



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

TOWN OF STOUGHTON, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2023

TOWN OF STOUGHTON, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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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, 2023, 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, 2023 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 21, 2024 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 & Salomon, LLC

March 21, 2024

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, 2023. 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 \$22.0 million at the close of 2023. This represents an increase of \$2.2 million from the prior year.

Net position of \$118.0 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, \$13.3 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 \$153.4 million. The primary reasons for this deficit balance are the recognition of the net other postemployment benefit liability totaling \$136.9 million and a net pension liability of \$41.6 million.

	2023	2022
Assets:		
Current assets.....	\$ 97,357,897	\$ 90,979,892
Capital assets, nondepreciable.....	20,959,530	16,040,607
Capital assets, net of accumulated depreciation....	170,266,907	172,957,437
Total assets.....	288,584,334	279,977,936
 Deferred outflows of resources.....	42,900,087	46,287,074
 Liabilities:		
Current liabilities (excluding debt).....	15,625,421	7,396,696
Noncurrent liabilities (excluding debt).....	180,593,858	181,352,475
Current debt.....	7,437,121	8,322,620
Noncurrent debt.....	92,766,089	97,814,109
Total liabilities.....	296,422,489	294,885,900
 Deferred inflows of resources.....	57,098,015	55,612,460
 Net position:		
Net investment in capital assets.....	118,040,095	111,506,306
Restricted.....	13,291,083	11,670,127
Unrestricted.....	(153,367,261)	(147,409,783)
 Total net position.....	\$ (22,036,083)	\$ (24,233,350)

Governmental net position increased during 2023 by \$2.2 million. Key factors driving the decrease in net position are:

- Capital grant revenue of \$4.0 million for infrastructure projects.
- Positive budgetary results.
- Community preservation fund revenues exceeding current year expenditures.
- A net decrease in outstanding debt.
- An increase of \$4.1 million in expenses associated with the net pension and OPEB liabilities and related deferred inflows and outflows of net position. The increased expense related to the amortization of deferred outflows and inflows of resources of the net OPEB liability, primarily from the difference between expected and actual experience.

General revenues totaled \$93.9 million, primarily coming from property taxes, motor vehicle excise taxes and unrestricted grants and contributions. This category increased \$4.7 million over the prior year due to real estate and personal property tax revenue growth and an increase in investment income.

Operating grants and contributions increased \$4.2 million from the prior year as on behalf contributions to Massachusetts Teachers Retirement System (MTRS) made by the State increased \$1.2 million from the prior

year. Timing differences between other grant expenditures and related revenues, primarily related to the school department, also factored into the increase in operating grant revenues.

Total governmental expenses totaled \$143.3 million, of which \$52.2 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. Governmental expenses increased \$7.2 million from the prior year. The primary reason for this increase were increases in the net OPEB liability, and related deferrals, and increases in medical insurance claims costs.

	2023	2022
Program Revenues:		
Charges for services.....	\$ 8,474,990	\$ 7,681,584
Operating grants and contributions.....	39,721,692	35,501,858
Capital grants and contributions.....	4,038,742	2,349,992
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	80,308,780	78,105,559
Tax and other liens.....	90,036	40,635
Motor vehicle excise taxes.....	4,390,872	4,592,639
Hotel/motel tax.....	467,185	316,874
Meals tax.....	587,960	502,853
Community preservation tax.....	1,084,170	890,830
Penalties and interest on taxes.....	671,363	606,203
Payments in lieu of taxes.....	86,669	90,899
Grants and contributions not restricted to specific programs.....	4,150,018	4,146,363
Unrestricted investment income/(loss).....	2,026,416	(105,566)
Total revenues.....	146,098,893	134,720,723
Expenses:		
General government.....	7,297,996	7,688,265
Public safety.....	23,891,226	22,540,288
Education.....	96,490,784	90,078,973
Public works.....	7,443,859	7,992,642
Human services.....	1,819,838	1,855,538
Culture and recreation.....	3,406,411	3,111,246
Community preservation.....	30,854	166,232
Interest.....	2,926,440	2,629,628
Total expenses.....	143,307,408	136,062,812
Excess (Deficiency) before transfers.....	2,791,485	(1,342,089)
Transfers.....	(594,218)	(102,178)
Change in net position.....	2,197,267	(1,444,267)
Net position, beginning of year.....	(24,233,350)	(22,789,083)
Net position, end of year.....	\$ (22,036,083)	\$ (24,233,350)

Business-type Activities

The Town's business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36.1 million at the close of 2023.

	2023	2022
Assets:		
Current assets.....	\$ 15,811,762	\$ 15,283,378
Capital assets, nondepreciable.....	12,443,073	10,050,736
Capital assets, net of accumulated depreciation.....	35,085,921	35,477,667
Total assets.....	63,340,756	60,811,781
 Deferred outflows of resources.....	1,357,699	836,462
 Liabilities:		
Current liabilities (excluding debt).....	523,180	1,097,883
Noncurrent liabilities (excluding debt).....	5,944,382	4,491,904
Current debt.....	4,950,128	6,736,705
Noncurrent debt.....	16,234,228	14,329,069
Total liabilities.....	27,651,918	26,655,561
 Deferred inflows of resources.....	900,502	1,495,237
 Net position:		
Net investment in capital assets.....	31,976,844	29,243,598
Unrestricted.....	4,169,191	4,253,847
 Total net position.....	\$ 36,146,035	\$ 33,497,445

Business-type net position of \$32.0 million represents the net investment in capital assets. Unrestricted net position of \$4.2 million is available to be used for the ongoing operation of the Town's enterprise activities. There was an overall increase of \$2.6 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 \$16.1 million represents the net investment in capital assets, while \$100,000 was unrestricted. The water fund experienced an increase of \$483,000 in net position from the prior year. The increase in net position is due operating revenues and investment income increasing at a rate that exceeded the growth in fund expenses.

The sewer enterprise fund's net position of \$15.1 million represents the net investment in capital assets, while \$3.8 million was unrestricted. The sewer fund experienced an increase of \$2.1 million in net position from the prior year. The increase was attributable to 1) the recognition of \$795,000 capital grant revenue associated with the MWRA grant program and 2) the recognition of \$1.1 million of ARPA grant revenues. The grant revenues funded upgrades to the plant infrastructure.

The golf course enterprise fund's net position of \$742,000 represents the net investment in capital assets, while unrestricted net position was \$619,000. Net position increased \$285,000 due to an increased usage and an increase in the overall greens fees per round played.

The public health enterprise fund's deficit net position of \$350,000 was unrestricted at year end. Net position decreased \$213,000 due to a decreased service usage, and an increase in expenditures related to the net OPEB liability.

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 \$26,000 and represents a timing difference between receipts, and payments made.

	2023	2022
Program Revenues:		
Charges for services.....	\$ 14,264,563	\$ 12,435,191
Operating grants and contributions.....	131,356	160,096
Capital grants and contributions.....	1,868,758	2,376,242
General Revenues:		
Unrestricted investment income.....	436,216	13,504
Total revenues.....	16,700,893	14,985,033
Expenses:		
Water.....	4,726,357	4,607,007
Sewer.....	8,151,420	7,690,252
Golf Course.....	374,910	261,418
Public Health.....	1,038,171	902,802
Cable Public Access.....	355,663	451,527
Total expenses.....	14,646,521	13,913,006
Excess (Deficiency) before transfers.....	2,054,372	1,072,027
Transfers.....	594,218	102,178
Change in net position.....	2,648,590	1,174,205
Net position, beginning of year.....	33,497,445	32,323,240
Net position, end of year.....	\$ 36,146,035	\$ 33,497,445

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 \$68.8 million. Cumulatively there was an increase of \$3.0 million in fund balances from the prior year. The reasons for the increase 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 \$18.8 million, while \$3.8 million was assigned for carryover encumbrances and free cash to fund the subsequent year's budget, and \$8,300 was committed for continuing articles. Total fund balance of the general fund was \$22.6 million, an increase of \$1.3 million over the prior year. This is primarily due to positive budgetary results.

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 15.1% of total general fund expenditures, while total fund balance represents 18.1% of that same amount.

The Town capital projects fund accounts account for activity associated with the acquisition, construction or improvement of capital facilities, infrastructure and equipment. Capital project activity that relates to the education function or roadway infrastructure grants from the Commonwealth of Massachusetts are accounted for in a nonmajor governmental fund. During 2023, the Town capital projects fund expended \$6.4 million on various non-enterprise capital projects. Revenues and other financing sources of \$5 million consisted of ARPA grant revenues, land developer donations, the issuance of general obligation bonds and associated premiums, and budgeted transfers in from the general fund. At the end of the fiscal year, fund balance decreased \$1.4 million from the prior year and totaled \$22.6 million.

