



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF STOUGHTON, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2022

TOWN OF STOUGHTON, MASSACHUSETTS

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JUNE 30, 2022

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Independent Auditors' Report

To the Honorable Select Board
Town of Stoughton, Massachusetts

Report on the Audit of the Financial Statements

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 Stoughton, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Stoughton, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stoughton, Massachusetts, as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Stoughton, Massachusetts 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 of Stoughton, Massachusetts' 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and 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 of Stoughton, Massachusetts' 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 of Stoughton, Massachusetts' 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 the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 on our consideration of the Town of Stoughton, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Stoughton, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stoughton, Massachusetts' internal control over financial reporting and compliance.

Powers + Sullivan, LLC

March 28, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Stoughton, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Stoughton's basic financial statements. These basic financial statements comprise three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

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

The *statement of net position* presents information on all assets, deferred outflows of resources, 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 is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, community preservation, and interest. The business-type activities include the activities of the water, sewer, golf course, public health operations and cable public access.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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.

Proprietary funds. The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, golf course, public health, and cable public access activities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for self-insured employee health and workers compensation programs. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements 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. The Town uses these funds to account for scholarship balances and activities and its other postemployment benefits trust fund.

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

Government-wide Financial Analysis

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's governmental liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by \$24.2 million at the close of 2022. This represents a decrease of \$1.4 million from the prior year.

Net position of \$111.5 million reflects the Town's net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment, less any related debt used to acquire those assets that are still outstanding). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental net position, \$11.7 million, represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* has a year-end deficit of \$147.4 million. The primary reasons for this deficit balance are the recognition of the net other postemployment benefit liability totaling \$152.8 million and a net pension liability of \$26.5 million.

	2022	2021
Assets:		
Current assets.....	\$ 90,979,892	\$ 67,646,350
Capital assets, nondepreciable.....	16,040,607	15,005,761
Capital assets, net of accumulated depreciation....	172,957,437	178,227,209
Total assets.....	279,977,936	260,879,320
 Deferred outflows of resources.....	46,287,074	58,367,174
 Liabilities:		
Current liabilities (excluding debt).....	7,396,696	9,650,726
Noncurrent liabilities (excluding debt).....	181,352,475	234,519,628
Current debt.....	8,322,620	7,504,012
Noncurrent debt.....	97,814,109	82,187,481
Total liabilities.....	294,885,900	333,861,847
 Deferred inflows of resources.....	55,612,460	8,173,730
 Net position:		
Net investment in capital assets.....	111,506,306	109,639,009
Restricted.....	11,670,127	9,930,739
Unrestricted.....	(147,409,783)	(142,358,831)
 Total net position.....	\$ (24,233,350)	\$ (22,789,083)

Governmental net position decreased during 2022 by \$1.4 million. Key factors driving the decrease in net position are:

- Increase in expenses associated with the net pension and net OPEB liabilities and related deferrals. The decrease in these expenses was due to certain changes in actuarial assumptions associated with the net OPEB liability being recognized immediately in expense rather than being deferred and recognized over time.
- Capital grant revenue of \$2.3 million also factored into the overall change in net position.
- General fund revenues exceeding budgeted estimates and general fund expenditures and encumbrances being less than budgeted amounts.

General revenues totaled \$89.2 million, primarily coming from property taxes, motor vehicle excise taxes and unrestricted grants and contributions. This category increased \$3.2 million over the prior year due to real estate and personal property tax revenue growth. Operating grants and contributions decreased \$5.8 million from the prior year as on behalf contributions to Massachusetts Teachers Retirement System (MTRS) made by the State decreased \$7.1 million from the prior year. Timing differences between other grant expenditures and related revenues also factored into the decrease in operating grant revenues.

Total governmental expenses totaled \$136.1 million, of which \$45.5 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. Governmental expenses decreased \$4.3 million from the prior year. The primary reason for this decrease was the \$7.1 million decrease in MTRS payments made by the Commonwealth on behalf of the Town.

	2022	2021
Program Revenues:		
Charges for services.....	\$ 7,681,584	\$ 6,854,083
Operating grants and contributions.....	35,501,858	41,272,072
Capital grants and contributions.....	2,349,992	1,411,948
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	78,105,559	75,128,740
Tax and other liens.....	40,635	108,177
Motor vehicle and other excise taxes.....	4,592,639	4,478,033
Hotel/motel tax.....	316,874	176,887
Meals tax.....	502,853	457,826
Community preservation tax.....	890,830	838,584
Penalties and interest on taxes.....	606,203	716,409
Payments in lieu of taxes.....	90,899	58,491
Grants and contributions not restricted to specific programs.....	4,146,363	3,839,847
Unrestricted investment income/(loss).....	(105,566)	177,964
Total revenues.....	134,720,723	135,519,061
Expenses:		
General government.....	7,688,265	8,043,259
Public safety.....	22,540,288	22,774,256
Education.....	90,078,973	94,288,538
Public works.....	7,992,642	7,342,359
Human services.....	1,855,538	1,926,961
Culture and recreation.....	3,111,246	3,135,686
Community preservation.....	166,232	315,578
Interest.....	2,629,628	2,563,994
Total expenses.....	136,062,812	140,390,631
Excess (Deficiency) before transfers.....	(1,342,089)	(4,871,570)
Transfers.....	(102,178)	(262,822)
Change in net position.....	(1,444,267)	(5,134,392)
Net position, beginning of year.....	(22,789,083)	(17,654,691)
Net position, end of year.....	\$ (24,233,350)	\$ (22,789,083)

Business-type Activities

The Town's business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33.5 million at the close of 2022.

	2022	2021
Assets:		
Current assets.....	\$ 15,283,378	\$ 15,042,049
Capital assets, nondepreciable.....	10,050,736	5,914,637
Capital assets, net of accumulated depreciation....	35,477,667	36,497,319
Total assets.....	60,811,781	57,454,005
 Deferred outflows of resources.....	836,462	965,586
 Liabilities:		
Current liabilities (excluding debt).....	1,097,883	575,867
Noncurrent liabilities (excluding debt).....	4,491,904	5,993,239
Current debt.....	6,736,705	3,012,693
Noncurrent debt.....	14,329,069	16,158,066
Total liabilities.....	26,655,561	25,739,865
 Deferred inflows of resources.....	1,495,237	356,486
 Net position:		
Net investment in capital assets.....	29,243,598	25,541,031
Unrestricted.....	4,253,847	6,782,209
 Total net position.....	\$ 33,497,445	\$ 32,323,240

Business-type net position of \$29.2 million represents the net investment in capital assets. Unrestricted net position of \$4.3 million is available to be used for the ongoing operation of the Town's enterprise activities. There was an overall increase of \$1.2 million in net position reported by the enterprise funds. Components of this increase are discussed in the paragraphs below.

The water enterprise fund's net position of \$15.1 million represents the net investment in capital assets, while \$628,000 was unrestricted. The water fund experienced a decrease of \$286,000 in net position from the prior year. This was the net result of: 1) a decrease in usage which led to a decrease in revenues and 2) decrease in expenses associated with the net pension and other postemployment benefits liabilities..

The sewer enterprise fund's net position of \$13.5 million represents the net investment in capital assets, while \$3.4 million was unrestricted. The sewer fund experienced an increase of \$1.7 million in net position from the prior year. The increase was attributable to: 1) the recognition of \$1.4 million capital grant revenue associated with the Commonwealth's MassWorks grant program; and 2) the recognition of \$950,000 of ARPA grant revenues. The grant revenues funded upgrades to the plant infrastructure. A decrease in revenues caused by less usage offset the capital grant revenue.

The golf course enterprise fund's net position of \$677,000 represents the net investment in capital assets, while unrestricted net position was \$398,000. Net position increased \$285,000 due to an increased usage and an increase in the overall greens fees per round played. During the year, the fund received an operating subsidy from the general fund in the amount of \$9,000.

The public health enterprise fund's deficit net position of \$138,000 was unrestricted at year end. Net position decreased \$388,000 due to a decreased service usage, and an increase in the indirect costs reimbursed to the general fund.

The cable public access enterprise fund accounts for the cable franchise fees received from the Town's cable provider and accounts for payments to Stoughton Media Access Corporation. The Cable public access fund's net position at year end was \$14,000 and represents a timing difference between receipts, and payments made.

	2022	2021
Program Revenues:		
Charges for services.....	\$ 12,435,191	\$ 14,528,022
Operating grants and contributions.....	160,096	143,780
Capital grants and contributions.....	2,376,242	311,251
General Revenues:		
Unrestricted investment income.....	13,504	39,035
Total revenues.....	14,985,033	15,022,088
 Expenses:		
Water.....	4,607,007	4,537,417
Sewer.....	7,690,252	7,424,072
Golf Course.....	261,418	291,597
Public Health.....	902,802	914,179
Cable Public Access.....	451,527	323,803
Total expenses.....	13,913,006	13,491,068
 Excess (Deficiency) before transfers.....	1,072,027	1,531,020
 Transfers.....	102,178	262,822
 Change in net position.....	1,174,205	1,793,842
 Net position, beginning of year.....	32,323,240	30,529,398
 Net position, end of year.....	\$ 33,497,445	\$ 32,323,240

Financial Analysis of the Government's Funds

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

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

In accordance with generally accepted accounting standards, the Town reports the components of fund balance as nonspendable, restricted, committed, assigned and unassigned, based on restrictions on spending. Additionally, the Town's stabilization funds are reported within the general fund as unassigned.

As of the end of the current year, governmental funds reported combined ending fund balances of \$65.8 million of which \$21.4 million was reported in the general fund, \$24.0 was reported in the Town capital projects fund, \$6.5 million was reported in the community preservation fund, and \$13.9 million was reported in the nonmajor governmental funds. Cumulatively there was an increase of \$25.4 million in fund balances from the prior year. The reasons for the decrease are explained in the following paragraphs.

The general fund is the Town's chief operating fund. At the end of the current year unassigned fund balance of the general fund was \$16.3 million, while \$4.9 million was assigned for carryover encumbrances and free cash to fund the subsequent year's budget, and \$158,000 was committed for continuing articles. Total fund balance of the general fund was \$21.4 million.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 13.8% of total general fund expenditures, while total fund balance represents 18.1% of that same amount. Fund balance of the general fund decreased \$284,000. This is primarily due to Town Meeting voting to use \$6 million of existing fund balance (free cash) to fund the operating budget and for stabilization reserves. The use of free cash was partially offset by positive budgetary results.

The Town capital projects fund is used to account for the acquisition, construction or improvement of capital facilities, infrastructure and equipment. During 2022, the fund expended \$1.4 million on various non-enterprise capital projects and recognized \$21.4 million of general obligation bonds and associated premiums. Further, \$2.0 million of transfers in from the general fund were received.

The community preservation fund accounts for the property tax surcharge levied for community preservation purposes. The fund had a year-end balance of \$6.5 million which represented a \$334,000 increase from the prior year. During the year \$888,000 of taxes were received and state matching funds were \$370,000. The fund reported expenditures of \$685,000 which primarily related to Glen Echo park and housing assistance, and \$374,000 for debt service.

Nonmajor governmental funds ended the year with a fund balance of \$13.9 million, an increase of \$3.2 million over the prior year. This increase in fund balance is attributable to timing differences between grant revenues, the issuance of long-term debt and the related expenditures.

General Fund Budgetary Highlights

The original 2022 approved general fund operating budget authorized \$116 million in current year appropriations, other financing uses, and other amounts to be raised. Included in this amount is \$2.3 million of encumbrances carried over from prior year. During 2022, the Town approved supplemental appropriations to the budget and liquidated prior year carry forwards, which resulted in an increase in appropriations of \$2.7 million.

Revenues came in \$3.3 million over budget, while expenditures were \$1.2 million under budget. During fiscal year 2022 the Town voted to use free cash of \$6 million.

