer deposits and advances	-	-	-	-	346,424	346,424
Other liabilities	-	-	-	-	139,607	139,607
Net other postemployment benefits	1,519,768	134,693	74,182	-	601,429	2,330,072
Net pension liability	916,432	211,930	359,710	-	3,869,601	5,357,673
Total noncurrent liabilities	2,990,476	399,350	442,113	157,282	6,553,450	10,542,671
Total Liabilities	15,736,851	431,982	443,236	206,121	8,509,379	25,327,569
Deferred Inflows of Resources						
Related to net pension liability	51,566	11,925	20,240	-	1,175,916	1,259,647
Related to net other postemployment benefits liability	92,708	8,216	4,525	-	259,036	364,485
Other light department inflows	-	-	-	-	2,146,191	2,146,191
Total Deferred Inflows of Resources	144,274	20,141	24,765	-	3,581,143	3,770,323
Net Position:						
Net investment in capital assets	10,816,243	4,223,906	-	33,302	13,232,370	28,305,821
Unrestricted	(734,063)	1,159,338	(262,285)	194,584	(3,546,109)	(3,188,535)
Total Net Position	\$ 10,082,180	\$ 5,383,244	\$ (262,285)	\$ 227,886	\$ 9,686,261	\$ 25,117,286

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, 2023

	Business-type Activities - Enterprise Funds					Totals
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2022)	
Operating Revenues:						
Usage charges	\$ 1,766,572	\$ 1,002,256	\$ 155,555	\$ 246,153	\$ 12,640,078	\$ 15,810,614
Other fees	-	-	-	-	415,493	415,493
Total Operating Revenues	<u>1,766,572</u>	<u>1,002,256</u>	<u>155,555</u>	<u>246,153</u>	<u>13,055,571</u>	<u>16,226,107</u>
Operating Expenses:						
Operating costs	1,076,146	998,614	222,659	154,196	11,727,590	14,179,205
Depreciation	398,676	188,146	-	12,222	567,650	1,166,694
Total Operating Expenses	<u>1,474,822</u>	<u>1,186,760</u>	<u>222,659</u>	<u>166,418</u>	<u>12,295,240</u>	<u>15,346,199</u>
Total Operating Income	<u>291,750</u>	<u>(184,504)</u>	<u>(67,104)</u>	<u>79,735</u>	<u>760,331</u>	<u>880,208</u>
Nonoperating Income (Expenses):						
Intergovernmental	-	101	-	-	-	101
Interest income	119,066	35,702	4,377	3,773	(69,843)	93,075
Interest expense	(179,839)	(4,095)	-	(8,718)	(76,663)	(269,315)
Total Nonoperating Revenues (Expenses), net	<u>(60,773)</u>	<u>31,708</u>	<u>4,377</u>	<u>(4,945)</u>	<u>(146,506)</u>	<u>(176,139)</u>
Income (Loss) Before Transfers and Capital Contributions	230,977	(152,796)	(62,727)	74,790	613,825	704,069
Transfers out	-	-	-	-	(35,153)	(35,153)
Change in Net Position	230,977	(152,796)	(62,727)	74,790	578,672	668,916
Net Position - Beginning of year	<u>9,851,203</u>	<u>5,536,040</u>	<u>(199,558)</u>	<u>153,096</u>	<u>9,107,589</u>	<u>24,448,370</u>
Net Position - Ending	<u><u>\$ 10,082,180</u></u>	<u><u>\$ 5,383,244</u></u>	<u><u>\$ (262,285)</u></u>	<u><u>\$ 227,886</u></u>	<u><u>\$ 9,686,261</u></u>	<u><u>\$ 25,117,286</u></u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds					Totals
	Water Fund	Sewer Fund	Cable Access Fund	Stormwater Drainage Fund	Electric Light Department (December 31, 2022)	
Cash Flows from Operating Activities:						
Receipts from users	\$ 1,734,531	\$ 1,016,622	\$ 155,555	\$ 253,244	\$ 12,050,970	\$ 15,210,922
Payments to vendors	(432,024)	(881,897)	(55,445)	(126,346)	(9,308,278)	(10,803,990)
Payments to employees and benefits	(249,703)	(116,911)	(162,222)	(31,330)	(2,469,363)	(3,029,529)
Rents from Electric Property	-	-	-	-	165,224	165,224
Payment in lieu of taxes	-	-	-	-	(35,153)	(35,153)
Net Cash Provided by (Used for) Operating Activities	1,052,804	17,814	(62,112)	95,568	403,400	1,507,474
Cash Flows from Capital and Related Financing Activities:						
Grant received from Commonwealth	9,001	403	-	-	-	9,404
Capital contribution	-	-	-	-	-	-
Net transfers	-	-	-	-	591,782	591,782
Proceeds from issuance of short-term notes	4,635,879	-	-	-	-	4,635,879
Premiums from issuance of bonds	-	-	-	-	-	-
Proceeds from bonds, notes and direct capital financing	-	-	-	244,448	500,000	744,448
Customer advances for construction	-	-	-	-	138,399	138,399
Acquisition and construction of capital assets	(6,489,169)	-	-	(244,448)	(1,102,466)	(7,836,083)
Principal payments on bonds and direct capital financing	(353,559)	(30,400)	-	(45,524)	(169,365)	(598,848)
Principal payments on short-term notes	(39,292)	-	-	-	-	(39,292)
Interest paid	(179,839)	(4,095)	-	-	(77,162)	(261,096)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,416,979)	(34,092)	-	(45,524)	(118,812)	(2,615,407)
Cash Flows from Investing Activities:						
Investment income	119,066	35,702	4,377	3,773	485	163,403
Interest expense	-	-	-	(8,718)	-	(8,718)
Net Cash Provided by (Used for) Investing Activities	119,066	35,702	4,377	(4,945)	485	154,685
Net Change in Cash and Cash Equivalents	(1,245,109)	19,424	(57,735)	45,099	285,073	(953,248)
Cash and Cash Equivalents:						
Beginning of year	\$ 7,076,272	\$ 1,153,634	\$ 194,446	\$ 139,561	598,835	9,162,748
End of year	\$ 5,831,163	\$ 1,173,058	\$ 136,711	\$ 184,660	\$ 883,908	\$ 8,209,500
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:						
Operating income (loss)	\$ 291,750	\$ (184,504)	\$ (67,104)	\$ 79,435	\$ 775,831	\$ 895,408
Depreciation	398,676	188,146	-	12,222	567,650	1,166,694
Allowance for doubtful accounts	-	-	-	-	(678)	(678)
Indemnity reserve	-	-	-	-	2,491	2,491
Rate stabilization	-	-	-	-	(476,237)	(476,237)
Appropriation in lieu of taxes	-	-	-	-	(35,153)	(35,153)
Pension expense	-	-	-	-	449,791	449,791
OPEB expense (income)	-	-	-	-	142,641	142,641
Changes in assets and liabilities:						
Receivables (net)	(32,041)	14,366	-	7,091	(363,220)	(373,804)
Inventory	-	-	-	-	(152,523)	(152,523)
OPEB liability	-	-	-	-	(21,472)	(21,472)
Prepaid items	-	-	-	-	(41,601)	(41,601)
Deferred outflows of resources	44,640	(6,863)	(23,892)	-	(495,332)	(481,447)
Deferred inflows of resources	(201,498)	(37,343)	(56,730)	-	-	(295,571)
Liabilities (net)	551,277	44,012	85,614	(3,180)	51,212	728,935
Net Cash Provided By (Used For) Operating Activities	\$ 1,052,804	\$ 17,814	\$ (62,112)	\$ 95,568	\$ 403,400	\$ 1,507,474
See accompanying notes to basic financial statements.						
Maintenance fund	\$ -	\$ -	\$ -	\$ -	\$ 630,471	\$ -
Customer deposits	-	-	-	-	253,437	-
See accompanying notes to basic financial statements.						