The community preservation fund accounts for the property tax surcharge levied for community preservation purposes. The fund had a year-end balance of \$7.9 million which represented a \$1.4 million increase from the prior year. During the year \$1.1 million of taxes were received, state matching funds were \$344,000, and \$201,000 of investment income was earned. The fund reported expenditures of \$590,000 of which \$386,000 was for debt service. The increase in fund balance relates to a timing difference between collection of taxes and other revenues and the incurring of expenditures associated with fund projects approved by Town Meeting.

The federal grants fund accounts for activity specially financed by federal grants. At year end fund balance was \$358,000, an increase of \$57,000 from the prior year. The grants received primarily relate to the school department. The fund reported \$5.8 million of unearned revenue at year end, related to unobligated State and Local Fiscal Recovery Funds (SLFRF).

Nonmajor governmental funds ended the year with a fund balance of \$15.4 million, an increase of \$1.8 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 2023 approved general fund operating budget authorized \$123.3 million in current year appropriations, other financing uses, and other amounts to be raised. Included in this amount is \$2.5 million of encumbrances carried over from prior year. During 2023, the Town approved supplemental appropriations to the budget and liquidated prior year carry forwards, which resulted in an increase in appropriations of \$3.9 million. The increase in appropriations mainly funded transfer out to capital project funds.

Revenues were \$2.1 million over budget which is primarily the result of conservative budgeting of investment income and increased earnings on cash on deposit with various banking institutions. This led to actual investment income being \$1.5 million over budget. Actual expenditures and amounts carried forward to FY2024 were \$4.4 million under budget in a variety of functions. During the year, Town Meeting voted to use \$4.8 million of existing fund balance (free cash) to fund the operating budget, capital, and for transfer to the stabilization reserves.

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, 2023, amounted to \$238.8 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 \$9.0 million for governmental activities and \$3.4 million for business-type activities.

Major governmental additions included roadway improvements, new building construction currently classified as construction in process, various departmental vehicles, and school building improvements.

Capital additions for the business-type activities mainly related to Park St. sewer construction, pump station upgrades, water main upgrades, golf course equipment, 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, 2023, totaled approximately \$98.9 million. Short-term bond anticipation notes totaled \$1.4 million.

The enterprise funds had \$18.0 million in long-term debt and \$3.2 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 decreased by \$3.7 million in the current year due to the issuance of \$4.6 million of long-term debt and related premiums of \$122,000, offset by \$8.4 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, 2023

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 67,019,664	\$ 10,156,889	\$ 77,176,553
Investments.....	18,958,150	-	18,958,150
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,546,138	-	3,546,138
Tax liens.....	2,044,121	-	2,044,121
Community preservation fund surtax.....	41,280	-	41,280
Motor vehicle excise taxes.....	803,590	-	803,590
User charges.....	827,968	5,648,309	6,476,277
Departmental and other.....	434,903	-	434,903
Intergovernmental.....	2,889,727	-	2,889,727
Community preservation state share.....	344,011	-	344,011
Special assessments.....	342,444	6,564	349,008
Other assets.....	105,901	-	105,901
Total current assets.....	<u>97,357,897</u>	<u>15,811,762</u>	<u>113,169,659</u>
NONCURRENT:			
Capital assets, nondepreciable.....	20,959,530	12,443,073	33,402,603
Capital assets, net of accumulated depreciation.....	170,266,907	35,085,921	205,352,828
Total noncurrent assets.....	<u>191,226,437</u>	<u>47,528,994</u>	<u>238,755,431</u>
TOTAL ASSETS.....	<u>288,584,334</u>	<u>63,340,756</u>	<u>351,925,090</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	9,358,410	833,716	10,192,126
Deferred outflows related to other postemployment benefits.....	33,541,677	523,983	34,065,660
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>42,900,087</u>	<u>1,357,699</u>	<u>44,257,786</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	2,062,717	283,784	2,346,501
Accrued payroll.....	488,284	50,133	538,417
Health claims payable.....	2,055,984	-	2,055,984
Tax refunds payable.....	1,078,200	-	1,078,200
Accrued interest.....	812,887	128,042	940,929
Other liabilities.....	3,198,221	1,386	3,199,607
Unearned revenue.....	5,795,047	-	5,795,047
Compensated absences.....	134,081	59,835	193,916
Notes payable.....	1,350,112	3,200,000	4,550,112
Long-term debt payable.....	6,087,009	1,750,128	7,837,137
Total current liabilities.....	<u>23,062,542</u>	<u>5,473,308</u>	<u>28,535,850</u>
NONCURRENT:			
Compensated absences.....	2,091,589	102,398	2,193,987
Net pension liability.....	41,563,058	3,702,743	45,265,801
Net other postemployment benefits liability.....	136,939,211	2,139,241	139,078,452
Long-term debt payable.....	92,766,089	16,234,228	109,000,317
Total noncurrent liabilities.....	<u>273,359,947</u>	<u>22,178,610</u>	<u>295,538,557</u>
TOTAL LIABILITIES.....	<u>296,422,489</u>	<u>27,651,918</u>	<u>324,074,407</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	2,019	-	2,019
Deferred inflows related to pensions.....	116,478	10,377	126,855
Deferred inflows related to other postemployment benefits.....	56,979,518	890,125	57,869,643
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>57,098,015</u>	<u>900,502</u>	<u>57,998,517</u>
NET POSITION			
Net investment in capital assets.....	118,040,095	31,976,844	150,016,939
Restricted for:			
Permanent funds:			
Expendable.....	250,960	-	250,960
Nonexpendable.....	47,000	-	47,000
Gifts and grants.....	4,731,513	-	4,731,513
Community preservation.....	8,261,610	-	8,261,610
Unrestricted.....	(153,367,261)	4,169,191	(149,198,070)
TOTAL NET POSITION.....	<u>\$ (22,036,083)</u>	<u>\$ 36,146,035</u>	<u>\$ 14,109,952</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

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.....	\$ 7,297,996	\$ 801,986	\$ 443,109	\$ -	\$ (6,052,901)
Public safety.....	23,891,226	4,445,341	357,587	-	(19,088,298)
Education.....	96,490,784	754,239	37,669,663	89,185	(57,977,697)
Public works.....	7,443,859	2,115,143	410,569	3,949,557	(968,590)
Human services.....	1,819,838	192,079	294,944	-	(1,332,815)
Culture and recreation.....	3,406,411	166,202	113,598	-	(3,126,611)
Community preservation.....	30,854	-	417,222	-	386,368
Interest.....	2,926,440	-	15,000	-	(2,911,440)
Total Governmental Activities.....	143,307,408	8,474,990	39,721,692	4,038,742	(91,071,984)
<i>Business-Type Activities:</i>					
Water.....	4,726,357	4,954,071	114,356	-	342,070
Sewer.....	8,151,420	7,831,472	17,000	1,868,758	1,565,810
Golf course.....	374,910	639,028	-	-	264,118
Public Health.....	1,038,171	472,505	-	-	(565,666)
Cable Public Access.....	355,663	367,487	-	-	11,824
Total Business-Type Activities.....	14,646,521	14,264,563	131,356	1,868,758	1,618,156
Total Primary Government.....	\$ 157,953,929	\$ 22,739,553	\$ 39,853,048	\$ 5,907,500	\$ (89,453,828)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (91,071,984)	\$ 1,618,156	\$ (89,453,828)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	80,308,780	-	80,308,780
Tax and other liens.....	90,036	-	90,036
Motor vehicle excise taxes.....	4,390,872	-	4,390,872
Hotel/motel tax.....	467,185	-	467,185
Meals tax.....	587,960	-	587,960
Community preservation tax.....	1,084,170	-	1,084,170
Penalties and interest on taxes.....	671,363	-	671,363
Payments in lieu of taxes.....	86,669	-	86,669
Grants and contributions not restricted to specific programs.....	4,150,018	-	4,150,018
Unrestricted investment income (loss).....	2,026,416	436,216	2,462,632
<i>Transfers, net</i>	<u>(594,218)</u>	<u>594,218</u>	<u>-</u>
Total general revenues and transfers.....	<u>93,269,251</u>	<u>1,030,434</u>	<u>94,299,685</u>
Change in net position.....	2,197,267	2,648,590	4,845,857
<i>Net position:</i>			
Beginning of year.....	(24,233,350)	33,497,445	9,264,095
End of year.....	<u>\$ (22,036,083)</u>	<u>\$ 36,146,035</u>	<u>\$ 14,109,952</u>

See notes to basic financial statements.