Capital Asset and Debt Administration

Capital Assets. In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming year. These are generally in the form of continuing appropriations, which can span several fiscal years until completed or otherwise closed by the department head or Town meeting. These appropriations are subject to a "sunset" provision after three or four years unless extended by the Select Board.

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$234.5 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, vehicles and equipment, and infrastructure. The Town's capital asset additions for the current year totaled \$2.6 million for governmental activities and \$4.6 million for business-type activities.

Major governmental additions included roadway improvements, the Prospect St. fire station design work, Glen Echo grounds construction, and other various repairs and purchases.

Capital improvements for business-type activities mainly related to Park St. sewer construction, water infrastructure, including Muddy Pond pump station improvements, and various additional infrastructure improvements.

Debt Administration. The Town maintains a Moody's Bond Rating of Aa2. Outstanding long-term debt of the general government, as of June 30, 2022, totaled approximately \$103.8 million. Short-term bond anticipation notes totaled \$2.3 million.

The enterprise funds had \$16.7 million in long-term debt and \$4.3 million of short-term bond anticipation notes outstanding at year end. All of the debt carried by the enterprise funds is fully supported by the user rates.

The Town's long-term debt increased by \$14 million in the current year due to the issuance of \$21.0 million of general obligation bonds payable and related premiums of \$631,000, offset by \$8.2 million of principal payments and amortization of bond premiums.

Please refer to notes 4, 6, and 7 in the financial statements for further disclosure of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Stoughton's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 10 Pearl Street, Stoughton, MA 02072.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2022

<i>Primary Government</i>			
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 58,902,197	\$ 9,933,868	\$ 68,836,065
Investments.....	21,826,552	-	21,826,552
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,612,851	-	2,612,851
Tax liens.....	2,250,317	-	2,250,317
Community preservation fund surtax.....	37,813	-	37,813
Motor vehicle and other excise taxes.....	921,711	-	921,711
User charges.....	790,599	5,343,585	6,134,184
Departmental and other.....	673,599	-	673,599
Intergovernmental.....	2,322,372	-	2,322,372
Community preservation state share.....	270,800	-	270,800
Special assessments.....	299,487	5,925	305,412
Other assets.....	71,594	-	71,594
Total current assets.....	<u>90,979,892</u>	<u>15,283,378</u>	<u>106,263,270</u>
NONCURRENT:			
Capital assets, nondepreciable.....	16,040,607	10,050,736	26,091,343
Capital assets, net of accumulated depreciation.....	172,957,437	35,477,667	208,435,104
Total noncurrent assets.....	<u>188,998,044</u>	<u>45,528,403</u>	<u>234,526,447</u>
TOTAL ASSETS	<u>279,977,936</u>	<u>60,811,781</u>	<u>340,789,717</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	2,914,030	259,604	3,173,634
Deferred outflows related to other postemployment benefits.....	43,373,044	576,858	43,949,902
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>46,287,074</u>	<u>836,462</u>	<u>47,123,536</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	1,631,689	866,843	2,498,532
Accrued payroll.....	456,693	53,138	509,831
Health claims payable.....	1,678,506	-	1,678,506
Tax refunds payable.....	563,500	-	563,500
Accrued interest.....	839,235	119,241	958,476
Other liabilities.....	2,095,621	-	2,095,621
Compensated absences.....	131,452	58,661	190,113
Notes payable.....	2,308,989	4,348,288	6,657,277
Long-term debt payable.....	6,013,631	2,388,417	8,402,048
Total current liabilities.....	<u>15,719,316</u>	<u>7,834,588</u>	<u>23,553,904</u>
NONCURRENT:			
Compensated absences.....	2,050,577	100,390	2,150,967
Net pension liability.....	26,479,508	2,358,989	28,838,497
Net other postemployment benefits liability.....	152,822,390	2,032,525	154,854,915
Long-term debt payable.....	97,814,109	14,329,069	112,143,178
Total noncurrent liabilities.....	<u>279,166,584</u>	<u>18,820,973</u>	<u>297,987,557</u>
TOTAL LIABILITIES	<u>294,885,900</u>	<u>26,655,561</u>	<u>321,541,461</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	9,969,956	888,196	10,858,152
Deferred inflows related to other postemployment benefits.....	45,642,504	607,041	46,249,545
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>55,612,460</u>	<u>1,495,237</u>	<u>57,107,697</u>
NET POSITION			
Net investment in capital assets.....	111,506,306	29,243,598	140,749,904
Restricted for:			
Permanent funds:			
Expendable.....	265,787	-	265,787
Nonexpendable.....	47,000	-	47,000
Gifts and grants.....	4,530,148	-	4,530,148
Community preservation.....	6,827,192	-	6,827,192
Unrestricted.....	(147,409,783)	4,253,847	(143,155,936)
TOTAL NET POSITION	<u>\$ (24,233,350)</u>	<u>\$ 33,497,445</u>	<u>\$ 9,264,095</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 7,688,265	\$ 1,025,143	\$ 809,451	\$ -	\$ (5,853,671)
Public safety.....	22,540,288	4,002,018	375,580	-	(18,162,690)
Education.....	90,078,973	559,738	33,317,142	-	(56,202,093)
Public works.....	7,992,642	1,777,351	466,361	2,349,992	(3,398,938)
Human services.....	1,855,538	153,867	96,489	-	(1,605,182)
Culture and recreation.....	3,111,246	163,467	112,274	-	(2,835,505)
Community preservation.....	166,232	-	308,561	-	142,329
Interest.....	2,629,628	-	16,000	-	(2,613,628)
Total Governmental Activities.....	136,062,812	7,681,584	35,501,858	2,349,992	(90,529,378)
<i>Business-Type Activities:</i>					
Water.....	4,607,007	4,176,491	141,096	-	(289,420)
Sewer.....	7,690,252	6,852,826	19,000	2,376,242	1,557,816
Golf course.....	261,418	536,418	-	-	275,000
Public Health.....	902,802	513,776	-	-	(389,026)
Cable Public Access.....	451,527	355,680	-	-	(95,847)
Total Business-Type Activities.....	13,913,006	12,435,191	160,096	2,376,242	1,058,523
Total Primary Government.....	\$ 149,975,818	\$ 20,116,775	\$ 35,661,954	\$ 4,726,234	\$ (89,470,855)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (90,529,378)	\$ 1,058,523	\$ (89,470,855)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	78,105,559	-	78,105,559
Tax and other liens.....	40,635	-	40,635
Motor vehicle excise taxes.....	4,592,639	-	4,592,639
Hotel/motel tax.....	316,874	-	316,874
Meals tax.....	502,853	-	502,853
Community preservation tax.....	890,830	-	890,830
Penalties and interest on taxes.....	606,203	-	606,203
Payments in lieu of taxes.....	90,899	-	90,899
Grants and contributions not restricted to specific programs.....	4,146,363	-	4,146,363
Unrestricted investment income (loss).....	(105,566)	13,504	(92,062)
<i>Transfers, net</i>	<u>(102,178)</u>	<u>102,178</u>	<u>-</u>
Total general revenues and transfers.....	<u>89,085,111</u>	<u>115,682</u>	<u>89,200,793</u>
Change in net position.....	(1,444,267)	1,174,205	(270,062)
<i>Net position:</i>			
Beginning of year.....	(22,789,083)	32,323,240	9,534,157
End of year.....	<u>\$ (24,233,350)</u>	<u>\$ 33,497,445</u>	<u>\$ 9,264,095</u>

See notes to basic financial statements.

(Concluded)

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2022

	General	Town Capital Projects	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 2,013,688	\$ 25,175,974	\$ 7,164,966	\$ 16,156,401	\$ 50,511,029
Investments.....	21,698,471	-	-	128,081	21,826,552
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	2,612,851	-	-	-	2,612,851
Tax liens.....	2,250,317	-	-	-	2,250,317
Community preservation fund surtax.....	-	-	37,813	-	37,813
Motor vehicle and other excise taxes.....	921,711	-	-	-	921,711
User charges.....	790,599	-	-	-	790,599
Departmental and other.....	673,599	-	-	-	673,599
Intergovernmental.....	154,908	-	-	2,167,464	2,322,372
Community preservation state share.....	-	-	270,800	-	270,800
Special assessments.....	-	-	-	299,487	299,487
Due from other funds.....	129,326	-	-	-	129,326
Other assets.....	71,594	-	-	-	71,594
TOTAL ASSETS.....	\$ 31,317,064	\$ 25,175,974	\$ 7,473,579	\$ 18,751,433	\$ 82,718,050
LIABILITIES					
Warrants payable.....	\$ 1,295,684	\$ 84,824	\$ 11,877	\$ 235,304	\$ 1,627,689
Accrued payroll.....	403,651	-	302	50,307	454,260
Tax refunds payable.....	563,500	-	-	-	563,500
Due to other funds.....	-	-	-	129,326	129,326
Other liabilities.....	592,580	375,505	-	1,127,536	2,095,621
Notes payable.....	-	709,781	634,208	965,000	2,308,989
TOTAL LIABILITIES.....	2,855,415	1,170,110	646,387	2,507,473	7,179,385
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	<u>7,092,634</u>	-	308,609	2,337,625	9,738,868
FUND BALANCES					
Nonspendable.....	-	-	-	47,000	47,000
Restricted.....	-	24,005,864	6,518,583	13,859,335	44,383,782
Committed.....	158,273	-	-	-	158,273
Assigned.....	4,894,778	-	-	-	4,894,778
Unassigned.....	<u>16,315,964</u>	-	-	-	16,315,964
TOTAL FUND BALANCES.....	21,369,015	24,005,864	6,518,583	13,906,335	65,799,797
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 31,317,064	\$ 25,175,974	\$ 7,473,579	\$ 18,751,433	\$ 82,718,050

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2022

Total governmental fund balances.....	\$ 65,799,797
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	188,998,044
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	9,738,868
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	(9,325,386)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	6,706,229
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(839,235)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: Long-term debt payable.....	(103,827,740)
Net pension liability.....	(26,479,508)
Net other postemployment benefits liability.....	(152,822,390)
Compensated absences.....	<u>(2,182,029)</u>
Net effect of reporting long-term liabilities.....	<u>(285,311,667)</u>
Net position of governmental activities.....	<u>\$ (24,233,350)</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