TOWN OF GROTON, MASSACHUSETTS

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Other Postemployment Benefit Trust Funds</u>		<u>Private Purpose Trust Funds</u>
	<u>Town Trust Fund</u>	<u>GELD Trust Fund</u>	
Assets:			
Cash and cash equivalents	\$ 4,927	\$ -	\$ -
Investments (at fair value):			
Fixed income	220,583	-	4,236,820
Equities	798,761	-	16,476,209
Pooled investment fund	-	1,470,193	-
Total Investments	<u>1,019,344</u>	<u>1,470,193</u>	<u>20,713,029</u>
Total Assets	<u>1,024,271</u>	<u>1,470,193</u>	<u>20,713,029</u>
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Restricted for other postemployment benefits	1,024,271	1,470,193	-
Held in trust for private purposes	<u>-</u>	<u>-</u>	<u>20,713,029</u>
Total Net Position	<u><u>\$ 1,024,271</u></u>	<u><u>\$ 1,470,193</u></u>	<u><u>\$ 20,713,029</u></u>

See accompanying notes to basic financial statements.

TOWN OF GROTON, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Other Postemployment Benefit Trust Funds</u>		<u>Private Purpose Trust Funds</u>
	<u>Town Trust Fund</u>	<u>GELD Trust Fund</u>	
Additions:			
Contributions:			
Employer	\$ 683,238	\$ -	\$ -
Other contributions and donations	-	-	1,617,367
Total contributions	<u>683,238</u>	<u>-</u>	<u>1,617,367</u>
Investment income:			
Investment income (loss)	74,983	(245,515)	1,874,697
Net investment earnings	<u>74,983</u>	<u>(245,515)</u>	<u>1,874,697</u>
Total Additions	<u>758,221</u>	<u>(245,515)</u>	<u>3,492,064</u>
Deductions:			
Scholarships	-	-	115,961
Public assistance	-	-	183,228
Benefit payments to retirees and beneficiaries	<u>502,238</u>	<u>32,209</u>	<u>-</u>
Total Deductions	<u>502,238</u>	<u>32,209</u>	<u>299,189</u>
Change in Net Position	255,983	(277,724)	3,192,875
Net Position - Beginning of Year	<u>768,288</u>	<u>1,747,917</u>	<u>17,520,154</u>
Net Position - Ending of Year	<u>\$ 1,024,271</u>	<u>\$ 1,470,193</u>	<u>\$ 20,713,029</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, 2023

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 2023, the Town’s share of the operating, debt service, and capital outlay expenses was \$25,379,248. There is no equity interest reported in these financial statements. Stand-alone financial statements for the year ended June 30, 2023, 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 2023, the Town’s share of operating and debt service expenses was \$810,037. 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.

Cable Access Enterprise Fund – accounts for cable television licensing and access revenue initially collected by cable service providers on-behalf of the Town, to finance costs associated with oversight of the providers and maintaining the related supporting infrastructure.

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 a 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:

Non-spendable 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, 2023, the Town reported a balance in its stabilization fund of \$2,389,008, 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, in accordance with Massachusetts General Law Chapter 40, Section 5B, which may be used for any capital purpose upon a two-thirds vote of the Town Meeting. At June 30, 2023, the Town reported a balance in its capital stabilization fund of \$441,044, 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, in accordance with Massachusetts General Law Chapter 40, Section 5B, which may be used for any special education purpose upon a two-thirds vote of the Town Meeting. At June 30, 2023, the Town reported a balance in its special education stabilization fund of \$261,486, 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 \$79,093 of encumbrances from normal purchasing activity in the General Fund as assigned and \$817,034 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	\$ -	\$ -	\$ -	\$ -	\$ 21,297	\$ 21,297
Restricted:						
General government	-	487,267	-	-	1,380,307	1,867,574
Public safety	-	-	-	-	845,754	845,754
Education	-	-	-	-	20,819	20,819
Education	-	-	-	5,936,092	-	5,936,092
Public works	-	-	-	-	83,955	83,955
Health and human services	-	697,356	-	-	328,321	1,025,677
Culture and recreation	-	293,025	5,178,900	-	455,071	5,926,996
Committed:						
General government	237,027	-	-	-	-	237,027
Public safety	209,617	-	-	-	-	209,617
Public works	145,818	-	-	-	-	145,818
Culture and recreation	224,573	-	-	-	-	224,573
Assigned:						
General government	28,231	-	-	-	-	28,231
Public safety	19,102	-	-	-	-	19,102
Public works	19,819	-	-	-	-	19,819
Health and human services	238	-	-	-	-	238
Culture and recreation	3,843	-	-	-	-	3,843
Personnel and fringe benefits	7,861	-	-	-	-	7,861
Subsequent year's budget	706,427	-	-	-	-	706,427
Unassigned	5,922,170	-	-	-	(70,728)	5,851,442
Totals	\$ 7,524,726	\$1,477,648	\$5,178,900	\$ 5,936,092	\$ 3,064,796	\$23,182,162

E. Excess of Expenditures Over Appropriations and Deficits

The Town incurred individual fund deficits of \$70,728 in the Nonmajor governmental funds 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 \$13,833,787 and bank balance was \$15,421,289. Of the bank balance, all except \$1,937,180 was covered by the Federal Depository Insurance Corporation (FDIC), the Depositors' Insurance Fund (DIF) or collateralization agreements.