(Concluded)

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2023

	General	Town Capital Projects	Community Preservation	Federal Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 5,252,713	\$ 23,342,734	\$ 8,198,384	\$ 6,169,435	\$ 18,942,436	\$ 61,905,702
Investments.....	18,822,943	-	-	-	135,207	18,958,150
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	3,546,138	-	-	-	-	3,546,138
Tax liens.....	2,044,121	-	-	-	-	2,044,121
Community preservation fund surtax.....	-	-	41,280	-	-	41,280
Motor vehicle and other excise taxes.....	803,590	-	-	-	-	803,590
User charges.....	827,968	-	-	-	-	827,968
Departmental and other.....	434,903	-	-	-	-	434,903
Intergovernmental.....	129,909	-	-	-	2,759,818	2,889,727
Community preservation state share.....	-	-	344,011	-	-	344,011
Special assessments.....	-	-	-	-	342,444	342,444
Due from other funds.....	1,334,557	-	-	-	-	1,334,557
Other assets.....	105,901	-	-	-	-	105,901
TOTAL ASSETS	\$ 33,302,743	\$ 23,342,734	\$ 8,583,675	\$ 6,169,435	\$ 22,179,905	\$ 93,578,492
LIABILITIES						
Warrants payable.....	\$ 945,625	\$ 767,808	\$ 1,681	\$ 13,846	\$ 333,757	\$ 2,062,717
Accrued payroll.....	447,434	-	338	2,918	37,594	488,284
Tax refunds payable.....	1,078,200	-	-	-	-	1,078,200
Due to other funds.....	-	-	-	-	1,334,557	1,334,557
Other liabilities.....	893,924	-	-	-	2,304,297	3,198,221
Unearned revenue.....	-	-	-	5,795,047	-	5,795,047
Notes payable.....	-	-	320,000	-	1,030,112	1,350,112
TOTAL LIABILITIES	3,365,183	767,808	322,019	5,811,811	5,040,317	15,307,138
DEFERRED INFLOWS OF RESOURCES						
Taxes paid in advance.....	1,973	-	46	-	-	2,019
Unavailable revenue.....	7,296,346	-	385,289	-	1,767,704	9,449,339
TOTAL DEFERRED INFLOWS OF RESOURCES	7,298,319	-	385,335	-	1,767,704	9,451,358
FUND BALANCES						
Nonspendable.....	-	-	-	-	47,000	47,000
Restricted.....	-	22,574,926	7,876,321	357,624	15,324,884	46,133,755
Committed.....	8,273	-	-	-	-	8,273
Assigned.....	3,817,350	-	-	-	-	3,817,350
Unassigned.....	18,813,618	-	-	-	-	18,813,618
TOTAL FUND BALANCES	22,639,241	22,574,926	7,876,321	357,624	15,371,884	68,819,996
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 33,302,743	\$ 23,342,734	\$ 8,583,675	\$ 6,169,435	\$ 22,179,905	\$ 93,578,492

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$ 68,819,996
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	191,226,437
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	9,449,339
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.....	(14,195,909)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	3,057,978
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(812,887)
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.....	(98,853,098)
Net pension liability.....	(41,563,058)
Net other postemployment benefits liability.....	(136,939,211)
Compensated absences.....	<u>(2,225,670)</u>
Net effect of reporting long-term liabilities.....	<u>(279,581,037)</u>
Net position of governmental activities.....	<u>\$ (22,036,083)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Town Capital Projects	Community Preservation	Federal Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes,						
net of tax refunds.....	\$ 79,607,544	\$ -	\$ -	\$ -	\$ -	\$ 79,607,544
Tax liens.....	285,789	-	2,591	-	-	288,380
Motor vehicle excise taxes.....	4,508,994	-	-	-	-	4,508,994
Hotel/motel tax.....	467,185	-	-	-	-	467,185
Meals tax.....	587,960	-	-	-	-	587,960
Charges for services.....	4,341,634	-	-	-	804,204	5,145,838
Penalties and interest on taxes.....	666,271	-	5,092	-	-	671,363
Fees and rentals.....	525,913	-	-	-	29,450	555,363
Payments in lieu of taxes.....	86,669	-	-	-	-	86,669
Licenses and permits.....	1,300,983	-	-	-	-	1,300,983
Fines and forfeitures.....	38,705	-	-	-	-	38,705
Intergovernmental - state aid.....	25,919,978	-	-	9,636	-	25,929,614
Intergovernmental - School Building Authority.....	-	-	-	-	89,185	89,185
Intergovernmental - Teachers Retirement.....	8,957,974	-	-	-	-	8,957,974
Intergovernmental - other.....	15,000	1,353,598	-	3,185,350	6,449,530	11,003,478
Departmental and other.....	651,856	-	-	-	1,554,725	2,206,581
Community preservation taxes.....	-	-	1,080,701	-	-	1,080,701
Community preservation state match.....	-	-	344,011	-	-	344,011
Contributions and donations.....	-	800,000	-	-	691,478	1,491,478
Investment income (loss).....	1,711,831	-	200,908	-	86,414	1,999,153
TOTAL REVENUES	129,674,286	2,153,598	1,633,303	3,194,986	9,704,986	146,361,159
EXPENDITURES:						
Current:						
General government.....	3,760,045	227,171	-	-	265,633	4,252,849
Public safety.....	15,492,314	4,114,171	-	9,733	1,015,787	20,632,005
Education.....	56,139,396	-	-	2,693,589	5,349,732	64,182,717
Public works.....	5,163,016	2,049,372	-	-	1,818,103	9,030,491
Human services.....	968,212	-	-	100,588	253,164	1,321,964
Culture and recreation.....	1,955,067	-	-	-	293,661	2,248,728
Community preservation.....	-	-	203,463	-	-	203,463
Pension benefits.....	6,681,147	-	-	-	-	6,681,147
Pension benefits - Teachers Retirement.....	8,957,974	-	-	-	-	8,957,974
Employee benefits.....	12,155,436	-	-	-	-	12,155,436
State and county charges.....	5,152,538	-	-	-	-	5,152,538
Debt service:						
Principal.....	5,117,151	-	282,920	-	-	5,400,071
Interest.....	3,462,958	-	103,390	-	-	3,566,348
TOTAL EXPENDITURES	125,005,254	6,390,714	589,773	2,803,910	8,996,080	143,785,731
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,669,032	(4,237,116)	1,043,530	391,076	708,906	2,575,428
OTHER FINANCING SOURCES (USES):						
Issuance of long-term debt.....	-	689,781	299,508	-	15,000	1,004,289
Premium from issuance of debt.....	-	20,000	14,700	-	-	34,700
Transfers in.....	-	2,096,397	-	-	1,302,409	3,398,806
Transfers out.....	(3,398,806)	-	-	(334,218)	(260,000)	(3,993,024)
TOTAL OTHER FINANCING SOURCES (USES)	(3,398,806)	2,806,178	314,208	(334,218)	1,057,409	444,771
NET CHANGE IN FUND BALANCES	1,270,226	(1,430,938)	1,357,738	56,858	1,766,315	3,020,199
FUND BALANCES AT BEGINNING OF YEAR	21,369,015	24,005,864	6,518,583	300,766	13,605,569	65,799,797
FUND BALANCES AT END OF YEAR	\$ 22,639,241	\$ 22,574,926	\$ 7,876,321	\$ 357,624	\$ 15,371,884	\$ 68,819,996

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, 2023

Net change in fund balances - total governmental funds.....	\$ 3,020,199
<p>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.</p>	
Capital outlay.....	9,037,944
Depreciation expense.....	<u>(6,809,551)</u>
Net effect of reporting capital assets.....	2,228,393
<p>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.....</p>	
	(289,529)
<p>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.</p>	
Issuance of long-term debt.....	(1,004,289)
Premium from issuance of long-term debt.....	(34,700)
Net amortization of premium from issuance of bonds.....	613,560
Debt service principal payments.....	<u>5,400,071</u>
Net effect of reporting long-term debt.....	4,974,642
<p>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.</p>	
Net change in compensated absences accrual.....	(43,641)
Net change in accrued interest on long-term debt.....	26,348
Net change in deferred outflow/(inflow) of resources related to pensions.....	16,297,858
Net change in net pension liability.....	(15,083,550)
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(21,168,381)
Net change in net other postemployment benefits liability.....	<u>15,883,179</u>
Net effect of recording long-term liabilities.....	(4,088,187)
<p>The net activity of internal service funds is reported with Governmental Activities.....</p>	
	<u>(3,648,251)</u>
Change in net position of governmental activities.....	<u>\$ 2,197,267</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