	General	Town Capital Projects	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes,					
net of tax refunds.....	\$ 77,557,236	\$ -	\$ 2,222	\$ -	\$ 77,557,236
Tax liens.....	176,744	-	-	-	178,966
Motor vehicle excise taxes.....	4,464,260	-	-	-	4,464,260
Hotel/motel tax.....	316,874	-	-	-	316,874
Meals tax.....	502,853	-	-	-	502,853
Charges for services.....	4,038,871	-	-	914,472	4,953,343
Penalties and interest on taxes.....	601,950	-	4,253	-	606,203
Fees and rentals.....	520,798	-	-	2,715	523,513
Payments in lieu of taxes.....	90,899	-	-	-	90,899
Licenses and permits.....	1,060,344	-	-	-	1,060,344
Fines and forfeitures.....	52,667	-	-	-	52,667
Intergovernmental - state aid.....	21,998,660	-	-	201,175	22,199,835
Intergovernmental - Teachers Retirement.....	7,718,127	-	-	-	7,718,127
Intergovernmental - other.....	16,000	135,489	-	9,341,823	9,493,312
Departmental and other.....	934,947	-	-	1,433,347	2,368,294
Community preservation taxes.....	-	-	888,357	-	888,357
Community preservation state match.....	-	-	370,386	-	370,386
Contributions and donations.....	-	-	-	1,639,894	1,639,894
Investment income (loss).....	(121,610)	-	7,677	854	(113,079)
TOTAL REVENUES	119,929,620	135,489	1,272,895	13,534,280	134,872,284
EXPENDITURES:					
Current:					
General government.....	4,623,132	285,166	-	885,172	5,793,470
Public safety.....	15,045,198	645,081	-	1,151,289	16,841,568
Education.....	52,237,070	-	-	6,814,462	59,051,532
Public works.....	5,750,920	479,759	-	885,907	7,116,586
Human services.....	1,029,247	-	-	344,500	1,373,747
Culture and recreation.....	1,861,668	9,246	-	234,781	2,105,695
Community preservation.....	-	-	684,796	-	684,796
Pension benefits.....	6,206,671	-	-	-	6,206,671
Pension benefits - Teachers Retirement.....	7,718,127	-	-	-	7,718,127
Employee benefits.....	10,475,331	-	-	-	10,475,331
State and county charges.....	5,430,094	-	-	-	5,430,094
Debt service:					
Principal.....	4,864,522	-	274,501	-	5,139,023
Interest.....	2,951,272	7,409	100,023	8,255	3,066,959
TOTAL EXPENDITURES	118,193,252	1,426,661	1,059,320	10,324,366	131,003,599
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	1,736,368	(1,291,172)	213,575	3,209,914	3,868,685
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	20,846,660	107,920	51,000	21,005,580
Premium from issuance of bonds.....	-	579,599	12,080	39,000	630,679
Transfers in.....	99,066	1,992,915	-	179,231	2,271,212
Transfers out.....	(2,119,187)	-	-	(254,203)	(2,373,390)
TOTAL OTHER FINANCING SOURCES (USES)	(2,020,121)	23,419,174	120,000	15,028	21,534,081
NET CHANGE IN FUND BALANCES	(283,753)	22,128,002	333,575	3,224,942	25,402,766
FUND BALANCES AT BEGINNING OF YEAR	21,652,768	1,877,862	6,185,008	10,681,393	40,397,031
FUND BALANCES AT END OF YEAR	\$ 21,369,015	\$ 24,005,864	\$ 6,518,583	\$ 13,906,335	\$ 65,799,797

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds.....	\$ 25,402,766
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay.....	2,624,659
Depreciation expense.....	<u>(6,859,585)</u>

Net effect of reporting capital assets.....	(4,234,926)
---------------------------------------------	-------------

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue..... (159,074)

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 transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.

Issuance of long-term debt.....	(21,005,580)
Premium from issuance of long-term debt.....	(630,679)
Net amortization of premium from issuance of bonds.....	623,300
Debt service principal payments.....	<u>5,139,023</u>

Net effect of reporting long-term debt.....	(15,873,936)
---------------------------------------------	--------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences accrual.....	193,304
Net change in accrued interest on long-term debt.....	(185,969)
Net change in deferred outflow/(inflow) of resources related to pensions.....	(6,251,906)
Net change in net pension liability.....	10,443,351
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(53,273,764)
Net change in net other postemployment benefits liability.....	<u>42,557,419</u>

Net effect of recording long-term liabilities.....	(6,517,565)
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The net activity of internal service funds is reported with Governmental Activities.....	<u>(61,532)</u>
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Change in net position of governmental activities.....	<u>\$ (1,444,267)</u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Water	Sewer	Golf Course	Public Health	Cable Public Access	Total	
ASSETS							
CURRENT:							
Cash and cash equivalents.....	\$ 2,545,124	\$ 5,855,944	\$ 845,395	\$ 673,608	\$ 13,797	\$ 9,933,868	\$ 8,391,168
Receivables, net of allowance for uncollectibles:							
User charges.....	1,880,831	3,462,754	-	-	-	5,343,585	-
Special assessments.....	-	5,925	-	-	-	5,925	-
Total current assets.....	4,425,955	9,324,623	845,395	673,608	13,797	15,283,378	8,391,168
NONCURRENT:							
Capital assets, nondepreciable.....	5,542,399	4,419,691	88,646	-	-	10,050,736	-
Capital assets, net of accumulated depreciation.....	22,471,658	12,542,256	463,753	-	-	35,477,667	-
Total noncurrent assets.....	28,014,057	16,961,947	552,399	-	-	45,528,403	-
TOTAL ASSETS	32,440,012	26,286,570	1,397,794	673,608	13,797	60,811,781	8,391,168
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions.....	128,532	93,940	8,569	28,563	-	259,604	-
Deferred outflows related to other postemployment benefits.....	255,178	166,644	33,926	121,110	-	576,858	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	383,710	260,584	42,495	149,673	-	836,462	-
LIABILITIES							
CURRENT:							
Warrants payable.....	37,121	825,120	4,602	-	-	866,843	4,000
Accrued payroll.....	25,964	16,574	2,888	7,712	-	53,138	2,433
Health claims payable.....	-	-	-	-	-	-	1,678,506
Accrued interest.....	100,530	18,711	-	-	-	119,241	-
Compensated absences.....	20,235	16,196	7,893	14,337	-	58,661	-
Notes payable.....	300,000	4,048,288	-	-	-	4,348,288	-
Long-term debt payable.....	2,048,419	325,578	14,420	-	-	2,388,417	-
Total current liabilities.....	2,532,269	5,250,467	29,803	22,049	-	7,834,588	1,684,939
NONCURRENT:							
Compensated absences.....	30,714	34,409	7,893	27,374	-	100,390	-
Net pension liability.....	1,167,959	853,620	77,864	259,546	-	2,358,989	-
Net other postemployment benefits liability.....	899,105	587,160	119,535	426,725	-	2,032,525	-
Long-term debt payable.....	11,781,473	2,482,596	65,000	-	-	14,329,069	-
Total noncurrent liabilities.....	13,879,251	3,957,785	270,292	713,645	-	18,820,973	-
TOTAL LIABILITIES	16,411,520	9,208,252	300,095	735,694	-	26,655,561	1,684,939
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions.....	439,755	321,401	29,317	97,723	-	888,196	-
Deferred inflows related to other postemployment benefits.....	268,530	175,363	35,701	127,447	-	607,041	-
TOTAL DEFERRED INFLOWS OF RESOURCES	708,285	496,764	65,018	225,170	-	1,495,237	-
NET POSITION							
Net investment in capital assets.....	15,075,586	13,490,673	677,339	-	-	29,243,598	-
Unrestricted.....	628,331	3,351,465	397,837	(137,583)	13,797	4,253,847	6,706,229
TOTAL NET POSITION	\$ 15,703,917	\$ 16,842,138	\$ 1,075,176	\$ (137,583)	\$ 13,797	\$ 33,497,445	\$ 6,706,229

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

Business-type Activities - Enterprise Funds							
	Water	Sewer	Golf Course	Public Health	Cable Public Access	Total	Governmental Activities - Internal Service Fund
<u>OPERATING REVENUES:</u>							
Charges for services.....	\$ 3,961,910	\$ 6,777,300	\$ 536,418	\$ 513,776	\$ 355,680	\$ 12,145,084	\$ -
Employee contributions.....	-	-	-	-	-	-	3,821,272
Employer contributions.....	-	-	-	-	-	-	9,166,063
Other operating revenues.....	214,581	75,526	-	-	-	290,107	-
TOTAL OPERATING REVENUES	4,176,491	6,852,826	536,418	513,776	355,680	12,435,191	12,987,335
<u>OPERATING EXPENSES:</u>							
Cost of services and administration.....	2,057,784	874,407	110,546	350,786	451,527	3,845,050	-
Salaries and wages.....	982,557	801,850	122,153	552,016	-	2,458,576	-
MWRA assessment.....	167,480	5,434,313	-	-	-	5,601,793	-
Depreciation.....	951,688	484,583	28,719	-	-	1,464,990	-
Employee benefits.....	-	-	-	-	-	-	13,056,380
TOTAL OPERATING EXPENSES	4,159,509	7,595,153	261,418	902,802	451,527	13,370,409	13,056,380
OPERATING INCOME (LOSS)	16,982	(742,327)	275,000	(389,026)	(95,847)	(935,218)	(69,045)
<u>NONOPERATING REVENUES (EXPENSES):</u>							
Investment income.....	3,267	8,394	825	951	67	13,504	7,513
Interest expense.....	(447,498)	(95,099)	-	-	-	(542,597)	-
Intergovernmental - subsidy.....	141,096	19,000	-	-	-	160,096	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(303,135)	(67,705)	825	951	67	(368,997)	7,513
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(286,153)	(810,032)	275,825	(388,075)	(95,780)	(1,304,215)	(61,532)
CAPITAL CONTRIBUTIONS	-	2,376,242	-	-	-	2,376,242	-
<u>TRANSFERS:</u>							
Transfers in.....	-	93,004	9,174	-	-	102,178	-
CHANGE IN NET POSITION	(286,153)	1,659,214	284,999	(388,075)	(95,780)	1,174,205	(61,532)
NET POSITION AT BEGINNING OF YEAR	15,990,070	15,182,924	790,177	250,492	109,577	32,323,240	6,767,761
NET POSITION AT END OF YEAR	\$ 15,703,917	\$ 16,842,138	\$ 1,075,176	\$ (137,583)	\$ 13,797	\$ 33,497,445	\$ 6,706,229

See notes to basic financial statements.

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Water	Sewer	Golf Course	Public Health	Cable Public Access	Total		
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from customers and users.....	\$ 4,631,658	\$ 7,433,823	\$ 536,418	\$ 513,776	\$ 355,680	\$ 13,471,355	\$ 3,821,272	
Receipts from interfund services provided.....	-	-	-	-	-	-	9,362,014	
Payments to vendors.....	(2,407,011)	(6,415,380)	(112,948)	(362,213)	(451,527)	(9,749,079)	-	
Payments to employees.....	(1,011,960)	(822,175)	(121,340)	(565,004)	-	(2,520,479)	-	
Payments for interfund services used.....	-	-	-	-	-	-	(12,502,591)	
NET CASH FROM OPERATING ACTIVITIES.....	<u>1,212,687</u>	<u>196,268</u>	<u>302,130</u>	<u>(413,441)</u>	<u>(95,847)</u>	<u>1,201,797</u>	<u>680,695</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers in.....	-	93,004	9,174	-	-	102,178	-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from the issuance of long-term debt and notes.....	1,255,000	4,048,288	114,420	-	-	5,417,708	-	
Premium from the issuance of long-term debt.....	55,000	-	5,580	-	-	60,580	-	
Capital contributions.....	-	2,376,764	-	-	-	2,376,764	-	
Acquisition and construction of capital assets.....	(525,693)	(3,287,139)	(105,246)	-	-	(3,918,078)	-	
Principal payments on long-term debt and notes.....	(3,022,110)	(325,792)	(130,000)	-	-	(3,477,902)	-	
Interest expense.....	(403,671)	(89,285)	(5,580)	-	-	(498,536)	-	
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(2,641,474)</u>	<u>2,722,836</u>	<u>(120,826)</u>	-	-	<u>(39,464)</u>	-	
CASH FLOWS FROM INVESTING ACTIVITIES:								
Investment income.....	3,267	8,394	825	951	67	13,504	7,513	
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	<u>(1,425,520)</u>	<u>3,020,502</u>	<u>191,303</u>	<u>(412,490)</u>	<u>(95,780)</u>	<u>1,278,015</u>	<u>688,208</u>	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>3,970,644</u>	<u>2,835,442</u>	<u>654,092</u>	<u>1,086,098</u>	<u>109,577</u>	<u>8,655,853</u>	<u>7,702,960</u>	
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 2,545,124</u>	<u>\$ 5,855,944</u>	<u>\$ 845,395</u>	<u>\$ 673,608</u>	<u>\$ 13,797</u>	<u>\$ 9,933,868</u>	<u>\$ 8,391,168</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:								
Operating income (loss).....	\$ 16,982	\$ (742,327)	\$ 275,000	\$ (389,026)	\$ (95,847)	\$ (935,218)	\$ (69,045)	
Adjustments to reconcile operating income to net cash from operating activities:								
Depreciation.....	951,688	484,583	28,719	-	-	1,464,990	-	
Deferred (outflows)/inflows related to pensions.....	275,759	201,542	18,384	61,279	-	556,964	-	
Deferred (outflows)/inflows related to other postemployment benefits....	314,593	205,808	42,031	148,479	-	710,911	-	
Changes in assets and liabilities:								
User charges.....	455,167	580,997	-	-	-	1,036,164	-	
Working capital deposit.....	-	-	-	-	-	-	195,951	
Warrants payable.....	(56,618)	(9,529)	2,563	(1,052)	-	(64,636)	(220,818)	
Accrued payroll.....	(28,183)	(22,955)	(4,290)	(16,585)	-	(72,013)	(4,473)	
Health claims payable.....	-	-	-	-	-	-	779,080	
Compensated absences.....	(1,220)	2,630	5,103	3,597	-	10,110	-	
Net pension liability.....	(460,636)	(336,662)	(30,709)	(102,363)	-	(930,370)	-	
Net other postemployment benefits liability.....	(254,845)	(167,819)	(34,671)	(117,770)	-	(575,105)	-	
Total adjustments.....	<u>1,195,705</u>	<u>938,595</u>	<u>27,130</u>	<u>(24,415)</u>	-	<u>2,137,015</u>	<u>749,740</u>	
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 1,212,687</u>	<u>\$ 196,268</u>	<u>\$ 302,130</u>	<u>\$ (413,441)</u>	<u>\$ (95,847)</u>	<u>\$ 1,201,797</u>	<u>\$ 680,695</u>	
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:								
Acquisition of capital assets on account.....	\$ (24,500)	\$ 819,059	\$ -	\$ -	\$ -	\$ 794,559	\$ -	
Intergovernmental subsidy of debt service.....	141,096	19,000	-	-	-	160,096	-	