At December 31, 2022, the Light Department had an approximate bank balance of \$473,000 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, 2023:

Investments by fair value level	6/30/23	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>Debt securities:</u>				
U.S. government obligations	\$ 4,880,887	\$ 3,538,112	\$ 1,342,775	\$ -
Corporate fixed income securities	1,944,750	-	1,944,750	-
Fixed income mutual funds	2,456,561	-	2,456,561	-
Negotiable certificates of deposit	47,707	-	47,707	-
Total debt securities	9,329,905	3,538,112	5,791,793	-
<u>Equity securities:</u>				
Common stock	16,961,311	16,961,311	-	-
Equity mutual funds	2,099,620	2,099,620	-	-
Total equity securities	19,060,931	19,060,931	-	-
Total investments by fair value level	28,390,836	\$ 22,599,043	\$ 5,791,793	\$ -
<u>Investments measured at amortized cost</u>				
State Treasurer investment pool (MMDT)	41,196,175			
Money market mutual funds	1,545,372			
Total investments measured at fair value	\$ 71,132,383			

The following table presents the Light Department’s investments carried at fair value on a recurring basis at December 31, 2022:

Investments by fair value level	12/31/22	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>Debt securities:</u>				
U.S. government obligations	\$ 572,715	\$ 70,330	\$ 502,385	\$ -
Municipal bonds	171,760	-	171,760	-
Total debt securities	744,475	70,330	674,145	-
<u>Equity securities:</u>				
Common stock	8,256	8,256	-	-
Total equity securities	8,256	8,256	-	-
Total investments by fair value level	752,731	\$ 78,586	\$ 674,145	\$ -
<u>Investments measured at amortized cost</u>				
External investment pool (MMWEC)	2,422,775			
Total investments measured at fair value	\$ 3,175,506			

The Town had the following investments with maturities at June 30, 2023:

Investment Type	Fair Value	Time Until Maturity (Years)		
		Less Than 1	1-5	6-10
U.S. government obligations	\$ 4,880,887	\$ -	\$ 3,240,192	\$ 1,640,695
Corporate fixed income securities	1,944,750	646,470	1,026,096	272,184
State Treasurer investment pool (MMDT)	41,196,175	41,196,175	-	-
Certificates of deposit	47,707	-	47,707	-
Total Town investments with maturities	48,069,519	\$ 41,842,645	\$ 4,313,995	\$ 1,912,879
<u>Other investments:</u>				
Equities common stock	16,961,311			
Equities mutual fund	2,099,620			
Fixed income mutual funds	2,456,561			
Money market mutual funds	1,545,372			
Total Town investments without maturities	23,062,864			
Total Investments	\$ 71,132,383			

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, 2023:

Quality Ratings (S&P)	Corporate Fixed Income	U.S. Government Agencies & Treasuries	Certificates of Deposit	State Treasurer Investment Pool	Totals
AAA	\$ 87,738	\$ -	\$ -	\$ -	\$ 87,738
AA+	-	4,880,887	-	-	4,880,887
A+	282,448	-	-	-	282,448
A	205,322	-	-	-	205,322
A-	344,358	-	-	-	344,358
BBB+	833,907	-	-	-	833,907
BBB	190,977	-	-	-	190,977
Not rated	-	-	47,707	41,196,175	41,243,882
Totals - All	<u>\$ 1,944,750</u>	<u>\$ 4,880,887</u>	<u>\$ 47,707</u>	<u>\$ 41,196,175</u>	<u>\$ 48,069,519</u>

The following table presents the GELD's investments' credit quality ratings at December 31, 2022:

Quality Ratings (S&P)	Municipal Bonds	U.S. Government Agencies & Treasuries	Totals
AAA	\$ 24,839	\$ -	\$ 24,839
AA+	-	572,715	572,715
AA	82,484	-	82,484
AA-	52,235	-	52,235
A+	12,202	-	12,202
Totals - All	<u>\$ 171,760</u>	<u>\$ 572,715</u>	<u>\$ 744,475</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	\$ 523,104	\$ -	\$ 523,104
Tax titles and deferrals	370,379	-	370,379
Vehicle excise taxes	226,001	-	226,001
Ambulance	267,027	(150,164)	116,863
Intergovernmental grants	3,059,829	-	3,059,829
Total	<u>\$ 4,446,340</u>	<u>\$ (150,164)</u>	<u>\$ 4,296,176</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.

School Building Assistance Reimbursement – As of June 30, 2023, the Town expects to receive as the balance of a grant from the Commonwealth of Massachusetts under School Construction reimbursement regulations, \$3,027,162 applicable to the new elementary school construction project. Such costs are reimbursed to the Town within 30 days of being incurred and requested at the reimbursement rate of 53.39%.

Receivables as of year-end for the Town’s proprietary funds (the GELD’s activity is for the year ended December 31, 2022) are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user charges	\$ 387,576	\$ -	\$ 387,576
Sewer user charges	296,731	-	296,731
Stormwater drainage user charges	17,121	-	17,121
Electric light user charges	1,284,289	(2,371)	1,281,918
Electric light other receivables	229,539	-	229,539
Intergovernmental	37,012	-	37,012
Total	<u>\$ 2,252,268</u>	<u>\$ (2,371)</u>	<u>\$ 2,249,897</u>

Massachusetts Clean Water Trust – The Town has entered into multiple loan agreements with the Massachusetts Clean Water Trust (MCWT). It is expected that the Town will be subsidized by MCWT on a periodic basis for principal in the amount of \$37,012 and interest in the amount of \$12,676 until the maturity of these agreements. GAAP requires the recognition of gross debt relative to these agreements; therefore, receivables totaling \$36,608 and \$404 has been reported in the Water Enterprise Fund and Sewer Enterprise Fund, respectively.

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	\$ 516,102	\$ 7,002	\$ 523,104
Tax titles and deferrals	365,752	4,627	370,379
Excise	226,001	-	226,001
Ambulance fees	-	116,863	116,863
Tax foreclosures	45,590	-	45,590
Total	<u>\$ 1,153,445</u>	<u>\$ 128,492</u>	<u>\$ 1,281,937</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

Transfers Out	Transfers In				Total
	General Fund	Community Preservation Fund	Capital Projects Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 144,196	\$ -	\$ 144,196 (1)
Community Preservation Fund	-	-	1,260,000	-	1,260,000 (2)
Capital Projects Funds	15,224	-	-	-	15,224 (3)
Nonmajor Governmental Funds	559,000	101,401	185,680	400,000	1,246,081 (2)
Total	<u>\$ 574,224</u>	<u>\$ 101,401</u>	<u>\$1,589,876</u>	<u>\$ 400,000</u>	<u>\$2,665,501</u>

(1) Transfers to the Capital Projects Fund for BAN paydowns and project funding.

(2) Transfers to the General Fund for operations, Capital Projects for communication towers and fire engine, and Nonmajor Fund for conservation projects.

(3) Transfers to the General Fund of surplus at closure of completed Capital Projects.