	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.....	\$ 3,064,017	\$ 5,503,695	\$ 953,826	\$ 576,992	\$ 58,359	\$ 10,156,889	\$ 5,113,962
Receivables, net of allowance for uncollectibles:							
User charges.....	2,096,979	3,551,330	-	-	-	5,648,309	-
Special assessments.....	-	6,564	-	-	-	6,564	-
Total current assets.....	5,160,996	9,061,589	953,826	576,992	58,359	15,811,762	5,113,962
NONCURRENT:							
Capital assets, nondepreciable.....	5,832,490	6,521,937	88,646	-	-	12,443,073	-
Capital assets, net of accumulated depreciation.....	21,932,622	12,489,786	663,513	-	-	35,085,921	-
Total noncurrent assets.....	27,765,112	19,011,723	752,159	-	-	47,528,994	-
TOTAL ASSETS	32,926,108	28,073,312	1,705,985	576,992	58,359	63,340,756	5,113,962
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions.....	412,781	301,687	27,519	91,729	-	833,716	-
Deferred outflows related to other postemployment benefits.....	214,967	161,621	31,064	116,331	-	523,983	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	627,748	463,308	58,583	208,060	-	1,357,699	-
LIABILITIES							
CURRENT:							
Warrants payable.....	99,655	135,147	16,649	-	32,333	283,784	-
Accrued payroll.....	18,789	15,463	4,228	11,653	-	50,133	
Health claims payable.....	-	-	-	-	-	-	2,055,984
Accrued interest.....	90,641	37,401	-	-	-	128,042	-
Other liabilities.....	1,386	-	-	-	-	1,386	
Compensated absences.....	20,640	16,520	8,051	14,624	-	59,835	
Notes payable.....	300,000	2,900,000	-	-	-	3,200,000	
Long-term debt payable.....	1,348,416	391,712	10,000	-	-	1,750,128	
Total current liabilities.....	1,879,527	3,496,243	38,928	26,277	32,333	5,473,308	2,055,984
NONCURRENT:							
Compensated absences.....	31,328	35,098	8,051	27,921	-	102,398	-
Net pension liability.....	1,833,265	1,339,868	122,218	407,392	-	3,702,743	-
Net other postemployment benefits liability.....	877,637	659,844	126,822	474,938	-	2,139,241	-
Long-term debt payable.....	12,375,057	3,804,171	55,000	-	-	16,234,228	-
Total noncurrent liabilities.....	15,117,287	5,838,981	312,091	910,251	-	22,178,610	-
TOTAL LIABILITIES	16,996,814	9,335,224	351,019	936,528	32,333	27,651,918	2,055,984
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions.....	5,138	3,755	343	1,141	-	10,377	-
Deferred inflows related to other postemployment benefits.....	365,179	274,557	52,770	197,619	-	890,125	
TOTAL DEFERRED INFLOWS OF RESOURCES	370,317	278,312	53,113	198,760	-	900,502	-
NET POSITION							
Net investment in capital assets.....	16,086,494	15,148,831	741,519	-	-	31,976,844	-
Unrestricted.....	100,231	3,774,253	618,917	(350,236)	26,026	4,169,191	3,057,978
TOTAL NET POSITION	\$ 16,186,725	\$ 18,923,084	\$ 1,360,436	\$ (350,236)	\$ 26,026	\$ 36,146,035	\$ 3,057,978

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Business-type Activities - Enterprise Funds							
	Water	Sewer	Golf Course	Public Health	Cable Public Access	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES:							
Charges for services.....	\$ 4,681,729	\$ 7,758,001	\$ 639,028	\$ 472,505	\$ 367,487	\$ 13,918,750	\$ -
Employee contributions.....	-	-	-	-	-	-	3,960,544
Employer contributions.....	-	-	-	-	-	-	9,633,237
Other operating revenues.....	272,342	73,471	-	-	-	345,813	-
TOTAL OPERATING REVENUES	4,954,071	7,831,472	639,028	472,505	367,487	14,264,563	13,593,781
OPERATING EXPENSES:							
Cost of services and administration.....	2,387,989	1,166,309	199,047	480,732	355,663	4,589,740	-
Salaries and wages.....	949,655	801,596	128,716	557,439	-	2,437,406	-
MWRA assessment.....	118,822	5,471,765	-	-	-	5,590,587	-
Depreciation.....	875,796	484,896	43,830	-	-	1,404,522	-
Employee benefits.....	-	-	-	-	-	-	17,269,295
TOTAL OPERATING EXPENSES	4,332,262	7,924,566	371,593	1,038,171	355,663	14,022,255	17,269,295
OPERATING INCOME (LOSS)	621,809	(93,094)	267,435	(565,666)	11,824	242,308	(3,675,514)
NONOPERATING REVENUES (EXPENSES):							
Investment income.....	140,738	255,136	21,142	18,795	405	436,216	27,263
Interest expense.....	(394,095)	(226,854)	(3,317)	-	-	(624,266)	-
Intergovernmental - subsidy.....	114,356	17,000	-	-	-	131,356	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(139,001)	45,282	17,825	18,795	405	(56,694)	27,263
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	482,808	(47,812)	285,260	(546,871)	12,229	185,614	(3,648,251)
CAPITAL CONTRIBUTIONS	-	1,868,758	-	-	-	1,868,758	-
TRANSFERS:							
Transfers in.....	-	260,000	-	334,218	-	594,218	-
CHANGE IN NET POSITION	482,808	2,080,946	285,260	(212,653)	12,229	2,648,590	(3,648,251)
NET POSITION AT BEGINNING OF YEAR	15,703,917	16,842,138	1,075,176	(137,583)	13,797	33,497,445	6,706,229
NET POSITION AT END OF YEAR	\$ 16,186,725	\$ 18,923,084	\$ 1,360,436	\$ (350,236)	\$ 26,026	\$ 36,146,035	\$ 3,057,978

See notes to basic financial statements.

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	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.....	\$ 4,737,923	\$ 7,742,896	\$ 639,028	\$ 472,505	\$ 367,487	\$ 13,959,839	\$ 3,960,544	9,633,237
Receipts from interfund services provided.....	-	-	-	-	-	-	-	-
Payments to vendors.....	(2,406,459)	(6,492,344)	(163,352)	(369,470)	(323,330)	(9,754,955)	-	-
Payments to employees.....	(955,811)	(801,694)	(127,060)	(552,664)	-	(2,437,229)	-	-
Payments for interfund services used.....	-	-	-	-	-	-	-	(16,898,250)
NET CASH FROM OPERATING ACTIVITIES	1,375,653	448,858	348,616	(449,629)	44,157	1,767,655	(3,304,469)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfers in.....	-	260,000	-	334,218	-	594,218	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from the issuance of long-term debt and notes.....	2,226,293	4,541,418	-	-	-	6,767,711	-	-
Premium from the issuance of long-term debt.....	15,707	71,870	-	-	-	87,577	-	-
Capital contributions.....	-	1,868,119	-	-	-	1,868,119	-	-
Acquisition and construction of capital assets.....	(601,451)	(3,232,619)	(243,590)	-	-	(4,077,660)	-	-
Principal payments on long-term debt and notes.....	(2,257,100)	(4,363,980)	(14,420)	-	-	(6,635,500)	-	-
Interest expense.....	(380,947)	(201,051)	(3,317)	-	-	(585,315)	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(997,498)	(1,316,243)	(261,327)	-	-	(2,575,068)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:								
Investment income.....	140,738	255,136	21,142	18,795	405	436,216	27,263	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	518,893	(352,249)	108,431	(96,616)	44,562	223,021	(3,277,206)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,545,124	5,855,944	845,395	673,608	13,797	9,933,868	8,391,168	
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,064,017	\$ 5,503,695	\$ 953,826	\$ 576,992	\$ 58,359	\$ 10,156,889	\$ 5,113,962	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:								
Operating income (loss).....	\$ 621,809	\$ (93,094)	\$ 267,435	\$ (565,666)	\$ 11,824	\$ 242,308	\$ (3,675,514)	
Adjustments to reconcile operating income to net cash from operating activities:								
Depreciation.....	875,796	484,896	43,830	-	-	1,404,522	-	-
Deferred (outflows)/inflows related to pensions.....	(718,866)	(525,393)	(47,924)	(159,748)	-	(1,451,931)	-	-
Deferred (outflows)/inflows related to other postemployment benefits....	136,860	104,217	19,931	74,951	-	335,959	-	-
Changes in assets and liabilities:								
User charges.....	(216,148)	(88,576)	-	-	-	(304,724)	-	-
Warrants payable.....	37,134	7,974	12,047	-	32,333	89,488	(4,000)	-
Accrued payroll.....	(7,175)	(1,111)	1,340	3,941	-	(3,005)	(2,433)	-
Health claims payable.....	-	-	-	-	-	-	377,478	-
Other liabilities.....	1,386	-	-	-	-	1,386	-	-
Compensated absences.....	1,019	1,013	316	834	-	3,182	-	-
Net pension liability.....	665,306	486,248	44,354	147,846	-	1,343,754	-	-
Net other postemployment benefits liability.....	(21,468)	72,684	7,287	48,213	-	106,716	-	-
Total adjustments.....	753,844	541,952	81,181	116,037	32,333	1,525,347	371,045	-
NET CASH FROM OPERATING ACTIVITIES	\$ 1,375,653	\$ 448,858	\$ 348,616	\$ (449,629)	\$ 44,157	\$ 1,767,655	\$ (3,304,469)	
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:								
Acquisition of capital assets on account.....	\$ 25,400	\$ 121,112	\$ -	\$ -	\$ -	\$ 146,512	\$ -	-
Intergovernmental subsidy of debt service.....	114,356	17,000	-	-	-	131,356	-	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 362	\$ 336,624
Investments:		
U.S. treasuries.....	-	49,071
Government sponsored enterprises.....	-	124,186
Corporate bonds.....	-	239,570
Equity securities.....	269,382	495,732
Equity mutual funds.....	-	485,863
Fixed income mutual funds.....	<u>114,911</u>	<u>276,231</u>
 TOTAL ASSETS.....	 <u>384,655</u>	 <u>2,007,277</u>
 NET POSITION		
Restricted for other postemployment benefits.....	384,655	-
Held in trust for other purposes.....	<u>-</u>	<u>2,007,277</u>
 TOTAL NET POSITION.....	 <u>\$ 384,655</u>	 <u>\$ 2,007,277</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 35,000	\$ -
Employer contributions for other postemployment benefit payments...	4,590,075	-
Private donations.....	- <hr/>	49,340 <hr/>
Total contributions.....	<hr/> 4,625,075	<hr/> 49,340
Net investment income:		
Investment income.....	<hr/> 30,346	<hr/> 138,414
TOTAL ADDITIONS.....	<hr/>4,655,421	<hr/>187,754
DEDUCTIONS:		
Other postemployment benefit payments.....	4,590,075	-
Educational scholarships.....	- <hr/>	63,575 <hr/>
TOTAL DEDUCTIONS.....	<hr/>4,590,075	<hr/>63,575
NET INCREASE (DECREASE) IN NET POSITION.....	65,346	124,179
NET POSITION AT BEGINNING OF YEAR.....	<hr/>319,309	<hr/>1,883,098
NET POSITION AT END OF YEAR.....	\$ 384,655	\$ 2,007,277