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 1,566	\$ 346,439
Investments:		
Corporate bonds.....	-	193,008
Equity securities.....	197,095	511,623
Equity mutual funds.....	-	489,567
Fixed income mutual funds.....	<u>120,648</u>	<u>342,461</u>
 TOTAL ASSETS.....	 <u>319,309</u>	 <u>1,883,098</u>
 NET POSITION		
Restricted for other postemployment benefits.....	319,309	-
Held in trust for other purposes.....	<u>-</u>	<u>1,883,098</u>
 TOTAL NET POSITION.....	 <u>\$ 319,309</u>	 <u>\$ 1,883,098</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 25,000	\$ -
Employer contributions for other postemployment benefit payments.....	4,323,513	-
Private donations.....	-	28,616
Total contributions.....	<u>4,348,513</u>	<u>28,616</u>
Net investment income:		
Investment income (loss).....	<u>(51,376)</u>	<u>(342,414)</u>
TOTAL ADDITIONS.....	<u>4,297,137</u>	<u>(313,798)</u>
DEDUCTIONS:		
Other postemployment benefit payments.....	4,323,513	-
Educational scholarships.....	-	40,550
TOTAL DEDUCTIONS.....	<u>4,323,513</u>	<u>40,550</u>
NET INCREASE (DECREASE) IN NET POSITION.....	<u>(26,376)</u>	<u>(354,348)</u>
NET POSITION AT BEGINNING OF YEAR.....	<u>345,685</u>	<u>2,237,446</u>
NET POSITION AT END OF YEAR.....	<u>\$ 319,309</u>	<u>\$ 1,883,098</u>

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected five member elected Select Board and an appointed Town Manager.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has no component units that require inclusion in the basic financial statements.

Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated and governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in the following joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

The Southeast Regional Vocational School District (the District) is governed by a ten-member school committee consisting of one elected representative from each participating municipality. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. For the year ended June 30, 2022, the Town's annual assessment was \$1,386,641. The Town has no equity interest in the joint ventures. Separate financial statements may be obtained by writing to the Treasurer of the District at 250 Foundry Street, Easton, MA 02375.

The Norfolk County Agricultural High School (the School) is governed by a seven-member board of trustees. The Town is indirectly liable for debt and other expenditures of the School and is assessed annually for its share of the operating and capital costs. For the year ended June 30, 2022, the Town's annual assessment was \$17,600. The Town has no equity interest in the joint ventures. Separate financial statements may be obtained by writing to the Business Manager at 400 Main Street, Walpole, MA 02081.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

Major funds must be reported if the following criteria are met:

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred, and all other grant requirements are met.

The following major governmental funds are reported:

The *General Fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *Town Capital Projects Fund* is used to account the acquisition, construction or improvement of major capital facilities and equipment. Funding is primarily from proceeds of long-term debt, grants and free cash from the general fund.

The *Community Preservation Fund* is a special revenue fund used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, affordable housing and recreation. Funding is provided primarily by a property tax surcharge of 1.5%, along with matching grant funds from the Commonwealth of Massachusetts.

The nonmajor governmental funds consist of special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets of the governmental funds not already accounted for in the Town Capital Projects fund.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *Water Enterprise Fund* is used to account for the Town's water activities.

The *Sewer Enterprise Fund* is used to account for the Town's sewer activities.

The *Golf Course Enterprise Fund* is used to account for the activity of the Cedar Hill Golf Course.

The *Public Health Enterprise Fund* is used to account for the activities of the Stoughton Visiting Nurses Association and administration of various public health clinics.

The *Cable Public Access Enterprise Fund* is used to account for the cable franchise fees received and payments to Stoughton Media Access Corporation.

The *Internal Service Fund* is used to account for the financing by one department to other departments of the Town on a cost-reimbursement basis. The Town's internal service fund is used to account for the financing of medical claims of all covered town employees and their covered dependents and workers compensation claims.

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

The following fiduciary fund types are reported:

The *Other Postemployment Benefit Trust Fund* is used to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *Private-Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments. The Town uses this fund to account for scholarship balances and activities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities in the over-the-counter market.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value.

Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, please see Note 2- Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed on delinquent properties and are recorded as receivables in the year they are processed. Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts is not reported.

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

Motor Vehicle Excise

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

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

Community Preservation Surcharges

Community preservation surcharges are levied annually at a rate of 1.50% of resident's real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income defined by DOR guidelines. The surcharge is due with the real estate tax bills on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the year of the levy.

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

User Charges

Water and sewer user charges are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period.

Trash user charges are levied quarterly for all residential addresses with three or fewer family units and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as a general fund receivable in the current period.

User charges liens are processed on delinquent accounts and included as a lien on the property owner's tax bill.

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

Intergovernmental

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

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

Departmental and Other

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

Special Assessments

The costs incurred on completed special projects that have been assessed to the benefited taxpayers which have not been paid. Since these receivables are secured by the lien process, they are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Inventories***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets***Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, capital improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements.

Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at acquisition value.

All purchases and construction costs in excess of \$10,000 for vehicles, \$15,000 for machinery and equipment, \$25,000 for land improvements, \$50,000 for building improvements, and all land and building costs are capitalized at the date of acquisition, respectively, with expected useful lives of five years or greater.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Buildings and improvements.....	10 - 40
Capital improvements (other than buildings).....	20 - 30
Machinery and equipment.....	5 - 10
Vehicles.....	5 - 15
Infrastructure.....	40 - 50

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

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net 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 assets 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 reported deferred outflows of resources related to pensions and other postemployment benefits in this category.

In addition to liabilities, the statement of net 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 assets 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 reported deferred inflows of resources related to pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. These separate financial statement elements represent either an acquisition or consumption of fund balance that applies to future period(s) and will *not* be recognized until that time. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements. The Town did not have any deferred outflows of resources at year-end.

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. 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.

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been "restricted for" the following:

"Permanent funds – nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

"Permanent funds – expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings that support governmental programs.

"Gifts and grants" represents assets that have restrictions placed on them from outside parties.

"Community preservation" represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

"Nonspendable" fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

"Restricted" fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. Town Meeting is the highest level of decision-making authority that can, by adoption of a Town meeting warrant article (resolution), commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

"Assigned" fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Massachusetts General Law authorizes the Town Accountant, at his or her discretion, to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

"Unassigned" fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has 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.

The Town will, from time to time, fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town's policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Norfolk County Contributory Retirement System (NCCRS) and the Massachusetts Teachers Retirement System (MTRS) and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee

contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Debt***Government-Wide and Proprietary Fund Financial Statements***

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

Governmental Fund Financial Statements

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

O. Investment Income

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

Proprietary funds retain their investment income.

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

Q. Use of Estimates***Government-Wide and Fund Financial Statements***

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 year. Actual results could vary from estimates that were used.

R. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 - CASH 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 the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At year-end, the carrying amount of deposits totaled \$54,771,841 and the bank balance totaled \$50,548,446. Of the bank balance, \$2,072,095 was covered by Federal Depository Insurance, \$6,136,955 was covered by the Depositors Insurance Fund, \$23,320,099 was collateralized, and \$19,019,297 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2022, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 16,724,937	\$ 15,557,621	\$ 1,167,316	\$ -
Government sponsored enterprises.....	593,291	180,274	413,017	-
Corporate bonds.....	3,492,779	479,948	2,966,004	46,827
Total debt securities.....	20,811,007	\$ 16,217,843	\$ 4,546,337	\$ 46,827
<u>Other investments:</u>				
Equity securities.....	1,209,300			
Equity mutual funds.....	489,567			
Fixed income mutual funds.....	1,171,080			
Money market mutual funds.....	387,428			
MMDT - Cash portfolio.....	14,024,801			
Total investments.....	\$ 38,093,183			

The Town participates in MMDT which is unrated. MMDT maintains a cash portfolio with an average maturity of approximately 27 days.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town has custodial credit risk exposure equal to its investments in U.S. treasury notes, government sponsored enterprises, corporate bonds, and equity securities because the related securities are uninsured, unregistered and held by the counterparty.

Interest Rate Risk

The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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. At June 30, 2022 the Town's investments were rated as follows:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ 368,528	\$ -
AA+.....	224,763	-
A+.....	-	883,072
A-.....	-	25,004
BBB+.....	-	1,152,405
BBB.....	-	1,383,633
BBB-.....	-	48,665
 Total.....	 \$ 593,291	 \$ 3,492,779

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer. Of the total investment balance, the Town did not maintain an investment with one issuer that exceeded 5% of total investments at June 30, 2022.

Fair Value Measurement

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

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

The following table presents financial assets at June 30, 2022, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2022	Fair Value Measurements Using					
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	(Level 1)	(Level 2)	(Level 3)
Investments measured at fair value:							
<u>Debt securities:</u>							
U.S. treasury notes.....	\$ 16,724,937	\$ 16,724,937	\$ -	\$ -			
Government sponsored enterprises.....	593,291	593,291	-	-			
Corporate bonds.....	3,492,779	-	3,492,779	-			
Total debt securities.....	<u>20,811,007</u>	<u>17,318,228</u>	<u>3,492,779</u>	<u>-</u>			
<u>Other investments:</u>							
Equity securities.....	1,209,300	1,209,300	-	-			
Equity mutual funds.....	489,567	489,567	-	-			
Fixed income.....	1,171,080	1,171,080	-	-			
Money market mutual funds.....	387,428	387,428	-	-			
Total other investments.....	<u>3,257,375</u>	<u>3,257,375</u>	<u>-</u>	<u>-</u>			
Total investments measured at fair value.....	<u>24,068,382</u>	<u>\$ 20,575,603</u>	<u>\$ 3,492,779</u>	<u>\$ -</u>			
Investments measured at amortized cost:							
MMDT - Cash portfolio.....	<u>14,024,801</u>						
Total investments.....	<u>\$ 38,093,183</u>						

U.S. treasury notes, government sponsored enterprises, equity securities, equity mutual funds, fixed income, and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

NOTE 3 – RECEIVABLES

On June 30, 2022, receivables for the individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes.....	\$ 2,639,251	\$ (26,400)	\$ 2,612,851
Tax liens.....	2,250,317	-	2,250,317
Community preservation fund surtax.....	37,813	-	37,813
Motor vehicle excise taxes.....	1,081,611	(159,900)	921,711
User charges.....	790,599	-	790,599
Departmental and other.....	2,386,899	(1,713,300)	673,599
Intergovernmental.....	2,322,372	-	2,322,372
Community preservation state share.....	270,800	-	270,800
Special assessments.....	299,487	-	299,487
 Total.....	 \$ 12,079,149	 \$ (1,899,600)	 \$ 10,179,549

On June 30, 2022, receivables for the enterprise funds consisted of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user charges.....	\$ 1,880,831	\$ -	\$ 1,880,831
Sewer user charges.....	3,462,754	-	3,462,754
Sewer special assessments.....	5,925	-	5,925
 Total.....	 \$ 5,349,510	 \$ -	 \$ 5,349,510

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as shown in the following table.