D. Capital Assets

Capital asset activity for the year ended June 30, 2023 (the GELD's activity is for the year ended December 31, 2022) is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 30,073,750	\$ 722,500	\$ -	\$ 30,796,250
Construction in process	6,071,159	28,485,361	-	34,556,520
Total capital assets not being depreciated	36,144,909	29,207,861	-	65,352,770
Capital assets being depreciated:				
Buildings and improvements	27,543,289	-	-	27,543,289
Land improvements	1,057,686	-	-	1,057,686
Infrastructure	21,904,066	393,904	-	22,297,970
Machinery and equipment	3,959,992	820,658	(30,366)	4,750,284
Vehicles	7,460,640	125,496	(279,576)	7,306,560
Total capital assets being depreciated	61,925,673	1,340,058	(309,942)	62,955,789
Less accumulated depreciation for:				
Buildings and improvements	(9,563,114)	(693,121)	-	(10,256,235)
Land improvements	(836,897)	(43,109)	-	(880,006)
Infrastructure	(12,907,094)	(321,377)	-	(13,228,471)
Machinery and equipment	(2,655,185)	(167,320)	30,366	(2,792,139)
Vehicles	(4,796,538)	(437,343)	279,576	(4,954,305)
Total accumulated depreciation	(30,758,828)	(1,662,270)	309,942	(32,111,156)
Total capital assets being depreciated, net	31,166,845	(322,212)	-	30,844,633
Total governmental activities capital assets, net	\$ 67,311,754	\$ 28,885,649	\$ -	\$ 96,197,403
<u>Business-type Activities - All:</u>				
Capital assets not being depreciated:				
Land	\$ 1,948,599	\$ -	\$ -	\$ 1,948,599
Construction in process	1,610,791	7,091,033	(880,677)	7,821,147
Total capital assets not being depreciated	3,559,390	7,091,033	(880,677)	9,769,746
Capital assets being depreciated:				
Buildings and improvements	2,623,388	-	-	2,623,388
Infrastructure	46,108,457	1,381,279	(1,030,306)	46,459,430
Machinery and equipment	646,169	-	-	646,169
Vehicles	121,194	244,448	-	365,642
Total capital assets being depreciated	49,499,208	1,625,727	(1,030,306)	50,094,629
Less accumulated depreciation for:				
Buildings and improvements	(888,568)	(52,814)	-	(941,382)
Infrastructure	(19,282,569)	(1,131,983)	1,030,306	(19,384,246)
Machinery and equipment	(641,847)	(4,322)	-	(646,169)
Vehicles	(106,060)	(18,276)	-	(124,336)
Total accumulated depreciation	(20,919,044)	(1,207,395)	1,030,306	(21,096,133)
Total capital assets being depreciated, net	28,580,164	418,332	-	28,998,496
Total business-type activities capital assets, net	\$ 32,139,554	\$ 7,509,365	\$ (880,677)	\$ 38,768,242

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-type Activities: Water</u></i>				
Capital assets not being depreciated:				
Land	\$ 730,597	\$ -	\$ -	\$ 730,597
Construction in process	1,069,426	6,489,169	-	7,558,595
Total capital assets not being depreciated	<u>1,800,023</u>	<u>6,489,169</u>	<u>-</u>	<u>8,289,192</u>
Capital assets being depreciated:				
Buildings and improvements	2,623,388	-	-	2,623,388
Infrastructure	17,454,389	-	-	17,454,389
Machinery and equipment	540,741	-	-	540,741
Vehicles	121,194	-	-	121,194
Total capital assets being depreciated	<u>20,739,712</u>	<u>-</u>	<u>-</u>	<u>20,739,712</u>
Less accumulated depreciation for:				
Buildings and improvements	(888,568)	(52,814)	-	(941,382)
Infrastructure	(7,862,659)	(335,486)	-	(8,198,145)
Machinery and equipment	(536,419)	(4,322)	-	(540,741)
Vehicles	(106,060)	(6,054)	-	(112,114)
Total accumulated depreciation	<u>(9,393,706)</u>	<u>(398,676)</u>	<u>-</u>	<u>(9,792,382)</u>
Total capital assets being depreciated, net	<u>11,346,006</u>	<u>(398,676)</u>	<u>-</u>	<u>10,947,330</u>
Total Water capital assets, net	<u>\$ 13,146,029</u>	<u>\$ 6,090,493</u>	<u>\$ -</u>	<u>\$ 19,236,522</u>
<i><u>Business-type Activities: Sewer</u></i>				
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	(3,883,249)	(188,146)	-	(4,071,395)
Total accumulated depreciation	<u>(3,883,249)</u>	<u>(188,146)</u>	<u>-</u>	<u>(4,071,395)</u>
Total capital assets being depreciated, net	<u>4,492,452</u>	<u>(188,146)</u>	<u>-</u>	<u>4,304,306</u>
Total Sewer capital assets, net	<u>\$ 4,492,452</u>	<u>\$ (188,146)</u>	<u>\$ -</u>	<u>\$ 4,304,306</u>
<i><u>Business-type Activities: Cable</u></i>				
Capital assets being depreciated:				
Machinery and equipment	\$ 105,428	\$ -	\$ -	\$ 105,428
Total capital assets being depreciated	<u>105,428</u>	<u>-</u>	<u>-</u>	<u>105,428</u>
Less accumulated depreciation for:				
Machinery and equipment	(105,428)	-	-	(105,428)
Total accumulated depreciation	<u>(105,428)</u>	<u>-</u>	<u>-</u>	<u>(105,428)</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	-	244,448	-	244,448
Total capital assets being depreciated	-	244,448	-	244,448
Less accumulated depreciation for:				
Vehicles	-	(12,222)	-	(12,222)
Total accumulated depreciation	-	(12,222)	-	(12,222)
Total capital assets being depreciated, net	-	232,226	-	232,226
Total Stormwater Drainage capital assets, net	\$ -	\$ 232,226	\$ -	\$ 232,226

Business-type Activities: Electric Light

Capital assets not being depreciated:				
Land	\$ 1,218,002	\$ -	\$ -	\$ 1,218,002
Construction in process	541,365	601,864	(880,677)	262,552
Total capital assets not being depreciated	1,759,367	601,864	(880,677)	1,480,554
Capital assets being depreciated:				
Infrastructure	20,278,367	1,381,279	(1,030,306)	20,629,340
Total capital assets being depreciated	20,278,367	1,381,279	(1,030,306)	20,629,340
Less accumulated depreciation for:				
Infrastructure	(7,536,661)	(608,351)	1,030,306	(7,114,706)
Total accumulated depreciation	(7,536,661)	(608,351)	1,030,306	(7,114,706)
Total capital assets being depreciated, net	12,741,706	772,928	-	13,514,634
Total Electric Light capital assets, net	\$ 14,501,073	\$ 1,374,792	\$ (880,677)	\$ 14,995,188

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 153,452
Public safety	751,282
Education	45,532
Public works	412,935
Health and human services	181,616
Culture and recreation	117,453
Total Governmental Activities	\$ 1,662,270

Business-type Activities:

Water	\$ 398,676
Sewer	188,146
Cable access	-
Stormwater drainage	12,222
Electric light	608,351
Total Business-type Activities	\$ 1,207,395

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, 2022 is \$1,041,899.