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, 2023, the Town's annual assessment was \$1,344,476. 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, 2023, the Town's annual assessment was \$29,708. 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 *Federal Grants Fund* is a special revenue fund used to account for activity specially financed by federal grants.

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 taxes paid in advance, 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 and taxes paid in advance 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 reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

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 \$30,738,298 and the bank balance totaled \$34,130,431. Of the bank balance, \$1,445,116 was covered by Federal Depository Insurance, \$2,790,882 was covered by the Depositors Insurance Fund, \$18,657,165 was collateralized, and \$11,237,268 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2023, the Town had the following investments and maturities:

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 14,267,685	\$ 11,620,510	\$ 2,647,175	\$ -
Government sponsored enterprises.....	526,251	74,770	451,481	-
Corporate bonds.....	3,871,819	1,320,705	2,528,750	22,364
Total debt securities.....	18,665,755	\$ 13,015,985	\$ 5,627,406	\$ 22,364
<u>Other investments:</u>				
Equity securities.....	1,307,706			
Equity mutual funds.....	485,863			
Fixed income mutual funds.....	553,772			
Money market mutual funds.....	4,270,402			
MMDT - Cash portfolio.....	42,504,839			
Total investments.....	\$ 67,788,337			

The Town participates in MMDT which is unrated. MMDT maintains a cash portfolio with an average maturity of approximately 33 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, 2023 the Town's investments were rated as follows:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ -	\$ 349,684
AA+.....	526,251	-
A+.....	-	736,503
A.....	-	334,966
A-.....	-	48,518
BBB+.....	-	1,214,590
BBB.....	-	1,140,409
BBB-.....	-	47,149
 Total.....	 \$ 526,251	 \$ 3,871,819

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, 2023.

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, 2023, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2023	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.....	\$ 14,267,685	\$ 14,267,685	\$ -	\$ -			
Government sponsored enterprises.....	526,251	526,251	-	-			
Corporate bonds.....	3,871,819	-	3,871,819	-			
Total debt securities.....	<u>18,665,755</u>	<u>14,793,936</u>	<u>3,871,819</u>	<u>-</u>			
<u>Other investments:</u>							
Equity securities.....	1,307,706	1,307,706	-	-			
Equity mutual funds.....	485,863	485,863	-	-			
Fixed income.....	553,772	553,772	-	-			
Money market mutual funds.....	<u>4,270,402</u>	<u>4,270,402</u>	<u>-</u>	<u>-</u>			
Total other investments.....	<u>6,617,743</u>	<u>6,617,743</u>	<u>-</u>	<u>-</u>			
Total investments measured at fair value.....	<u>25,283,498</u>	<u>\$ 21,411,679</u>	<u>\$ 3,871,819</u>	<u>\$ -</u>			
Investments measured at amortized cost:							
MMDT - Cash portfolio.....	<u>42,504,839</u>						
Total investments.....	<u>\$ 67,788,337</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, 2023, 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.....	\$ 3,554,138	\$ (8,000)	\$ 3,546,138
Tax liens.....	2,044,121	-	2,044,121
Community preservation fund surtax.....	41,280	-	41,280
Motor vehicle excise taxes.....	941,690	(138,100)	803,590
User charges.....	827,968	-	827,968
Departmental and other.....	2,306,903	(1,872,000)	434,903
Intergovernmental.....	2,889,727	-	2,889,727
Community preservation state share.....	344,011	-	344,011
Special assessments.....	342,444	-	342,444
 Total.....	 \$ 13,292,282	 \$ (2,018,100)	 \$ 11,274,182

On June 30, 2023, receivables for the enterprise funds consisted of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user charges.....	\$ 2,096,979	\$ -	\$ 2,096,979
Sewer user charges.....	3,551,330	-	3,551,330
Sewer special assessments.....	6,564	-	6,564
 Total.....	 \$ 5,654,873	 \$ -	 \$ 5,654,873

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.....	\$ 3,055,855	\$ -	\$ 3,055,855
Tax liens.....	2,044,121	-	2,044,121
Community preservation fund surtax.....	-	41,278	41,278
Motor vehicle excise taxes.....	803,590	-	803,590
User charges.....	827,968	-	827,968
Departmental and other.....	434,903	-	434,903
Intergovernmental - highway improvements.....	-	595,261	595,261
Intergovernmental - School Building Authority.....	-	830,000	830,000
Intergovernmental.....	129,909	-	129,909
Community preservation state share.....	-	344,011	344,011
Special assessments.....	-	342,443	342,443
 Total.....	 \$ 7,296,346	 \$ 2,152,993	 \$ 9,449,339

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 13,354,005	\$ 933,026	\$ -	\$ 14,287,031
Construction in progress.....	2,686,602	4,442,805	(456,908)	6,672,499
Total capital assets not being depreciated....	<u>16,040,607</u>	<u>5,375,831</u>	<u>(456,908)</u>	<u>20,959,530</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	185,307,747	307,483	-	185,615,230
Capital Improvements (other than buildings).....	3,837,527	456,908	-	4,294,435
Machinery and equipment.....	11,084,072	289,587	-	11,373,659
Vehicles.....	11,400,311	1,131,442	(312,562)	12,219,191
Infrastructure.....	42,726,399	1,933,601	-	44,660,000
Total capital assets being depreciated.....	<u>254,356,056</u>	<u>4,119,021</u>	<u>(312,562)</u>	<u>258,162,515</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(42,848,339)	(4,405,336)	-	(47,253,675)
Capital Improvements (other than buildings).....	(1,096,989)	(179,215)	-	(1,276,204)
Machinery and equipment.....	(5,293,801)	(892,473)	-	(6,186,274)
Vehicles.....	(8,755,164)	(630,724)	312,562	(9,073,326)
Infrastructure.....	(23,404,326)	(701,803)	-	(24,106,129)
Total accumulated depreciation.....	<u>(81,398,619)</u>	<u>(6,809,551)</u>	<u>312,562</u>	<u>(87,895,608)</u>
Total capital assets being depreciated, net.....	<u>172,957,437</u>	<u>(2,690,530)</u>	<u>-</u>	<u>170,266,907</u>
Total governmental activities capital assets, net.....	<u>\$ 188,998,044</u>	<u>\$ 2,685,301</u>	<u>\$ (456,908)</u>	<u>\$ 191,226,437</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.....	9,168,657	2,392,337	-	11,560,994
Total capital assets not being depreciated....	10,050,736	2,392,337	-	12,443,073
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	9,573,066	46,000	-	9,619,066
Capital Improvements (other than buildings).....	553,945	-	-	553,945
Machinery and equipment.....	2,611,152	197,590	-	2,808,742
Vehicles.....	1,619,290	119,873	(48,516)	1,690,647
Infrastructure.....	49,166,693	649,313	-	49,816,006
Total capital assets being depreciated.....	63,524,146	1,012,776	(48,516)	64,488,406
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,650,153)	(234,919)	-	(1,885,072)
Capital Improvements (other than buildings).....	(249,234)	(17,411)	-	(266,645)
Machinery and equipment.....	(1,385,851)	(189,690)	-	(1,575,541)
Vehicles.....	(1,211,209)	(71,635)	48,516	(1,234,328)
Infrastructure.....	(23,550,032)	(890,867)	-	(24,440,899)
Total accumulated depreciation.....	(28,046,479)	(1,404,522)	48,516	(29,402,485)
Total capital assets being depreciated, net.....	35,477,667	(391,746)	-	35,085,921
Total business-type activities capital assets, net.... \$	45,528,403	\$ 2,000,591	\$ -	\$ 47,528,994