	General Fund	Other Governmental Funds	Total
Receivables:			
Real estate and personal property taxes.....	\$ 2,354,621	\$ -	\$ 2,354,621
Tax liens.....	2,250,317	-	2,250,317
Community preservation fund surtax.....	-	37,809	37,809
Motor vehicle excise taxes.....	921,711	-	921,711
User charges.....	790,599	-	790,599
Departmental and other.....	645,477	-	645,477
Intergovernmental - highway improvements.....	-	1,208,138	1,208,138
Intergovernmental - School Building Authority.....	-	830,000	830,000
Intergovernmental.....	129,909	-	129,909
Community preservation state share.....	-	270,800	270,800
Special assessments.....	-	299,487	299,487
 Total.....	 \$ 7,092,634	 \$ 2,646,234	 \$ 9,738,868

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 13,354,005	\$ -	\$ -	\$ 13,354,005
Construction in progress.....	1,651,756	1,034,846	-	2,686,602
Total capital assets not being depreciated....	<u>15,005,761</u>	<u>1,034,846</u>	<u>-</u>	<u>16,040,607</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	185,009,401	298,346	-	185,307,747
Capital Improvements (other than buildings).....	3,820,299	17,228	-	3,837,527
Machinery and equipment.....	10,973,482	110,590	-	11,084,072
Vehicles.....	11,365,634	178,730	(144,053)	11,400,311
Infrastructure.....	41,741,480	984,919	-	42,726,399
Total capital assets being depreciated.....	<u>252,910,296</u>	<u>1,589,813</u>	<u>(144,053)</u>	<u>254,356,056</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(38,456,997)	(4,391,342)	-	(42,848,339)
Capital Improvements (other than buildings).....	(933,435)	(163,554)	-	(1,096,989)
Machinery and equipment.....	(4,400,535)	(893,266)	-	(5,293,801)
Vehicles.....	(8,192,843)	(706,374)	144,053	(8,755,164)
Infrastructure.....	(22,699,277)	(705,049)	-	(23,404,326)
Total accumulated depreciation.....	<u>(74,683,087)</u>	<u>(6,859,585)</u>	<u>144,053</u>	<u>(81,398,619)</u>
Total capital assets being depreciated, net.....	<u>178,227,209</u>	<u>(5,269,772)</u>	<u>-</u>	<u>172,957,437</u>
Total governmental activities capital assets, net.....	\$ <u>193,232,970</u>	\$ <u>(4,234,926)</u>	\$ <u>-</u>	\$ <u>188,998,044</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 882,079	\$ -	\$ -	\$ 882,079
Construction in progress.....	<u>5,032,558</u>	<u>4,136,099</u>	<u>-</u>	<u>9,168,657</u>
Total capital assets not being depreciated....	<u>5,914,637</u>	<u>4,136,099</u>	<u>-</u>	<u>10,050,736</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	9,525,716	47,350	-	9,573,066
Capital Improvements (other than buildings).....	553,945	-	-	553,945
Machinery and equipment.....	2,502,816	108,336	-	2,611,152
Vehicles.....	1,619,290	-	-	1,619,290
Infrastructure.....	<u>48,877,041</u>	<u>289,652</u>	<u>-</u>	<u>49,166,693</u>
Total capital assets being depreciated.....	<u>63,078,808</u>	<u>445,338</u>	<u>-</u>	<u>63,524,146</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,417,570)	(232,583)	-	(1,650,153)
Capital Improvements (other than buildings).....	(231,823)	(17,411)	-	(249,234)
Machinery and equipment.....	(1,211,458)	(174,393)	-	(1,385,851)
Vehicles.....	(1,140,912)	(70,297)	-	(1,211,209)
Infrastructure.....	<u>(22,579,726)</u>	<u>(970,306)</u>	<u>-</u>	<u>(23,550,032)</u>
Total accumulated depreciation.....	<u>(26,581,489)</u>	<u>(1,464,990)</u>	<u>-</u>	<u>(28,046,479)</u>
Total capital assets being depreciated, net.....	<u>36,497,319</u>	<u>(1,019,652)</u>	<u>-</u>	<u>35,477,667</u>
Total business-type activities capital assets, net.... \$	<u>42,411,956</u>	<u>\$ 3,116,447</u>	<u>\$ -</u>	<u>\$ 45,528,403</u>

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

Governmental Activities:

General government.....	\$ 274,046
Public safety.....	866,520
Education.....	4,181,202
Public works.....	1,006,388
Human services.....	56,388
Culture and recreation.....	<u>475,041</u>
Total depreciation expense - governmental activities..... \$	<u>6,859,585</u>

Business-Type Activities:

Water.....	\$ 951,688
Sewer.....	484,583
Golf course.....	<u>28,719</u>
Total depreciation expense - business-type activities..... \$	<u>1,464,990</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Town's interfund receivable/payable at June 30, 2022 consisted of \$129,326 due to the general fund from the chapter 90 capital project fund, representing interfund borrowings for cash flow purposes. The payable will be funded by future grant proceeds.

Interfund transfers for the year ended June 30, 2022, are summarized as follows:

Transfers Out:	Transfers In:					Total
	General fund	Town capital	Nonmajor governmental funds	Sewer enterprise fund	Golf enterprise fund	
General fund.....	\$ -	\$ 1,839,000	\$ 179,231	\$ 91,782	\$ 9,174	\$ 2,119,187 (1)
Nonmajor governmental funds...	<u>99,066</u>	<u>153,915</u>	<u>-</u>	<u>1,222</u>	<u>-</u>	<u>254,203</u> (2)
Total.....	<u>\$ 99,066</u>	<u>\$ 1,992,915</u>	<u>\$ 179,231</u>	<u>\$ 93,004</u>	<u>\$ 9,174</u>	<u>\$ 2,373,390</u>

- 1) Represents budgeted transfers from the general fund to the Town capital projects fund and the nonmajor funds, and budgeted transfers to the sewer and golf enterprise funds for operating subsidies.
- 2) Represents grant close outs to the general fund, funding of new capital projects and a transfer to the sewer enterprise.

NOTE 6 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

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

Details related to the short-term debt activity for the year ended June 30, 2022 was as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
Governmental Funds:							
BAN	Municipal Purpose.....	2.00%	10/28/21	\$ 1,537,690	\$ -	\$ (1,537,690)	\$ -
BAN	MCWT Interim Note - Septic....	0.00%	06/30/23	200,000	-	-	200,000 (A)
BAN	Municipal Purpose.....	1.50%	04/14/22	-	1,537,690	(1,537,690)	-
BAN	Municipal Purpose.....	1.79%	04/14/23	-	1,070,000	-	1,070,000
BAN	Municipal Purpose.....	3.00%	06/16/23	-	1,038,989	-	1,038,989
Total Governmental Funds.....				\$ 1,737,690	\$ 3,646,679	\$ (3,075,380)	\$ 2,308,989
Water Enterprise Fund:							
BAN	Municipal Purpose.....	2.00%	10/28/21	\$ 505,000	\$ -	\$ (505,000)	\$ -
BAN	Municipal Purpose.....	1.50%	04/14/22	-	505,000	(505,000)	-
BAN	Municipal Purpose.....	3.00%	06/16/23	-	300,000	-	300,000
Total Water Enterprise Fund.....				505,000	805,000	(1,010,000)	300,000
Sewer Enterprise Fund:							
BAN	Municipal Purpose.....	3.00%	06/16/23	-	4,048,288	-	4,048,288
Golf Course Enterprise Fund:							
BAN	Municipal Purpose.....	2.00%	10/28/21	60,000	-	(60,000)	-
BAN	Municipal Purpose.....	1.50%	04/14/22	-	60,000	(60,000)	-
Total Golf Course Enterprise Fund.....				60,000	60,000	(120,000)	-
Total Enterprise Funds.....				\$ 565,000	\$ 4,913,288	\$ (1,130,000)	\$ 4,348,288

(A) The Massachusetts Clean Water Trust (MCWT) Interim Note relates to a program for residential property owners to repair, relace or upgrade septic systems. The Town has been approved for total borrowing of \$400,000 at 0% interest. The Town can expend the funds against the loan over a 2-year period, after which a permanent debt schedule will be agreed upon.

NOTE 7 - LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements are reported in the following tables.

Long-Term Debt Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General Obligation of 2011.....	2031	\$ 2,866,000	Various	\$ 295,000
General Obligation of 2013.....	2033	3,004,650	Various	1,300,000
General Obligation of 2014.....	2034	3,175,423	Various	675,000
General Obligation of 2015.....	2030	3,014,000	2.03	500,000
General Obligation of 2016.....	2026	1,793,000	1.26	480,000
General Obligation of 2018.....	2038	75,487,000	3.00 - 5.00	63,250,000
General Obligation of 2018 - Refunding...	2029	2,783,960	4.00	1,196,500
General Obligation of 2019.....	2039	5,516,952	3.25 - 5.00	4,310,000
General Obligation of 2020.....	2035	2,050,246	2.00 - 5.00	1,570,000
General Obligation of 2021.....	2041	3,759,490	1.50 - 4.00	3,415,000
General Obligation of 2022.....	2052	21,005,580	3.00 - 5.00	<u>21,005,580</u>
Sub-Total General Obligation.....				<u>97,997,080</u>
MCWT Title V Septic.....	2031	200,000	Various	90,000
MCWT Title V Septic.....	2033	350,000	0.00	192,500
MCWT Title V Septic.....	2035	250,000	0.00	162,500
MCWT of 2016.....	2036	150,000	0.00	105,000
MCWT of 2019.....	2040	400,000	2.00	<u>367,288</u>
Sub-Total Direct Borrowings.....				<u>917,288</u>
Total Bonds Payable.....				<u>98,914,368</u>
Add: Unamortized premium on bonds.....				<u>4,913,372</u>
Total Long-Term Debt Payable, net.....				<u>\$ 103,827,740</u>

Debt service requirements for principal and interest for governmental general obligation bonds and direct borrowings payable in future years are as follows:

Year	General Obligation Bonds			Direct Borrowings Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023.....	\$ 5,335,680	\$ 3,499,688	\$ 8,835,368	\$ 64,391	\$ 7,802	\$ 72,193
2024.....	5,231,100	3,268,471	8,499,571	64,759	7,210	71,969
2025.....	5,244,000	3,021,566	8,265,566	65,134	6,611	71,745
2026.....	5,150,000	2,770,196	7,920,196	65,517	6,130	71,647
2027.....	5,073,300	2,521,284	7,594,584	65,908	5,766	71,674
2028.....	5,103,000	2,274,827	7,377,827	66,308	5,394	71,702
2029.....	5,184,000	2,063,205	7,247,205	66,717	5,014	71,731
2030.....	5,190,000	1,887,330	7,077,330	67,135	4,625	71,760
2031.....	5,285,000	1,695,049	6,980,049	57,998	4,228	62,226
2032.....	5,390,000	1,487,042	6,877,042	67,562	3,823	71,385
2033.....	5,506,000	1,306,319	6,812,319	58,443	3,408	61,851
2034.....	5,450,000	1,127,830	6,577,830	41,398	2,984	44,382
2035.....	5,570,000	963,678	6,533,678	41,863	2,552	44,415
2036.....	5,520,000	797,675	6,317,675	29,839	2,110	31,949
2037.....	5,655,000	629,248	6,284,248	22,824	1,658	24,482
2038.....	5,805,000	456,460	6,261,460	23,320	1,197	24,517
2039.....	950,000	354,057	1,304,057	23,827	725	24,552
2040.....	785,000	327,825	1,112,825	24,345	241	24,586
2041.....	810,000	304,596	1,114,596	-	-	-
2042.....	760,000	281,400	1,041,400	-	-	-
2043.....	785,000	258,225	1,043,225	-	-	-
2044.....	805,000	234,375	1,039,375	-	-	-
2045.....	830,000	209,850	1,039,850	-	-	-
2046.....	855,000	184,575	1,039,575	-	-	-
2047.....	885,000	158,475	1,043,475	-	-	-
2048.....	910,000	131,550	1,041,550	-	-	-
2049.....	940,000	103,800	1,043,800	-	-	-
2050.....	970,000	75,150	1,045,150	-	-	-
2051.....	995,000	45,675	1,040,675	-	-	-
2052.....	1,025,000	15,375	1,040,375	-	-	-
Total.....	\$ 97,997,080	\$ 32,454,796	\$ 130,451,876	\$ 917,288	\$ 71,478	\$ 988,766

Long-Term Debt Payable Schedule – Business Type

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements were as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Sewer Projects of 2011.....	2031	\$ 395,000	Various	\$ 135,000
Sewer Projects of 2013.....	2033	1,039,150	Various	275,000
Sewer Projects of 2016.....	2026	86,000	1.26	25,000
Sewer Projects Refunding Bonds of 2018.....	2029	416,745	4.00	225,200
Sewer Projects of 2019.....	2039	6,230,000	3.25 - 5.00	1,095,000
Sewer Projects of 2021.....	2041	464,500	1.50-4.00	440,000
Water Projects of 2011.....	2031	560,000	Various	185,000
Water Projects of 2013.....	2023	2,246,835	Various	120,000
Water Projects of 2014.....	2024	1,024,000	1.91	100,000
Water Projects of 2015.....	2025	236,000	2.03	60,000
Water Projects of 2016.....	2026	110,000	1.26	40,000
Water Projects of 2018.....	2038	1,812,000	3.00 - 5.00	1,210,000
Water Projects Refunding Bonds of 2018.....	2029	158,295	4.00	98,300
Water Projects of 2019.....	2039	6,905,574	3.25 - 5.00	5,755,000
Water Projects of 2020.....	2034	444,754	2.00 - 5.00	340,000
Water Projects of 2021.....	2041	3,366,010	1.50-4.00	3,190,000
Water Projects of 2022.....	2032	450,000	3.00-5.00	450,000
Golf Projects of 2021.....	2027	30,000	4.00	25,000
Golf Projects of 2022.....	2032	54,420	3.00-5.00	54,420
Sub-Total General Obligation.....				<u>13,822,920</u>
MWRA - Sewer 2016.....	2026	192,225	0.00	76,888
MWRA - Sewer 2017.....	2027	47,250	0.00	23,625
MWRA - Sewer Refunding 2017.....	2029	94,600	0.00	14,070
MWRA - Sewer 2018.....	2028	23,450	0.00	22,750
MWRA - Sewer 2019.....	2029	132,500	0.00	70,000
MWRA - Sewer 2020.....	2030	293,750	0.00	235,000
MWRA - Sewer 2021.....	2031	103,751	0.00	93,377
MCWT - Water DW-01-25.....	2023	2,784,319	5 -5.25	200,000
MWRA - Water 2013.....	2023	4,480,000	0.00	448,000
MWRA - Water 2016.....	2026	2,506,000	0.00	1,002,400
Sub-Total Direct Borrowings.....				<u>2,186,110</u>
Total Bonds Payable.....				<u>16,009,030</u>
Add: Unamortized premium on bonds.....				<u>708,456</u>
Total Long-Term Debt Payable, net.....				<u>\$ 16,717,486</u>

Debt service requirements for principal and interest for the business-type general obligation bonds and direct borrowings payable in future years were as follows:

Year	General Obligation Bonds			Direct Borrowings Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023.....\$ 1,309,320	\$ 509,198	\$ 1,818,518	\$ 977,892	\$ 5,000	\$ 982,892	
2024..... 1,013,900	454,757	1,468,657	329,892	-	329,892	
2025..... 991,000	409,209	1,400,209	329,892	-	329,892	
2026..... 955,000	364,261	1,319,261	329,892	-	329,892	
2027..... 896,700	320,630	1,217,330	60,070	-	60,070	
2028..... 842,000	280,101	1,122,101	55,345	-	55,345	
2029..... 815,000	242,246	1,057,246	53,000	-	53,000	
2030..... 765,000	208,381	973,381	39,750	-	39,750	
2031..... 765,000	182,037	947,037	10,377	-	10,377	
2032..... 715,000	158,259	873,259	-	-	-	
2033..... 670,000	135,851	805,851	-	-	-	
2034..... 645,000	115,697	760,697	-	-	-	
2035..... 625,000	96,350	721,350	-	-	-	
2036..... 625,000	76,525	701,525	-	-	-	
2037..... 625,000	56,699	681,699	-	-	-	
2038..... 625,000	36,643	661,643	-	-	-	
2039..... 570,000	16,890	586,890	-	-	-	
2040..... 185,000	5,550	190,550	-	-	-	
2041..... 185,000	1,850	186,850	-	-	-	
Total..... \$ 13,822,920	\$ 3,671,134	\$ 17,494,054	\$ 2,186,110	\$ 5,000	\$ 2,191,110	

Massachusetts Water Resources Authority funded debt

The Town has entered into various long-term debt transactions with the Massachusetts Water Resources Authority (MWRA). The debt balances are associated with a zero percent interest rate. Future imputed interest payments total approximately \$135,000 for the governmental funds, \$50,000 in the water fund and \$71,000 in the sewer fund. Imputed interest for 2022 was approximately \$16,000, \$71,000, and \$19,000 in the governmental, water, and sewer funds, respectively. Accordingly, interest expense and corresponding intergovernmental revenue have been reported, equal to these amounts, in the respective proprietary fund's financial statements.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2022, the Town had the following authorized and unissued debt:

Purpose	Date Authorized	Amount
Sewer System Improvements.....	5/24/2010	\$ 28,725
Land Acquisition.....	6/6/2011	73,500
Sewer Inflow/Infiltration.....	5/21/2014	96,000
Glen Echo Recreation Facilities Design And Construction....	5/18/2015	264,208
Capen-Reynolds Recreational Facilities.....	5/18/2015	168,000
Muddy Pond Replacement Well And Treatment Facility.....	11/23/2015	425,000
Railroad Station Building Remodeling.....	11/23/2015	320,000
High School Building Project.....	5/2/2016	5,023,325
High School Athletic Field Lighting.....	5/15/2017	28,918
Pearl Street Park.....	5/15/2017	35,503
West Elementary School Bathroom Upgrades.....	5/9/2018	385,000
Traffic Study.....	5/14/2018	96,000
Police Station Building And Grounds.....	5/6/2019	49,000
Sewer Inflow And Infiltration.....	5/8/2019	370,000
Dawe Elementary School Stormwater Runoff Improvement...	5/13/2019	28,594
Police And Fire Station Feasibility Study.....	5/13/2019	75,000
Outdoor Recreational Facility.....	5/13/2019	9,942
Park Street Sewer Planning.....	5/15/2019	296,861
Park Street Planning Improvements.....	5/15/2019	325,000
Sewer Infiltration And Inflow.....	6/30/2020	600,000
Park Street Sewer Installation.....	6/30/2020	7,498,072
Pratt'S Court Well Investigation.....	10/21/2020	15,000
Police Cruisers.....	5/3/2021	225,000
Police Department Equipment.....	5/3/2021	67,500
Trash Truck.....	5/3/2021	286,281
Pump Station Service Truck With Plow And Crane.....	5/3/2021	52,670
Inflow And Infiltration.....	5/3/2021	400,000
Sewer pump station upgrades.....	5/17/2021	1,115,618
Fire Station.....	3/10/2022	6,816,001
South Elementary Feasibility.....	12/8/2021	750,000
Sewer Inflow and Infiltration.....	5/11/2022	400,000
Water Main Upgrades & Improvements.....	5/11/2022	1,622,683
 Total.....		 \$ 27,947,401

Changes in Long-term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Debt Issued	Debt Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable...	\$ 82,066,490	\$ 21,005,580	\$ (5,074,990)	\$ -	\$ -	\$ 97,997,080	\$ 5,335,680
Long-term direct borrowing payable.....	981,320	-	(64,032)	-	-	917,288	64,391
Add: Unamortized premium on bonds.....	4,905,993	630,679	(623,300)	-	-	4,913,372	613,560
Total long-term debt payable.....	87,953,803	21,636,259	(5,762,322)	-	-	103,827,740	6,013,631
Compensated absences.....	2,375,332	-	-	953,769	(1,147,072)	2,182,029	131,452
Net pension liability.....	36,922,859	-	-	1,964,232	(12,407,583)	26,479,508	-
Net other postemployment benefits liability.....	195,379,809	-	-	15,007,749	(57,565,168)	152,822,390	-
 Total governmental activity							
long-term liabilities.....	\$ 322,631,803	\$ 21,636,259	\$ (5,762,322)	\$ 17,925,750	\$ (71,119,823)	\$ 285,311,667	\$ 6,145,083
 Business-Type Activities:							
Long-term general obligation bonds payable...	\$ 14,693,510	\$ 504,420	\$ (1,375,010)	\$ -	\$ -	\$ 13,822,920	\$ 1,309,320
Long-term direct borrowing payable.....	3,159,003	-	(972,893)	-	-	2,186,110	977,892
Add: Unamortized premium on bonds.....	753,246	60,580	(105,370)	-	-	708,456	101,205
Total long-term debt payable.....	18,605,759	565,000	(2,453,273)	-	-	16,717,486	2,388,417
Compensated absences.....	148,941	-	-	62,801	(52,691)	159,051	58,661
Net pension liability.....	3,289,359	-	-	174,988	(1,105,358)	2,358,989	-
Net other postemployment benefits liability.....	2,607,630	-	-	192,915	(768,020)	2,032,525	-
 Total business-type activity							
long-term liabilities.....	\$ 24,651,689	\$ 565,000	\$ (2,453,273)	\$ 430,704	\$ (1,926,069)	\$ 21,268,051	\$ 2,447,078

Long-term liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, which consist of the general fund and the water, sewer, golf course and public health enterprise funds.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town presents its governmental fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the Statement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the Town from its highest level of decision-making authority. The highest level of decision-making authority is Town meeting.
- Assigned: fund balances that contain self-imposed constraints of the Town to be used for a

particular purpose.

- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 section 5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. The creation of a fund requires a two-thirds vote of Town Meeting and must clearly define the purpose of the fund. The specification and any alteration of purpose, and any appropriation of funds from any such fund, shall be approved by a two-thirds vote. In accordance with Massachusetts General Law, the Town has a general stabilization fund, a building capital stabilization fund, fire apparatus stabilization fund, and an education stabilization fund.