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 2023 was as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
<u>Governmental Activities</u>						
BAN	2.00%	Matured	\$ 1,866,160	\$ -	\$ (1,866,160)	\$ -
BAN	2.50%	Matured	185,000	-	(185,000)	-
BAN	2.60%	02/16/24	-	1,573,964	-	1,573,964
BAN	3.55%	06/21/24	-	27,318,000	-	27,318,000
<i>Total Governmental Notes</i>			<u>2,051,160</u>	<u>28,891,964</u>	<u>(2,051,160)</u>	<u>28,891,964</u>
<u>Business-type Activities - Water</u>						
BAN	2.00%	Matured	6,461,499	-	(6,461,499)	-
BAN	2.50%	Matured	1,022,300	-	(1,022,300)	-
BAN	2.60%	02/16/24	-	6,058,086	-	6,058,086
BAN	2.70%	02/16/24	-	5,000,000	-	5,000,000
BAN	3.55%	06/21/24	-	1,022,300	-	1,022,300
<i>Total Business-Type Notes - Water</i>			<u>7,483,799</u>	<u>12,080,386</u>	<u>(7,483,799)</u>	<u>12,080,386</u>
Total Short Term Notes Payable			<u>\$ 9,534,959</u>	<u>\$ 40,972,350</u>	<u>\$ (9,534,959)</u>	<u>\$ 40,972,350</u>

Governmental activities BAN’s outstanding at year-end were issued for: Police radios (\$168,590), Highway dump truck (\$148,000), Middle school track (\$1,525,374), and elementary school (\$27,050,000). Business-type activities – Water project BAN’s were issued for: Whitney Pond Well (\$1,276,086), Whitney Pond Manganese (\$722,300), and Water Treatment Facility (\$10,082,000).

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, cable access, and GELD enterprise funds.

The following reflects the activity in the long-term liability accounts for the year ended June 30, 2023 (the GELD’s activity is for the year ended December 31, 2022):

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 42,815,000	\$ -	\$ (2,195,000)	\$ 40,620,000	\$ 2,010,000
Unamortized bond premiums	2,537,593	-	(235,827)	2,301,766	234,857
Notes from direct borrowings and placements	29,200	96,274	(37,805)	87,669	38,371
Landfill post-closure	562,910	-	(20,104)	542,806	20,104
Compensated absences	555,333	55,768	(56,652)	554,449	55,445
Net pension liability	15,129,442	7,977,017	(3,328,477)	19,777,982	-
Net other postemployment benefits liability	10,944,430	2,771,043	(2,407,775)	11,307,698	-
Total Governmental Activities	<u>\$ 72,573,908</u>	<u>\$ 10,900,102</u>	<u>\$ (8,281,640)</u>	<u>\$ 75,192,370</u>	<u>\$ 2,358,777</u>
<i>Business-Type Activities - Water:</i>					
Notes from direct borrowings and placements	\$ 1,236,931	\$ -	\$ (353,559)	\$ 883,372	\$ 364,945
Compensated absences	33,269	9,890	(3,327)	39,832	3,983
Net pension liability	701,037	369,623	(154,228)	916,432	-
Net other postemployment benefits liability	1,470,945	372,431	(323,608)	1,519,768	-
Total Water	<u>3,442,182</u>	<u>751,944</u>	<u>(834,722)</u>	<u>3,359,404</u>	<u>368,928</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	100,000	-	(25,000)	75,000	25,000
Notes from direct borrowings and placements	10,800	-	(5,400)	5,400	5,400
Compensated absences	2,411	859	(241)	3,029	303
Net pension liability	162,119	85,477	(35,666)	211,930	-
Net other postemployment benefits liability	130,366	33,008	(28,681)	134,693	-
Total Sewer	<u>405,696</u>	<u>119,344</u>	<u>(94,988)</u>	<u>430,052</u>	<u>30,703</u>
<i>Business-Type Activities - Cable Access:</i>					
Compensated absences	10,418	800	(2,084)	9,134	913
Net pension liability	275,165	145,081	(60,536)	359,710	-
Net other postemployment benefits liability	71,799	18,179	(15,796)	74,182	-
Total Cable Access	<u>357,382</u>	<u>164,060</u>	<u>(78,416)</u>	<u>443,026</u>	<u>913</u>
<i>Business-Type Activities - Stormwater Drainage:</i>					
Notes from direct borrowings and placements	-	244,448	(45,524)	198,924	47,148
Compensated absences	7,750	680	(2,312)	6,118	612
Total Stormwater Drainage	<u>7,750</u>	<u>245,128</u>	<u>(47,836)</u>	<u>205,042</u>	<u>47,760</u>
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds	1,390,000	-	(100,000)	1,290,000	100,000
Unamortized bond premiums	37,914	-	(3,013)	34,901	3,013
Notes from direct borrowings and placements	-	503,413	-	503,413	128,912
Net pension liability	5,123,191	27,208	(1,280,798)	3,869,601	-
Other postemployment benefits	-	777,668	(176,239)	601,429	-
Total Electric Light	<u>6,551,105</u>	<u>1,308,289</u>	<u>(1,560,050)</u>	<u>6,299,344</u>	<u>231,925</u>
Total Business-Type Activities	<u>\$ 10,764,115</u>	<u>\$ 2,588,765</u>	<u>\$ (2,616,012)</u>	<u>\$ 10,736,868</u>	<u>\$ 680,229</u>

Bond, Note and Lease Purchase Indebtedness

The following is a summary of outstanding long-term debt related obligations as of June 30, 2023 (the GELD's activity is for the year ended December 31, 2022):

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 42,610,000	\$ -	\$ (1,990,000)	\$ 40,620,000
Refunding Bonds	2.00 - 3.00%	205,000	-	(205,000)	-
Total General Obligation Bonds		42,815,000	-	(2,195,000)	40,620,000
Unamortized bond premiums		2,537,593	-	(235,827)	2,301,766
Total General Obligation Bonds, net		45,352,593	-	(2,430,827)	42,921,766
Massachusetts Clean Water Trust	2.00%	29,200	-	(14,600)	14,600
Lease Purchase Agreements	2.28 - 2.94%	-	96,274	(23,205)	73,069
Total notes from direct borrowings and placements		29,200	96,274	(37,805)	87,669
Total Governmental Activities Debt		\$ 45,381,793	\$ 96,274	\$ (2,468,632)	\$ 43,009,435
<i>Business-Type Activities - Water</i>					
Massachusetts Clean Water Trust	2.00%	\$ 1,236,931	\$ -	\$ (353,559)	\$ 883,372
Total notes from direct borrowings and placements		1,236,931	-	(353,559)	883,372
Total Water Debt		1,236,931	-	(353,559)	883,372
<i>Business-Type Activities - Sewer</i>					
General Obligation Bonds	4.00 - 5.00%	100,000	-	(25,000)	75,000
Total General Obligation Bonds		100,000	-	(25,000)	75,000
Massachusetts Clean Water Trust	2.00%	10,800	-	(5,400)	5,400
Total notes from direct borrowings and placements		10,800	-	(5,400)	5,400
Total Sewer Debt		110,800	-	(30,400)	80,400
<i>Business-Type Activities - Stormwater Drainage</i>					
Lease Purchase Agreement	2.19%	-	244,448	(45,524)	198,924
Total notes from direct borrowings and placements		-	244,448	(45,524)	198,924
Total Stormwater Drainage Debt		-	244,448	(45,524)	198,924
<i>Business-Type Activities - Electric Light</i>					
General Obligation Bonds	2.00 - 3.25%	1,390,000	-	(100,000)	1,290,000
Total General Obligation Bonds		1,390,000	-	(100,000)	1,290,000
Unamortized bond premiums		37,914	-	(3,013)	34,901
Total General Obligation Bonds, net		1,427,914	-	(103,013)	1,324,901
Massachusetts Municipal Wholesale Electric Co.	2.75%	-	503,413	-	503,413
Total notes from direct borrowings and placements		-	503,413	-	503,413
Total Electric Light Debt		1,427,914	503,413	(103,013)	1,828,314
Total Business-type Activities Debt		\$ 2,775,645	\$ 503,413	\$ (486,972)	\$ 2,792,086

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 \$37,012 and interest in the amount of \$12,676 until the maturity of these agreements.