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

Governmental Activities:

General government.....	\$ 279,658
Public safety.....	797,346
Education.....	4,181,476
Public works.....	1,007,030
Human services.....	56,832
Culture and recreation.....	487,209
Total depreciation expense - governmental activities..... \$	<u>6,809,551</u>

Business-Type Activities:

Water.....	\$ 875,796
Sewer.....	484,896
Golf course.....	43,830
Total depreciation expense - business-type activities..... \$	<u>1,404,522</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Town's interfund receivable/payable at June 30, 2023 consisted of \$1,334,557 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, 2023, are summarized as follows:

Transfers Out:	Transfers In:				Total
	Town capital	Nonmajor governmental funds	Sewer enterprise fund	Public Health enterprise fund	
General fund.....	\$ 2,096,397	\$ 1,302,409	\$ -	\$ -	\$ 3,398,806 (1)
Federal grants.....	-	-	-	334,218	334,218 (2)
Nonmajor governmental funds...	-	-	260,000	-	260,000 (3)
Total.....	\$ 2,096,397	\$ 1,302,409	\$ 260,000	\$ 334,218	\$ 3,993,024

- 1) Represents budgeted transfers from the general fund to the Town capital projects fund and the nonmajor funds.
- 2) Represents a transfer to the sewer enterprise fund from the federal grants fund for sewer capital projects.
- 3) Represents a transfer to the sewer enterprise fund from the inflow and infiltration fund.

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, 2023 was as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
Governmental Funds:							
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)	-
BAN	MCWT Interim Note - Septic....	0.00%	06/30/24	200,000	100,000	-	300,000 (A)
BAN	Municipal Purpose.....	5.50%	04/12/24	-	1,050,112	-	1,050,112
Total Governmental Funds.....				\$ 2,308,989	\$ 1,150,112	\$ (2,108,989)	\$ 1,350,112
Water Enterprise Fund:							
BAN	Municipal Purpose.....	3.00%	06/16/23	\$ 300,000	\$ -	\$ (300,000)	\$ -
BAN	Municipal Purpose.....	4.50%	06/14/24	-	300,000	-	300,000
Total Water Enterprise Fund.....				300,000	300,000	(300,000)	300,000
Sewer Enterprise Fund:							
BAN	Municipal Purpose.....	3.00%	06/16/23	4,048,288	-	(4,048,288)	-
BAN	Municipal Purpose.....	4.50%	06/14/24	-	2,900,000	-	2,900,000
Total Sewer Enterprise Fund.....				4,048,288	2,900,000	(4,048,288)	2,900,000
Total Enterprise Funds.....				\$ 4,348,288	\$ 3,200,000	\$ (4,348,288)	\$ 3,200,000

- (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, 2023, and the debt service requirements are reported in the following tables.

Long-Term Debt Payable Schedule – Governmental Funds

Project	Maturities Through	Original	Interest	Outstanding
		Loan Amount	Rate (%)	at June 30, 2023
General Obligation of 2011.....	2031	\$ 2,866,000	Various	\$ 260,000
General Obligation of 2013.....	2033	3,004,650	Various	1,165,000
General Obligation of 2014.....	2034	3,175,423	Various	465,000
General Obligation of 2015.....	2030	3,014,000	2.03	405,000
General Obligation of 2016.....	2026	1,793,000	1.26	355,000
General Obligation of 2018.....	2038	75,487,000	3.00 - 5.00	60,210,000
General Obligation of 2018 - Refunding...	2029	2,783,960	4.00	906,400
General Obligation of 2019.....	2039	5,516,952	3.25 - 5.00	3,945,000
General Obligation of 2020.....	2035	2,050,246	2.00 - 5.00	1,340,000
General Obligation of 2021.....	2041	3,759,490	1.50 - 4.00	3,090,000
General Obligation of 2022.....	2052	21,005,580	3.00 - 5.00	20,520,000
General Obligation of 2023.....	2042	1,004,289	3.50 - 5.00	<u>1,004,289</u>
Sub-Total General Obligation.....				<u>93,665,689</u>
MCWT Title V Septic.....	2031	200,000	Various	80,000
MCWT Title V Septic.....	2033	350,000	0.00	175,000
MCWT Title V Septic.....	2035	250,000	0.00	150,000
MCWT of 2016.....	2036	150,000	0.00	97,500
MCWT of 2019.....	2040	400,000	2.00	<u>350,397</u>
Sub-Total Direct Borrowings.....				<u>852,897</u>
Total Bonds Payable.....				<u>94,518,586</u>
Add: Unamortized premium on bonds.....				<u>4,334,512</u>
Total Long-Term Debt Payable, net.....			\$	<u>98,853,098</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
2024.....	\$ 5,450,389	\$ 3,314,896	\$ 8,765,285	\$ 64,759	\$ 7,210	\$ 71,969
2025.....	5,439,000	3,057,591	8,496,591	65,134	6,611	71,745
2026.....	5,245,000	2,796,846	8,041,846	65,517	6,130	71,647
2027.....	5,153,300	2,543,557	7,696,857	65,908	5,766	71,674
2028.....	5,143,000	2,293,475	7,436,475	66,308	5,394	71,702
2029.....	5,224,000	2,079,853	7,303,853	66,717	5,014	71,731
2030.....	5,230,000	1,902,580	7,132,580	67,135	4,625	71,760
2031.....	5,325,000	1,708,299	7,033,299	57,998	4,228	62,226
2032.....	5,425,000	1,498,292	6,923,292	67,562	3,823	71,385
2033.....	5,541,000	1,315,819	6,856,819	58,443	3,408	61,851
2034.....	5,485,000	1,135,580	6,620,580	41,398	2,984	44,382
2035.....	5,605,000	969,678	6,574,678	41,863	2,552	44,415
2036.....	5,555,000	802,275	6,357,275	29,839	2,110	31,949
2037.....	5,690,000	632,448	6,322,448	22,824	1,658	24,482
2038.....	5,820,000	458,260	6,278,260	23,320	1,197	24,517
2039.....	965,000	355,257	1,320,257	23,827	725	24,552
2040.....	800,000	328,425	1,128,425	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.....	\$ 93,665,689	\$ 29,196,177	\$ 122,861,866	\$ 852,897	\$ 63,676	\$ 916,573

Long-Term Debt Payable Schedule – Business Type

Details related to the outstanding indebtedness at June 30, 2023, and the debt service requirements were as follows:

Project	Maturities Through	Original	Interest	Outstanding
		Loan Amount	Rate (%)	at June 30, 2023
Sewer Projects of 2011.....	2031	\$ 395,000	Various	\$ 120,000
Sewer Projects of 2013.....	2033	1,039,150	Various	200,000
Sewer Projects of 2016.....	2026	86,000	1.26	15,000
Sewer Projects Refunding Bonds of 2018.....	2029	416,745	4.00	183,800
Sewer Projects of 2019.....	2039	6,230,000	3.25 - 5.00	1,025,000
Sewer Projects of 2021.....	2041	464,500	1.50-4.00	415,000
Sewer Projects of 2023.....	2041	1,376,418	Various	1,376,418
Water Projects of 2011.....	2031	560,000	Various	160,000
Water Projects of 2014.....	2024	1,024,000	1.91	10,000
Water Projects of 2015.....	2025	236,000	2.03	40,000
Water Projects of 2016.....	2026	110,000	1.26	30,000
Water Projects of 2018.....	2038	1,812,000	3.00 - 5.00	1,085,000
Water Projects Refunding Bonds of 2018.....	2029	158,295	4.00	79,800
Water Projects of 2019.....	2039	6,905,574	3.25 - 5.00	5,380,000
Water Projects of 2020.....	2034	444,754	2.00 - 5.00	290,000
Water Projects of 2021.....	2041	3,366,010	1.50-4.00	3,015,000
Water Projects of 2022.....	2032	450,000	3.00-5.00	400,000
Water Projects of 2023.....	2040	304,293	3.50-5.00	304,293
Golf Projects of 2021.....	2027	30,000	4.00	20,000
Golf Projects of 2022.....	2032	54,420	3.00-5.00	45,000
Sub-Total General Obligation.....				<u>14,194,311</u>
MWRA - Sewer 2016.....	2026	192,225	0.00	57,666
MWRA - Sewer 2017.....	2027	47,250	0.00	18,900
MWRA - Sewer 2018.....	2028	23,450	0.00	11,725
MWRA - Sewer 2019.....	2029	132,500	0.00	79,500
MWRA - Sewer 2020.....	2030	293,750	0.00	205,625
MWRA - Sewer 2021.....	2031	103,751	0.00	83,001
MWRA - Sewer 2023.....	2033	265,000	0.00	265,000
MWRA - Water 2016.....	2026	2,506,000	0.00	751,800
MWRA - Water 2023.....	2033	1,622,000	0.00	<u>1,622,000</u>
Sub-Total Direct Borrowings.....				<u>3,095,217</u>
Total Bonds Payable.....				<u>17,289,528</u>
Add: Unamortized premium on bonds.....				<u>694,828</u>
Total Long-Term Debt Payable, net.....				<u>\$ 17,984,356</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
2024.....	\$ 1,129,611	\$ 531,743	\$ 1,661,354	\$ 518,592	\$ -	\$ 518,592
2025.....	1,101,000	480,409	1,581,409	518,592	-	518,592
2026.....	1,060,000	429,961	1,489,961	518,592	-	518,592
2027.....	1,001,700	381,078	1,382,778	248,770	-	248,770
2028.....	942,000	335,299	1,277,299	244,045	-	244,045
2029.....	915,000	292,444	1,207,444	241,700	-	241,700
2030.....	865,000	255,081	1,120,081	228,450	-	228,450
2031.....	865,000	223,737	1,088,737	199,076	-	199,076
2032.....	815,000	194,959	1,009,959	188,700	-	188,700
2033.....	765,000	167,551	932,551	188,700	-	188,700
2034.....	740,000	142,647	882,647	-	-	-
2035.....	720,000	118,550	838,550	-	-	-
2036.....	720,000	94,925	814,925	-	-	-
2037.....	720,000	71,299	791,299	-	-	-
2038.....	715,000	47,443	762,443	-	-	-
2039.....	660,000	24,090	684,090	-	-	-
2040.....	275,000	9,150	284,150	-	-	-
2041.....	185,000	1,850	186,850	-	-	-
Total.....	\$ 14,194,311	\$ 3,802,216	\$ 17,996,527	\$ 3,095,217	\$ -	\$ 3,095,217

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 \$116,700 for the governmental funds, \$25,400 in the water fund and \$54,100 in the sewer fund. Imputed interest for 2023 was approximately \$15,000, \$48,000, and \$17,000 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 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, 2023, the Town had the following authorized and unissued debt:

Purpose	Date Authorized	Amount
Land Acquisition.....	6/6/2011	\$ 73,500
Capen-Reynolds Recreational Facilities.....	5/18/2015	108,000
Muddy Pond Replacement Well and Treatment Facility.....	11/23/2015	165,000
Railroad Station Building Remodeling.....	11/23/2015	320,000
High School Building Project.....	5/2/2016	5,023,325
Traffic Study.....	5/14/2018	40,000
Police Station Building and Grounds.....	5/6/2019	49,000
Dawe Elementary School Stormwater Runoff Improvement...	5/13/2019	28,594
Park Street Sewer Planning.....	5/15/2019	191,861
Park Street Planning Improvements.....	5/15/2019	325,000
Sewer Infiltration and Inflow.....	6/30/2020	530,000
Park Street Sewer Installation.....	6/30/2020	7,498,072
Pratt's Court Well Investigation.....	10/21/2020	15,000
Inflow and Infiltration.....	5/3/2021	400,000
Fire Station.....	3/10/2022	6,816,001
South Elementary Feasibility.....	12/8/2021	730,112
Sewer Inflow and Infiltration.....	5/11/2022	400,000
Water Main Upgrades and Improvements.....	5/11/2022	683
Muddy Pond Water Treatment Plant Improvements.....	11/28/2022	5,655,000
Roadway Resurfacing.....	5/1/2023	2,600,000
Police Station Upgrades.....	5/1/2023	75,000
Phase 5 Water Main Upgrades and Improvements.....	5/1/2023	1,878,000
Sewer Capital - Inflow and Infiltration.....	5/1/2023	400,000
South Elementary Feasibility.....	5/1/2023	250,000
Total.....		\$ <u>33,572,148</u>

Changes in Long-term Liabilities

During the year ended June 30, 2023, 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...	\$ 97,997,080	\$ 1,004,289	\$ (5,335,680)	\$ -	\$ -	\$ 93,665,689	\$ 5,450,389
Long-term direct borrowing payable.....	917,288	-	(64,391)	-	-	852,897	64,759
Add: Unamortized premium on bonds.....	4,913,372	34,700	(613,560)	-	-	4,334,512	571,861
Total long-term debt payable.....	103,827,740	1,038,989	(6,013,631)	-	-	98,853,098	6,087,009
Compensated absences.....	2,182,029	-	-	953,769	(910,128)	2,225,670	134,081
Net pension liability.....	26,479,508	-	-	21,998,260	(6,914,710)	41,563,058	-
Net other postemployment benefits liability.....	152,822,390	-	-	9,848,791	(25,731,970)	136,939,211	-
Total governmental activity							
long-term liabilities.....	\$ 285,311,667	\$ 1,038,989	\$ (6,013,631)	\$ 32,800,820	\$ (33,556,808)	\$ 279,581,037	\$ 6,221,090
Business-Type Activities:							
Long-term general obligation bonds payable...	\$ 13,822,921	\$ 1,680,711	\$ (1,309,321)	\$ -	\$ -	\$ 14,194,311	\$ 1,129,611
Long-term direct borrowing payable.....	2,186,109	1,887,000	(977,892)	-	-	3,095,217	518,592
Add: Unamortized premium on bonds.....	708,456	87,577	(101,205)	-	-	694,828	101,925
Total long-term debt payable.....	16,717,486	3,655,288	(2,388,418)	-	-	17,984,356	1,750,128
Compensated absences.....	159,051	-	-	61,843	(58,661)	162,233	59,835
Net pension liability.....	2,358,989	-	-	1,959,767	(616,013)	3,702,743	-
Net other postemployment benefits liability.....	2,032,525	-	-	504,163	(397,447)	2,139,241	-
Total business-type activity							
long-term liabilities.....	\$ 21,268,051	\$ 3,655,288	\$ (2,388,418)	\$ 2,525,773	\$ (1,072,121)	\$ 23,988,573	\$ 1,809,963

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 \$6.3 million; the balance of the building capital stabilization fund was \$2 million; the balance of the fire apparatus stabilization fund was \$66,500, and the balance of the education stabilization fund was \$201,000. These stabilization funds were reported as unassigned fund balance within the general fund.

As of June 30, 2023, the governmental fund balances consisted of the following:

	General	Town Capital Projects	Community Preservation	Federal Grants	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 47,000	\$ 47,000
Restricted for:						
Town capital projects.....		22,574,926	-	-	-	22,574,926
Community preservation.....		-	7,876,321	-	-	7,876,321
Federal grants.....		-	-	357,624	-	357,624
Conservation.....		-	-	-	78,845	78,845
Revolving.....		-	-	-	1,890,803	1,890,803
Receipts reserved for appropriation.....		-	-	-	125,355	125,355
School gifts.....		-	-	-	45,117	45,117
School lunch.....		-	-	-	1,526,033	1,526,033
State grants.....		-	-	-	2,460,296	2,460,296
Other special revenue.....		-	-	-	5,734,044	5,734,044
Library capital projects.....		-	-	-	45,382	45,382
School capital projects.....		-	-	-	3,168,049	3,168,049
Expendable trust funds.....		-	-	-	250,960	250,960
Committed to:						
Articles and continuing appropriations:						
General government.....	8,273	-	-	-	-	8,273
Assigned to:						
General government.....	239,252	-	-	-	-	239,252
Public safety.....	69,877	-	-	-	-	69,877
Education.....	353,726	-	-	-	-	353,726
Public works.....	139,985	-	-	-	-	139,985
Human services.....	60,409	-	-	-	-	60,409
Culture and recreation.....	8,524	-	-	-	-	8,524
Employee benefits.....	125,125	-	-	-	-	125,125
Free cash used for subsequent year budget...	2,820,452	-	-	-	-	2,820,452
Unassigned.....	18,813,618	-	-	-	-	18,813,618
Total Fund Balances.....	\$ 22,639,241	\$ 22,574,926	\$ 7,876,321	\$ 357,624	\$ 15,371,884	\$ 68,819,996

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 2023, claims related to unemployment compensation were immaterial. The liability for the self-insured unemployment compensation program is not material at June 30, 2023.