At year end, the balance of the general stabilization fund was \$6.1 million; the balance of the building capital stabilization fund was \$1.9 million; the balance of the fire apparatus stabilization fund was \$65,000, and the balance of the education stabilization fund was \$198,000. These stabilization funds were reported as unassigned fund balance within the general fund.

As of June 30, 2022, the governmental fund balances consisted of the following:

	General	Town Capital Projects	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 47,000	\$ 47,000
Restricted for:					
Town capital projects.....		24,005,864	-	-	24,005,864
Community preservation.....		-	6,518,583	-	6,518,583
Federal grants.....		-	-	300,766	300,766
Conservation.....		-	-	78,988	78,988
Revolving.....		-	-	2,016,585	2,016,585
Receipts reserved for appropriation.....		-	-	312,029	312,029
School gifts.....		-	-	49,571	49,571
School lunch.....		-	-	1,442,690	1,442,690
State grants.....		-	-	2,437,634	2,437,634
Other special revenue.....		-	-	4,712,342	4,712,342
Library capital projects.....		-	-	53,099	53,099
School capital projects.....		-	-	2,189,844	2,189,844
Expendable trust funds.....		-	-	265,787	265,787
Committed to:					
Articles and continuing appropriations:					
General government.....	158,273	-	-	-	158,273
Assigned to:					
General government.....	226,330	-	-	-	226,330
Public safety.....	157,108	-	-	-	157,108
Education.....	1,384,696	-	-	-	1,384,696
Public works.....	396,690	-	-	-	396,690
Human services.....	7,828	-	-	-	7,828
Culture and recreation.....	19,803	-	-	-	19,803
Employee benefits.....	102,323	-	-	-	102,323
Free cash used for subsequent year budget...	2,600,000	-	-	-	2,600,000
Unassigned.....	16,315,964	-	-	-	16,315,964
Total Fund Balances.....	\$ 21,369,015	\$ 24,005,864	\$ 6,518,583	\$ 13,906,335	\$ 65,799,797

NOTE 9 – 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 Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limit the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, in which case, the Town would be insured up to \$3 million.

The Town is self-insured for unemployment compensation. During fiscal year 2022, claims related to unemployment compensation were immaterial. The liability for the self-insured unemployment compensation program is not material at June 30, 2022.

The Town is self-insured for workers' compensation for all personnel. During fiscal year 2022, expenditures by the Town for claims related to workers' compensation amounted to \$262,741 which were recorded in the internal service fund.

The Town has a variety of self-insurance contributory health care options. Stop loss insurance is carried on all self-insured health care claims in excess of \$100,000 individually and \$200,000 in the aggregate. The Town contributes 50% towards Medicare eligible retirees, 50% towards surviving spouses, 70% towards retirees under the age of 65 and 70% towards the retirees' health insurance premiums. The amount of claim settlements has not exceeded the insurance coverage in any of the previous three fiscal years.

The Town's health insurance and workers' compensation activities are accounted for in the internal service fund. Liabilities for self-insured claims are reported when it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not yet reported. Changes in the self-insured claims incurred but not reported liability since July 1, 2020, were as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2021..... \$ 854,447		13,488,062	(13,443,083) \$ 899,426	
2022..... 899,426		14,090,401	(13,311,321)	1,678,506

NOTE 10 – PENSION PLAN

Plan Descriptions

The Town is a member of the Norfolk County Contributory Retirement System (System), a cost-sharing multiple-employer, contributory defined benefit pension plan covering eligible employees of the 41 member units deemed eligible by the System. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System issued a publicly available audited financial statement for the year ended December 31, 2021. The audited financial statements is available in writing by contacting the System's Executive Director at 480 Neponset Street, Building #15, Canton, MA 02021. The report may also be obtained through the System's website at www.norfolkcountyretirement.org.

The Town is also a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on

behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, and educational collaborative. The MTRS is part of the Commonwealth's reporting entity, and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$7,718,127 was reported in the general fund as intergovernmental revenue and pension expenditures in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town was \$96,181,031 as of the measurement date.

Benefits Provided

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

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. There have been no changes in benefit terms as of December 31, 2021.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The Town is required to pay into the NCCRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's contribution for the year ended June 30, 2022 was an actuarially determined amount of \$6,704,071. This amount when combined with plan member contributions is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's contribution was equal to 24.03% of covered payroll.

Pension Liabilities

At June 30, 2022, the Town reported a liability of \$28,838,497 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, update procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2021, the Town's proportion was 7.83%, a decrease from its 7.87% proportion measured at December 31, 2020.

Pension Expense

For the year ended June 30, 2022, the Town recognized pension expense of \$2,437,990. At June 30, 2022, the Town reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 2,916,986	\$ -	\$ 2,916,986
Difference between projected and actual earnings, net.....	-	(10,670,309)	(10,670,309)
Changes in proportion and proportionate share of contributions...	256,648	(187,843)	68,805
Total deferred outflows/(inflows) of resources.....	\$ 3,173,634	\$ (10,858,152)	\$ (7,684,518)

The deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023.....	\$ (423,311)
2024.....	(3,213,414)
2025.....	(2,074,262)
2026.....	(1,973,531)
Total deferred outflows/(inflows) of resources.....	\$ (7,684,518)

Actuarial Assumptions

The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2021:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Entry Age Normal Cost Method.
Asset valuation method.....	Fair value.
Investment rate of return.....	7.75%
Projected salary increases.....	3.50% - 5.50%
Discount rate.....	7.75%
Inflation rate.....	3.00%
Cost of living adjustments.....	3.00% of first \$18,000 of retirement income.
Mortality rates.....	The RP-2014 Blue Collar Mortality Table adjusted with Scale MP-2014.

Investment Policy

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

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	30.50%	7.00%
International equities.....	15.50%	7.70%
Fixed income.....	20.50%	4.30%
Real estate.....	9.50%	6.90%
Private equity.....	10.00%	9.40%
Hedge funds.....	11.50%	8.60%
Real assets.....	2.50%	8.90%
Total.....	<u>100.00%</u>	

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of December 31, 2021 and December 31, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
The Town's proportionate share of the net pension liability.....	\$ 47,996,183	\$ 28,838,497	\$ 20,507,337

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*Plan Description*

The Town of Stoughton administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through collective bargaining. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2022, the Town's average contribution rate was 7.66% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to raise taxes necessary to begin pre-funding its OPEB liabilities. During 2022, the Town pre-funded future OPEB liabilities by contributing \$25,000 to the OPEB trust fund in excess of the

pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2022, the balance of the fund totaled \$319,309.

Summary of Significant Accounting Policies

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

Measurement Date

GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Employees covered by Benefit Terms

The following table represents the Plan's membership at July 1, 2020:

Active members.....	812
Inactive members currently receiving benefits...	<u>668</u>
Total.....	<u>1,480</u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2022:

Total OPEB liability.....	\$ 155,174,224
Less: OPEB plan's fiduciary net position.....	<u>(319,309)</u>
Net OPEB liability.....	\$ <u>154,854,915</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.21%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the actuarial assumptions on the following page, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2022.

Valuation date.....	July 1, 2020.
Actuarial cost method.....	Individual entry age normal cost method.
Asset valuation method.....	Fair Value as of the measurement date.
Single equivalent discount rate.....	4.10%, net of OPEB plan investment expense, including inflation. Previously 2.25%.
Municipal bond rate.....	4.09%, as of June 30, 2022. Source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG.
Inflation rate.....	2.50% as of June 30, 2022 and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2022 and for future periods.
Pre-retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (14.77)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The chart below shows how the long-term rate of return on assets is developed based on the Town's investment policy.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap.....	18.50%	4.42%
Domestic equity - small/mid cap.....	15.00%	4.81%
International equity - developed market.....	10.50%	4.91%
International equities - emerging market....	7.25%	5.58%
Domestic fixed income.....	33.00%	1.00%
International fixed income.....	6.25%	1.04%
Alternative investments.....	9.00%	5.98%
Cash & cash equivalents.....	0.50%	0.00%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.10% as of June 30, 2022 and 2.25% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the plan assets is applied to the projected benefit payments which the fiduciary net position is projected to be sufficient to cover and the municipal bond rate is applied thereafter. The municipal bond rate is based on the S&P Municipal Bond 20-Year High Grade Index (SAPIHG), which was 4.09% as of June 30, 2022.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021.....	\$ 198,333,124	\$ 345,685	\$ 197,987,439
Changes for the year:			
Service cost.....	7,478,348	-	7,478,348
Interest.....	4,582,389	-	4,582,389
Changes in assumptions.....	(50,896,124)	-	(50,896,124)
Benefit payments.....	(4,323,513)	(4,323,513)	-
Contributions - employer.....	-	4,348,513	(4,348,513)
Net investment income/(loss).....	-	(51,376)	51,376
Net change.....	(43,158,900)	(26,376)	(43,132,524)
Balances at June 30, 2022.....	\$ 155,174,224	\$ 319,309	\$ 154,854,915

Sensitivity of the Net Other Postemployment Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 4.10%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Net OPEB liability.....	\$ 181,661,053	\$ 154,854,915	\$ 133,574,786

Sensitivity of the Net Other Postemployment Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 4.50%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 131,332,601	\$ 154,854,915	\$ 185,097,499

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized OPEB expense of \$15,200,664 and reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 8,576,491	\$ (3,256,545)	\$ 5,319,946
Difference between projected and actual earnings, net.....	49,052	-	49,052
Changes in assumptions.....	35,324,359	(42,993,000)	(7,668,641)
Total deferred outflows/(inflows) of resources.....	\$ 43,949,902	\$ (46,249,545)	\$ (2,299,643)

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

<u>Year ended June 30:</u>	
2023.....	\$ 3,040,582
2024.....	2,263,431
2025.....	123,025
2026.....	127,000
2027.....	(4,376,301)
Thereafter.....	<u>(3,477,380)</u>
 Total deferred outflows/(inflows) of resources... \$	<u>(2,299,643)</u>

Changes of Assumptions – The discount rate was increased from 2.25% to 4.10%.

Changes in Plan Provisions – None.

NOTE 12 – COMMITMENTS

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2022, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

The general fund had various commitments for goods and services related to encumbrances and continuing appropriations of \$2,453,036.