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

Governmental Activities

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 2,010,000	\$ 1,493,316	\$ 38,371	\$ 1,782
2025	2,165,000	1,412,615	24,351	1,203
2026	2,185,000	1,324,640	24,947	609
2027	2,320,000	1,224,266	-	-
2028	2,345,000	1,119,678	-	-
2029-2033	11,100,000	4,247,235	-	-
2034-2038	9,190,000	2,433,246	-	-
2039-2043	6,325,000	1,138,657	-	-
2044-2047	2,980,000	298,000	-	-
Totals	<u>\$40,620,000</u>	<u>\$14,691,653</u>	<u>\$ 87,669</u>	<u>\$ 3,594</u>

Business-Type Activities - Water

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ -	\$ -	\$ 364,945	\$ 17,743
2025	-	-	371,358	3,655
2026	-	-	72,799	2,214
2027	-	-	74,270	743
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 883,372</u>	<u>\$ 24,355</u>

Business-Type Activities - Sewer

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 25,000	\$ 2,718	\$ 5,400	\$ -
2025	25,000	1,640	-	-
2026	25,000	547	-	-
Totals	<u>\$ 75,000</u>	<u>\$ 4,905</u>	<u>\$ 5,400</u>	<u>\$ -</u>

Business-Type Activities - Stormwater Drainage

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ -	\$ -	\$ 47,148	\$ 7,095
2025	-	-	48,830	5,413
2026	-	-	50,571	3,672
2027	-	-	52,375	1,867
2028-2032	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,924</u>	<u>\$ 18,047</u>

Business-Type Activities - Electric Light

Year Ending December 31,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2023	\$ 100,000	\$ 40,000	\$ 128,912	\$ -
2024	105,000	37,000	161,674	-
2025	105,000	33,850	169,278	-
2026	110,000	30,700	43,549	-
2027	115,000	27,400	-	-
2028-2032	620,000	82,701	-	-
2033	135,000	4,388	-	-
Totals	<u>\$ 1,290,000</u>	<u>\$ 256,039</u>	<u>\$ 503,413</u>	<u>\$ -</u>

Authorized and Unissued Debt - At June 30, 2023, the Town had authorized and unissued debt for the following:

Description	Authorized & Unissued
<i>Governmental:</i>	
Senior Center Construction	\$ 86,000
Equipment - Ambulance	442,900
Fire Engine #5 Replacement	800,000
Elem. School New Const. - Flo-Ro	33,136,243
 <i>Business-Type Activities - Water:</i>	
Water Main - High School PFAS	16,780,000
Total Authorized and Unissued	<u>\$ 51,245,143</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, 2022, 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, 2022, was as follows:

Retired employee members and beneficiaries	
currently receiving benefits	9,432
Inactive members entitled to a return on their contributions	3,581
Inactive members with a vested right to a deferred or immediate benefit	403
Active employee members	<u>6,284</u>
Total	<u>19,700</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 \$2,538,910 to the System in fiscal year 2023, which was the actuarially determined contribution requirement for the fiscal year. The Town’s contributions as a percentage of covered payroll was approximately 29.0%. GELD amounts are included in the above amounts but are as of December 31, 2022 therefore totals may not agree in all situations.

Net Pension Liability – At June 30, 2023, the Town reported a liability of \$21,266,053 for its proportionate share of the net pension liability and GELD reported a liability of \$3,869,602 which

was as of December 31, 2022. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. These figures were updated by the independent actuary as of December 31, 2022. 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, 2022.

Pension Expense – The Town recognized \$2,219,987 in pension expense in the statement of activities in fiscal year 2023 and GELD recognized \$518,303 for the year ended December 31, 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2023 for the Town, and December 31, 2022 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	\$ 156,260	\$ -	\$ 65,947	\$ -
Changes of assumptions	367,194	-	137,783	-
Net difference between projected and actual earnings	1,709,716	-	-	657,941
Changes in proportion differences	872,142	1,196,603	116,475	517,975
Contributions made subsequent to the measurement date	-	-	255,453	-
	<u>\$ 3,105,313</u>	<u>\$ 1,196,603</u>	<u>\$ 575,658</u>	<u>\$ 1,175,916</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	
2024	\$ 356,719		2022	\$ 40,513
2025	121,561		2023	(213,503)
2026	290,983		2024	(213,633)
2027	1,139,448		2025	(213,635)
2028	-		2026	
Total	<u>\$ 1,908,710</u>		Total	<u>\$ (600,258)</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, 2022. The significant actuarial assumptions used in the January 1, 2022 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	20.50%	6.59%
International equity - developed market	12.00%	6.87%
International equity - emerging market	4.50%	8.30%
Core fixed income	15.00%	1.53%
High yield fixed income	8.00%	3.54%
Real estate	10.00%	3.44%
Timber	4.00%	4.01%
Hedge funds, GTAA, risk parity	10.00%	3.06%
Private equity	16.00%	9.49%
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, 2022)			
	Current Rate	1% Decrease	Current Discount	1% Increase
Net Pension Liability - Town	7.15%	\$ 26,324,451	\$ 21,266,053	\$ 17,007,301
Net Pension Liability - GELD	7.15%	5,005,457	3,869,602	2,912,952

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, 2023 for the Town and December 31, 2022, 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	61	7
Active employee members	100	12
Total	161	19

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 7.9% of covered payroll and GELD’s average contribution rate was 1.5% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was measured as of June 30, 2023, using an actuarial valuation as of July 1, 2021, and GELD’s was measured as of December 31, 2022 using an actuarial valuation of January 1, 2022. The components of the net OPEB liability (asset) are as follows:

	Town	GELD
Total OPEB Liability	\$ 14,060,612	\$ 2,071,622
Plan fiduciary net position	(1,024,271)	(1,470,193)
Net OPEB liability	<u>\$ 13,036,341</u>	<u>\$ 601,429</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.28%	70.97%