NOTE 13 – CONTINGENCIES

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of the liability, if any, at June 30, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

Per-and Polyfluoroalkyl Substances

The Town is in the process of conducting vigorous research and sampling efforts regarding the extent and potential remediation of Per-and Polyfluoroalkyl Substances (PFAS) contamination in all of the Town's water supply sources. These efforts are being conducted in accordance with Mass DEP regulations. Currently, only Muddy Pond and Goddard Well have exceeded the 20 ppt maximum contaminant limit (MCL) with Goddard Well now back in compliance, and testing frequency now increased for future monitoring of that source. In 2023, the Town will use the Drinking Water State Revolving Fund (DWSRF) loan program to fund PFAS remediation of the Muddy Pond Source, estimated at \$5.6 million. The DWSRF is a joint federal-state financing program that

provides subsidized loans to protect public health by improving water supply infrastructure systems and protects drinking water in the Commonwealth.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2023 which is the date the financial statements were available to be issued.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, Leases. This pronouncement did not impact the basic financial statements.
- GASB Statement #89, Accounting for Interest Cost Incurred before the End of a Construction Period. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, Omnibus 2020. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, Replacement of Interbank Offered Rates. This pronouncement did not impact the basic financial statements.
- GASB Statement #97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, Conduit Debt Obligations, which is required to be implemented in 2023.
- The GASB issued Statement #94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which is required to be implemented in 2023.
- The GASB issued Statement #96, Subscription-Based Information Technology Arrangements, which is required to be implemented in 2023.
- The GASB issued Statement #99, Omnibus 2022, which is required to be implemented in 2023.
- The GASB issued Statement #100, Accounting Changes and Error Corrections, which is required to be implemented in 2024.
- The GASB issued Statement #101, Compensated Absences, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 77,991,093	\$ 77,991,093	\$ 77,817,335	\$ -	\$ (173,758)
Tax liens.....	-	-	176,744	-	176,744
Motor vehicle and other excise taxes.....	3,882,957	3,882,957	4,464,260	-	581,303
Hotel/motel tax.....	153,911	153,911	316,874	-	162,963
Meals tax.....	398,360	398,360	502,853	-	104,493
Charges for services.....	3,194,608	3,194,608	4,038,871	-	844,263
Penalties and interest on taxes.....	629,851	629,851	601,950	-	(27,901)
Fees and rentals.....	348,907	348,907	520,798	-	171,891
Payments in lieu of taxes.....	50,894	50,894	90,899	-	40,005
Licenses and permits.....	789,788	789,788	1,060,345	-	270,557
Fines and forfeitures.....	87,203	87,203	52,667	-	(34,536)
Intergovernmental - state aid.....	21,522,702	21,522,702	21,998,660	-	475,958
Departmental and other.....	224,465	224,465	934,947	-	710,482
Investment income.....	77,595	77,595	46,770	-	(30,825)
 TOTAL REVENUES.....	 109,352,334	 109,352,334	 112,623,973	 -	 3,271,639
 EXPENDITURES:					
Current:					
General government.....	6,264,543	6,155,403	5,123,953	384,588	646,862
Public safety.....	15,863,754	15,824,101	15,045,198	157,108	621,795
Education.....	53,846,154	53,668,701	52,237,070	1,384,696	46,935
Public works.....	5,647,113	5,663,572	5,750,920	396,690	(484,038)
Health and human services.....	1,169,368	1,182,361	1,029,247	7,828	145,286
Culture and recreation.....	1,970,913	1,960,763	1,861,668	19,803	79,292
Pension benefits.....	6,704,071	6,704,071	6,702,923	-	1,148
Employee benefits.....	11,211,446	11,191,607	10,838,897	102,323	250,387
State and county charges.....	5,312,567	5,312,567	5,430,094	-	(117,527)
Debt service:					
Principal.....	4,864,522	4,864,522	4,864,522	-	-
Interest.....	2,981,917	2,951,593	2,935,272	-	16,321
 TOTAL EXPENDITURES.....	 115,836,368	 115,479,261	 111,819,764	 2,453,036	 1,206,461
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES:					
OVER (UNDER) EXPENDITURES.....	(6,484,034)	(6,126,927)	804,209	(2,453,036)	4,478,100
 OTHER FINANCING SOURCES (USES):					
Use of prior year reserves.....	2,295,268	2,295,268	-	-	(2,295,268)
Reversion of use prior year encumbrances.....	-	(357,107)	-	-	357,107
Use of free cash.....	2,900,000	5,966,158	-	-	(5,966,158)
Other amounts raised.....	(42,451)	(42,451)	-	-	42,451
Transfers in.....	1,432,173	1,432,173	1,459,705	-	27,532
Transfers out.....	(100,956)	(3,167,114)	(3,276,345)	-	(109,231)
 TOTAL OTHER FINANCING SOURCES (USES).....	 6,484,034	 6,126,927	 (1,816,640)	 -	 (7,943,567)
 NET CHANGE IN FUND BALANCE.....	 -	 -	 (1,012,431)	 (2,453,036)	 (3,465,467)
 BUDGETARY FUND BALANCE, Beginning of year.....	 14,330,415	 14,330,415	 14,330,415	 -	 -
 BUDGETARY FUND BALANCE, End of year.....	 \$ 14,330,415	 \$ 14,330,415	 \$ 13,317,984	 \$ (2,453,036)	 \$ (3,465,467)

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2021.....	7.83%	\$ 28,838,497	\$ 27,870,562	103.47%	79.40%
December 31, 2020.....	7.87%	40,212,218	25,828,083	155.69%	70.20%
December 31, 2019.....	7.86%	46,166,486	24,954,670	185.00%	64.60%
December 31, 2018.....	7.72%	50,247,391	24,016,231	209.22%	58.30%
December 31, 2017.....	7.71%	42,638,847	23,204,088	183.76%	63.50%
December 31, 2016.....	7.87%	41,099,362	21,676,272	189.61%	61.60%
December 31, 2015.....	7.87%	42,767,681	21,042,350	203.25%	58.60%
December 31, 2014.....	8.00%	41,506,638	19,059,662	217.77%	60.10%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2022.....	\$ 6,704,071	\$ (6,704,071)	\$ -	27,898,433	24.03%
June 30, 2021.....	6,305,587	(6,305,587)	-	25,853,911	24.39%
June 30, 2020.....	5,889,570	(5,889,570)	-	24,979,625	23.58%
June 30, 2019.....	5,400,160	(5,400,160)	-	24,040,247	22.46%
June 30, 2018.....	4,935,424	(4,935,424)	-	23,216,498	21.26%
June 30, 2017.....	4,437,692	(4,437,692)	-	21,691,938	20.46%
June 30, 2016.....	4,028,761	(4,028,761)	-	21,050,571	19.14%
June 30, 2015.....	3,872,235	(3,872,235)	-	19,079,677	20.30%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2022.....	\$ 96,181,031	\$ 7,718,127	62.03%
2021.....	120,301,121	14,858,912	50.67%
2020.....	107,873,297	13,081,510	53.95%
2019.....	89,325,878	9,051,884	54.84%
2018.....	98,470,008	10,277,601	54.25%
2017.....	96,363,954	9,829,755	52.73%
2016.....	89,982,373	7,298,371	55.38%
2015.....	67,177,139	4,667,118	61.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost.....	\$ 3,872,118	\$ 4,363,452	\$ 4,234,750	\$ 4,305,602	\$ 4,372,428	\$ 7,478,348
Interest.....	3,428,333	3,309,000	3,555,308	3,747,380	4,196,280	4,582,389
Changes of benefit terms.....	-	-	-	-	(8,039,649)	-
Differences between expected and actual experience.....	-	-	(10,041,013)	-	12,439,773	-
Changes of assumptions.....	-	4,150,953	23,806,780	-	39,179,966	(50,896,124)
Benefit payments.....	<u>(2,913,038)</u>	<u>(3,084,636)</u>	<u>(3,853,092)</u>	<u>(3,881,919)</u>	<u>(4,043,104)</u>	<u>(4,323,513)</u>
Net change in total OPEB liability.....	4,387,413	8,738,769	17,702,733	4,171,063	48,105,694	(43,158,900)
Total OPEB liability - beginning.....	<u>103,061,649</u>	<u>107,449,062</u>	<u>116,187,831</u>	<u>133,890,564</u>	<u>150,227,430</u>	<u>198,333,124</u>
Total OPEB liability - ending (a).....	<u>\$ 107,449,062</u>	<u>\$ 116,187,831</u>	<u>\$ 133,890,564</u>	<u>\$ 138,061,627</u>	<u>\$ 198,333,124</u>	<u>\$ 155,174,224</u>
Plan fiduciary net position						
Employer contributions.....	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 25,000
Employer contributions for OPEB payments.....	2,913,038	3,084,636	3,853,092	3,881,919	4,043,104	4,323,513
Net investment income (loss).....	278	703	(100)	77	34,207	(51,376)
Benefit payments.....	<u>(2,913,038)</u>	<u>(3,084,636)</u>	<u>(3,853,092)</u>	<u>(3,881,919)</u>	<u>(4,043,104)</u>	<u>(4,323,513)</u>
Net change in plan fiduciary net position.....	278	703	(100)	150,077	184,207	(26,376)
Plan fiduciary net position - beginning of year.....	<u>10,520</u>	<u>10,798</u>	<u>11,501</u>	<u>11,401</u>	<u>161,478</u>	<u>345,685</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 10,798</u>	<u>\$ 11,501</u>	<u>\$ 11,401</u>	<u>\$ 161,478</u>	<u>\$ 345,685</u>	<u>\$ 319,309</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 107,438,264</u>	<u>\$ 116,176,330</u>	<u>\$ 133,879,163</u>	<u>\$ 137,900,149</u>	<u>\$ 197,987,439</u>	<u>\$ 154,854,915</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.01%	0.01%	0.01%	0.12%	0.17%	0.21%
Covered-employee payroll.....	\$ 46,059,080	\$ 47,440,851	\$ 44,368,817	\$ 45,699,882	\$ 55,137,525	\$ 56,791,651
Net OPEB liability as a percentage of covered-employee payroll.....	233.26%	244.89%	301.74%	301.75%	359.08%	272.67%

Fiscal Year 2021 the beginning total OPEB liability was restated.

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
June 30, 2022.....	\$ 13,474,399	\$ (4,348,513)	\$ 9,125,886	\$ 56,791,651	7.66%
June 30, 2021.....	10,296,580	(4,193,104)	6,103,476	55,137,525	7.60%
June 30, 2020.....	10,933,455	(4,031,919)	6,901,536	45,699,882	8.82%
June 30, 2019.....	10,669,343	(3,853,092)	6,816,251	44,368,817	8.68%
June 30, 2018.....	10,118,045	(3,084,636)	7,033,409	47,440,851	6.50%
June 30, 2017.....	9,130,140	(2,913,038)	6,217,102	46,059,080	6.32%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2022.....	-14.77%
June 30, 2021.....	19.78%
June 30, 2020.....	0.68%
June 30, 2019.....	-0.87%
June 30, 2018.....	1.41%
June 30, 2017.....	2.63%

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

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYBudgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by a majority vote by the Town Meeting. The Town Manager presents annual operating budgets to the Town Meeting. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases or transfers between departments subsequent to the approval of the annual budget require majority approval via the Finance Committee and the Select Board.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of a Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2022 approved general fund operating budget authorized \$116 million in current year appropriations, other financing uses, and other amounts to be raised. Included in this amount was \$2.3 million of encumbrances and carried over from prior year. During 2022, the Town approved supplemental appropriations to the budget and decreased prior year carry forwards, which resulted in an increase of \$2.7 million.

The Town Accountant has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2022, is presented below:

Net change in fund balance - budgetary basis.....	\$ (1,012,431)
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	988,778
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(193,600)
Net change in recording 60 day receipts.....	(66,500)
Recognition of revenue for on-behalf payments.....	7,718,127
Recognition of expenditures for on-behalf payments.....	<u>(7,718,127)</u>
Net change in fund balance - GAAP basis.....	\$ <u>(283,753)</u>

Appropriation Deficits

During 2022, expenditures exceeded budget for state and county charges and public works for snow and ice. These over expenditures are allowable under Massachusetts General Law. The snow and ice deficit will be raised through the tax rate in fiscal year 2023.

NOTE B – PENSION PLAN**Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability, the proportionate share of the net pension liability, and the covered employee payroll.

It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of Town's Contributions

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

Schedule of the Special Funding Amounts of the Net Pension Liability

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

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town of Stoughton administers a single employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers.

The Other Postemployment Benefit PlanThe Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

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

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Methods and assumptions used to determine contribution rates were as follows:

Valuation date.....	July 1, 2020.
Actuarial cost method.....	Individual entry age normal cost method.
Asset valuation method.....	Fair Value as of the measurement date.
Single equivalent discount rate.....	4.10%, net of OPEB plan investment expense, including inflation. Previously 2.25%.
Municipal bond rate.....	4.09%, as of June 30, 2022. Source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG.
Inflation rate.....	2.50% as of June 30, 2022 and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2022 and for future periods.
Pre-retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

Schedule of Investment Returns

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

Changes of Assumptions – The discount rate was increased from 2.25% to 4.10%.

Changes in Plan Provisions – None.