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	6.10%, Town - 5.02%, GELD
Municipal bond rate	4.14%, Town - 4.31%, GELD
Discount rate	6.08%, Town - 5.02%, GELD
Inflation	2.50%
Health care trend rate	9.0% to 3.6%, 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 6.08% for Town and 5.03% for GELD which represented a blend of the yield or index rate of 4.14% at June 30, 2023 (2.25% at December 31, 2022 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 6.10% for Town and 5.02% 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	29.00%	4.10%	29.00%	4.42%
Domestic equity - small/mid cap	15.50%	4.55%	18.75%	4.81%
International equity - developed market	13.75%	4.64%	7.25%	4.91%
International equity - emerging market	8.75%	5.45%	0.00%	5.58%
Domestic fixed income	18.00%	1.05%	44.75%	1.00%
International fixed income	4.50%	0.96%	0.00%	1.04%
Alternatives	7.00%	5.95%	0.00%	5.98%
Real estate	3.00%	6.25%	0.00%	6.25%
Cash and equivalents	0.50%	0.00%	0.25%	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, 2022)			
	Current Rate	1% Decrease	Current Discount	1% Increase
Net OPEB (Asset) Liability - Town	6.07%	\$ 15,137,933	\$ 13,036,341	\$ 11,339,881
Net OPEB (Asset) Liability - GELD	5.02%	988,509	601,429	298,956

	Healthcare Trend Rate (GELD as of December 31, 2022)			
	Current Rate	1% Decrease	Current Trend	1% Increase
Net OPEB (Asset) Liability - Town	9.00% > 3.60%	\$ 11,160,514	\$ 13,036,341	\$ 15,378,903
Net OPEB (Asset) Liability - GELD	5.00%	258,048	601,429	1,054,363

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

	Town			GELD (as of December 31, 2022)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(asset)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at July 1, 2022	\$ 13,385,827	\$ 768,288	\$ 12,617,539	\$ 1,548,261	\$ 1,747,917	\$ (199,656)
Changes for the year:						
Service cost	371,225	-	371,225	57,815	-	57,815
Interest	820,035	-	820,035	82,928	-	82,928
Difference between expected and actual experience	-	-	-	97,830	-	97,830
Changes of assumptions	(14,236)	-	(14,236)	338,468	-	338,468
Net investment income	-	74,983	(74,983)	-	(245,516)	245,516
Employer contributions	-	683,239	(683,239)	-	21,472	(21,472)
Benefit payments withdrawn from trust	-	(502,239)	502,239	-	(53,680)	53,680
Benefit payments	(502,239)	-	(502,239)	(53,680)	-	(53,680)
Net changes	674,785	255,983	418,802	523,361	(277,724)	801,085
Balances at June 30, 2023	\$ 14,060,612	\$ 1,024,271	\$ 13,036,341	\$ 2,071,622	\$ 1,470,193	\$ 601,429

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB –The Town recognized OPEB expense of \$1,574,023 while GELD recognized \$142,641. 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	\$ 654,914	\$ -	\$ 268,980	\$ 137,762
Changes of assumptions	2,193,607	795,231	407,431	46,080
Net difference between projected and actual earnings	47,502	-	79,781	75,194
Totals	\$ 2,896,023	\$ 795,231	\$ 756,192	\$ 259,036

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	
2024	\$ 433,591		2023	\$ 71,212
2025	422,627		2024	98,751
2026	514,129		2025	124,337
2027	486,912		2026	169,038
2028	244,629		2027	33,818
Thereafter	(1,096)		Thereafter	-
Total	\$ 2,100,792		Total	\$ 497,156

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 8.03% for the Town and – 14.13% for GELD. 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 Minuteman-Nashoba Health Group, which is a health insurance risk-pool consisting of 16 governmental units. The Group 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 Group. The Town is obligated to pay the Group its required premiums and, in the event the group is terminated, it proportionate share of a deficit, should one exist.

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, 2023, 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, 2023.

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 \$15,398,691 for the year ended December 31, 2022.

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 future years for the amounts listed in the table below:

For Years Ending December 31,	Power Purchase Commitments
2023	\$ 212,323
2024	455,777
2025	118,705
Total	<u>\$ 786,805</u>

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, 2022 are listed in the table below:

Phase	Percentage Share	Total Capital Expenditures	Debt Service Billed	Operations & Maintenance Billed
Berkshire Phase 1	5.533%	\$ 3,060,887	\$ 267,797	\$ 118,499

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
2023	\$ 267,770
2024	268,115
2025	267,714
2026	267,963
2027	267,977
2028 - 2030	803,364
Total	\$ 2,142,903

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; \$542,806 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 May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The adoption of this standard did not have a material impact on the Town's financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issued related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The adoption of this standard did not have a material impact on the Town's financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The adoption of this standard did not have a material impact on the Town's financial statements.

Future Implementations –

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for decision making or assessing accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2023 (fiscal year 2024). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

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 are effective for financial reporting periods beginning after December 15, 2023 (fiscal year 2025). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

TOWN OF GROTON, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEARS ENDED JUNE 30, 2023**

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
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%
2014	1.62%	19,495,870	6,626,697	294.20%	47.70%
2013	1.62%	19,293,598	6,764,657	285.21%	46.20%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
2015	1,560,704	1,560,704	-	6,726,097	23.20%
2014	1,476,492	1,476,492	-	6,866,127	21.50%

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, 2023

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

	Year Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	\$ 371,225	\$ 280,037	\$ 290,989	\$ 286,592	\$ 328,620	\$ 460,696	\$ 395,760
Interest	820,035	656,612	619,730	550,245	645,543	461,403	334,604
Changes of benefit terms	-	-	-	-	-	-	-
Changes of assumptions	(14,236)	3,168,541	(307,696)	(887,465)	(2,198,188)	-	-
Benefit payments	(502,239)	(407,202)	(390,892)	(344,921)	(300,225)	(269,876)	(226,325)
Net change in total OPEB liability	674,785	3,738,004	212,131	381,584	(1,524,250)	652,223	2,774,336
Total OPEB liability - beginning of year	13,385,827	9,647,823	9,435,692	9,054,108	10,578,358	9,926,135	7,151,799
Total OPEB liability - end of year (a)	\$ 14,060,612	\$ 13,385,827	\$ 9,647,823	\$ 9,435,692	\$ 9,054,108	\$ 10,578,358	\$ 9,926,135
Plan fiduciary net position:							
Contributions - employer	\$ 683,239	\$ 584,296	\$ 567,986	\$ 513,921	\$ 400,204	\$ 369,826	\$ 226,325
Net investment income	74,983	(130,373)	145,866	15,891	12,377	1,388	12
Benefit payments	(502,239)	(407,202)	(390,892)	(344,921)	(300,225)	(269,876)	(226,325)
Net change in Plan fiduciary net position	255,983	46,721	322,960	184,891	112,356	101,338	12
Plan fiduciary net position - beginning of year	768,288	721,567	398,607	213,716	101,360	22	10
Plan fiduciary net position - end of year (b)	\$ 1,024,271	\$ 768,288	\$ 721,567	\$ 398,607	\$ 213,716	\$ 101,360	\$ 22
Net OPEB liability - end of year (a) - (b)	\$ 13,036,341	\$ 12,617,539	\$ 8,926,256	\$ 9,037,085	\$ 8,840,392	\$ 10,476,998	\$ 9,926,113
Plan fiduciary net position as a percentage of the total OPEB liability	7.28%	5.74%	7.48%	4.22%	2.36%	0.96%	0.00%
Covered payroll	\$ 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	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, 2023**

**SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS - TOWN**

	Year Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 1,016,208	\$ 903,575	\$ 767,568	\$ 936,392	\$ 934,511	\$ 1,043,834	\$ 978,898
Contributions in relation to the actuarially-determined contribution	(683,239)	(584,296)	(567,986)	(513,921)	(400,204)	(369,826)	(226,325)
Contribution deficiency (excess)	<u>\$ 332,969</u>	<u>\$ 319,279</u>	<u>\$ 199,582</u>	<u>\$ 422,471</u>	<u>\$ 534,307</u>	<u>\$ 674,008</u>	<u>\$ 752,573</u>
Covered-employee payroll	\$ 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	11.78%	10.79%	9.73%	12.22%	13.63%	15.93%	14.70%
Valuation date	July 1, 2021						
Amortization period	30 years						
Investment rate of return	6.10%						
Municipal bond rate	4.13%						
Single equivalent discount rate	6.08%						
Inflation	2.50%						
Healthcare cost trend rates	9.00 > 3.60%						
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						
	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of	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.

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See independent auditors' report.

TOWN OF GROTON, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2023**

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

	Year ended December 31					
	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 57,815	\$ 45,560	\$ 44,453	\$ 47,023	\$ 42,255	\$ 43,054
Interest	82,928	79,456	85,843	81,077	76,041	64,746
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	97,830	-	(156,807)	-	(2,836)	115,369
Changes of assumptions	338,468	169,164	(96,903)	56,750	-	-
Benefit payments	(53,680)	(48,535)	(44,259)	(37,091)	(35,542)	(32,739)
Net change in total OPEB liability	523,361	245,645	(167,673)	147,759	79,918	190,430
Total OPEB liability - beginning of year	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>\$ 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	\$ 21,472	\$ 34,817	\$ 44,259	\$ 37,091	\$ 89,971	\$ 238,739
Net investment income	(245,516)	203,790	171,246	204,052	(37,566)	118,827
Benefit payments	(53,680)	(48,535)	(44,259)	(37,091)	(35,542)	(32,739)
Net change in Plan fiduciary net position	(277,724)	190,072	171,246	204,052	16,863	324,827
Plan fiduciary net position - beginning of year	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>\$ 1,470,193</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>\$ 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	70.97%	112.90%	119.59%	94.31%	89.42%	93.81%
Covered payroll	\$ 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	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. 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, 2023**

**SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS - GELD**

	Year ended December 31					
	2022	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 57,815	\$ 45,560	\$ 31,942	\$ 52,619	\$ 51,849	\$ 57,538
Contributions in relation to the actuarially-determined contribution	(21,742)	(34,817)	(44,259)	(37,091)	(89,971)	(238,739)
Contribution deficiency (excess)	<u>\$ 10,743</u>	<u>\$ 10,743</u>	<u>\$ (12,317)</u>	<u>\$ 15,528</u>	<u>\$ (38,122)</u>	<u>\$ (181,201)</u>
Covered-employee payroll	\$ 1,407,400	\$ 1,365,722	\$ 1,325,944	\$ 1,180,461	\$ 1,151,904	\$ 1,118,353
Contribution as a percentage of covered payroll	4.11%	3.34%	2.41%	4.46%	4.50%	5.14%
Valuation date	January 1, 2022					
Investment rate of return	5.02%					
Municipal bond rate	4.31%					
Single equivalent discount rate	5.02%					
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**

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of	-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, 2023**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Favorable (Unfavorable)
	Original Budget	Final Budget				
REVENUES						
Real estate and personal property taxes, net	39,417,728	39,417,728	39,478,365	\$ -	\$ 35,124,995	\$ 60,637
Intergovernmental	1,052,695	1,052,695	1,179,944	-	1,179,944	127,249
Motor vehicle and other excises	2,128,290	2,128,290	2,346,251	-	2,346,251	217,961
License and permits	315,681	315,681	800,579	-	800,579	484,898
Departmental and other revenue	1,894,649	1,894,649	2,558,838	-	2,558,838	664,189
Penalties and interest on taxes	110,000	110,000	180,735	-	180,735	70,735
Fines and forfeitures	10,000	10,000	11,543	-	11,543	1,543
Investment income	50,000	50,000	421,136	-	421,136	371,136
Total Revenues	44,979,043	44,979,043	46,977,389		42,624,019	1,998,346
EXPENDITURES						
General government	3,151,658	3,377,830	2,791,961	\$ 265,258	3,057,219	320,611
Public safety	5,382,453	5,535,301	5,228,781	228,718	5,457,499	77,802
Education	26,189,285	26,189,285	26,189,285	-	26,189,285	-
Public works	2,040,449	2,339,593	2,197,711	165,637	2,363,348	(23,755)
Health and human services	383,556	400,407	385,135	238	385,373	15,034
Culture and recreation	1,949,850	2,039,243	1,787,283	228,415	2,015,698	23,545
Pension and fringe benefits	4,616,761	4,550,718	4,526,932	7,861	4,534,793	15,925
State and county tax assessments	95,249	95,249	95,249	-	95,249	-
Debt service	3,566,084	3,618,416	3,614,162	-	3,614,162	4,254
Total Expenditures	47,375,345	48,146,042	46,816,499	896,127	47,712,626	433,416
OTHER FINANCING SOURCES (USES)						
Transfers in	1,665,914	1,765,914	1,765,914	-	1,765,914	-
Transfers out	(325,196)	(1,426,589)	(1,426,589)	-	(1,426,589)	-
Total Other Financing Sources (Uses)	1,340,718	339,325	339,325	-	339,325	-
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE	(1,055,584)	(2,827,674)	\$ 500,215	\$ (896,127)	\$ (4,749,282)	\$ 2,431,762
Other budget items:						
Undesignated surplus (free cash)	619,047	2,336,097				
Prior year encumbrances	652,820	652,820				
Prior year deficits and other	(216,283)	(161,243)				
Total other budget items	1,055,584	2,827,674				
Net budget	\$ -	-				

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

TOWN OF GROTON, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

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 transfer, without Town Meeting approval, 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 2023, Town Meeting approved approximately \$0.7 million in supplemental budgetary appropriations, for nearly all government operation classifications, and approximately \$1.4 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, 2023, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 46,977,389
Stabilization revenue	\$ -	\$ 82,456	82,456
Indirect cost allocations	-	(291,662)	(291,662)
Revenues on a GAAP basis	<u>\$ -</u>	<u>\$ (209,206)</u>	<u>\$ 46,768,183</u>
Expenditures on a budgetary basis			\$ 46,816,499
OPEB contribution	\$ -	\$ 181,000	181,000
Indirect cost allocations	-	(291,662)	(291,662)
Expenditures on a GAAP basis	<u>\$ -</u>	<u>\$ (110,662)</u>	<u>\$ 46,705,837</u>
Other financing sources (uses) on a budgetary basis			\$ 339,325
Stabilization transfers	\$ -	\$ (228,633)	(228,633)
OPEB contribution		181,000	181,000
Other reconciling items		138,336	138,336
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 90,703</u>	<u>\$ 430,028</u>