The Town is self-insured for workers' compensation for all personnel. During fiscal year 2023, expenditures by the Town for claims related to workers' compensation amounted to \$335,390 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, 70% 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
2022..... \$ 899,426		14,090,401	(13,311,321) \$ 1,678,506	
2023..... 1,678,506		16,671,962	(16,294,484)	2,055,984

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, 2022. 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, 2022. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$8,957,974 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 \$108,898,615 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, 2022.

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, 2023 was an actuarially determined amount of \$7,192,286. 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 28.92% of covered payroll.

Pension Liabilities

At June 30, 2023, the Town reported a liability of \$45,265,801 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, procedures were used to update 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, 2022, and December 31, 2021 the Town's proportion was 7.83%.

Pension Expense and Deferred Outflows of Resources Related to Pension

For the year ended June 30, 2023, the Town recognized pension expense of \$6,208,237. At June 30, 2023, 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.....	\$ 1,490,024	\$ -	\$ 1,490,024
Difference between projected and actual earnings, net.....	8,643,682	-	8,643,682
Changes in proportion and proportionate share of contributions...	<u>58,420</u>	<u>(126,855)</u>	<u>(68,435)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 10,192,126</u>	<u>\$ (126,855)</u>	<u>\$ 10,065,271</u>

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:

2024.....	\$ 1,118,315
2025.....	2,257,847
2026.....	2,358,591
2027.....	<u>4,330,518</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 10,065,271</u>

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, 2022:

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.....	3.5%-5.5%
Discount rate.....	7.75%
Inflation rate.....	3.00%
Cost of living adjustments.....	3.0% of first \$18,000 of retirement income
Mortality rates.....	The RP-2014 Blue Collar Mortality Table Adjusted with Scale with 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, 2022 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.....	100.00%	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.82%. 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, 2022 and December 31, 2021. 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.....	\$ 60,131,909	\$ 45,265,801	\$ 32,627,740

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, 2023, the Town's average contribution rate was 8.13% 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 2023, the Town pre-funded future OPEB liabilities by contributing \$35,000 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, 2023, the balance of the fund totaled \$384,655.

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, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Employees covered by Benefit Terms

The following table represents the Plan's membership at July 1, 2022:

Active members.....	730
Inactive members currently receiving benefits...	<u>670</u>
Total.....	<u><u>1,400</u></u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2023:

Total OPEB liability.....	\$ 139,463,107
Less: OPEB plan's fiduciary net position.....	<u>(384,655)</u>
Net OPEB liability.....	\$ <u><u>139,078,452</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.28%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2022, 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, 2023.

Valuation date.....	July 1, 2022.
Actuarial cost method.....	Individual entry age normal cost method.
Asset valuation method.....	Fair Value as of the measurement date.
Single equivalent discount rate.....	4.17%, net of OPEB plan investment expense, including inflation. Previously 4.10%.
Municipal bond rate.....	4.13%, as of June 30, 2023. Source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG. Previously 4.09%.
Inflation rate.....	2.50% as of June 30, 2023 and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2023, 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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.87%. 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.....	31.50%	4.10%
Domestic equity - small/mid cap.....	14.25%	4.55%
International equity - developed market.....	13.00%	4.64%
International equities - emerging market....	8.00%	5.45%
Domestic fixed income.....	25.50%	1.05%
International fixed income.....	5.75%	0.96%
Alternative investments.....	2.00%	5.95%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.17% as of June 30, 2023 and 4.10% as of June 30, 2022. 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 4.13% as of June 30, 2023.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan	Fiduciary	Net OPEB
Total OPEB Liability (a)	Net Position (b)	Liability (a) - (b)	
Balances at June 30, 2022.....	\$ 155,174,224	\$ 319,309	\$ 154,854,915
Changes for the year:			
Service cost.....	4,380,254	-	4,380,254
Interest.....	6,448,582	-	6,448,582
Differences between expected and actual experience...	(25,238,153)	-	(25,238,153)
Changes in assumptions.....	3,288,275	-	3,288,275
Benefit payments.....	(4,590,075)	(4,590,075)	-
Contributions - employer.....	-	4,625,075	(4,625,075)
Net investment income/(loss).....	-	30,346	(30,346)
Net change.....	(15,711,117)	65,346	(15,776,463)
Balances at June 30, 2023.....	\$ 139,463,107	\$ 384,655	\$ 139,078,452

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 4.17%, 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 (3.17%) or 1-percentage-point higher (5.17%) than the current rate:

	1% Decrease (3.17%)	Current Discount Rate (4.17%)	1% Increase (5.17%)
Net OPEB liability.....	\$ 162,071,136	\$ 139,078,452	\$ 120,727,128

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 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.....	\$ 118,874,759	\$ 139,078,452	\$ 164,908,435

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of \$10,352,952 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.....	\$ 6,644,850	\$ (22,779,767)	\$ (16,134,917)
Difference between projected and actual earnings, net.....	28,009	-	28,009
Changes in assumptions.....	27,392,801	(35,089,876)	(7,697,075)
Total deferred outflows/(inflows) of resources.....	\$ 34,065,660	\$ (57,869,643)	\$ (23,803,983)

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>	
2024.....	\$ (1,234,043)
2025.....	(3,374,449)
2026.....	(3,370,474)
2027.....	(7,873,779)
2028.....	(6,972,584)
Thereafter.....	<u>(978,654)</u>
 Total deferred outflows/(inflows) of resources...	 <u>\$ (23,803,983)</u>

Changes of Assumptions – The discount rate was increased from 4.10% to 4.17%.

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, 2023, 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 \$1,005,171.

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, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

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. During 2023, the Town has used 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 21, 2024 which is the date the financial statements were available to be issued.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- 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, 2023

	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.....	\$ 79,038,504	\$ 80,943,488	\$ 79,890,113	\$ -	\$ (1,053,375)
Tax liens.....	-	-	285,789	-	285,789
Motor vehicle excise taxes.....	4,191,940	4,191,940	4,508,994	-	317,054
Hotel/motel tax.....	297,862	297,862	467,185	-	169,323
Meals tax.....	472,682	472,682	587,960	-	115,278
Charges for services.....	3,786,288	3,786,288	4,341,634	-	555,346
Penalties and interest on taxes.....	576,804	576,804	666,271	-	89,467
Fees and rentals.....	492,096	492,096	525,913	-	33,817
Payments in lieu of taxes.....	85,446	85,446	86,669	-	1,223
Licenses and permits.....	996,725	996,725	1,300,983	-	304,258
Fines and forfeitures.....	49,507	49,507	38,705	-	(10,802)
Intergovernmental - state aid.....	26,289,912	26,289,912	25,919,978	-	(369,934)
Departmental and other.....	484,941	484,941	651,856	-	166,915
Investment income.....	43,954	43,954	1,575,215	-	1,531,261
TOTAL REVENUES.....	116,806,661	118,711,645	120,847,265	-	2,135,620
EXPENDITURES:					
Current:					
General government.....	5,436,098	5,342,792	4,275,892	247,525	819,375
Public safety.....	16,490,358	16,398,749	15,492,314	69,877	836,558
Education.....	57,937,944	57,695,578	56,139,396	353,726	1,202,456
Public works.....	6,000,358	5,988,897	5,163,016	139,985	685,896
Health and human services.....	1,181,785	1,181,350	968,212	60,409	152,729
Culture and recreation.....	2,023,812	2,014,777	1,955,067	8,524	51,186
Pension benefits.....	7,192,286	7,192,286	7,192,286	-	-
Employee benefits.....	12,840,945	12,812,804	12,529,909	125,125	157,770
State and county charges.....	5,623,395	5,623,395	5,152,538	-	470,857
Debt service:					
Principal.....	5,117,151	5,117,151	5,117,151	-	-
Interest.....	3,488,591	3,488,591	3,447,958	-	40,633
TOTAL EXPENDITURES.....	123,332,723	122,856,370	117,433,739	1,005,171	4,417,460
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(6,526,062)	(4,144,725)	3,413,526	(1,005,171)	6,553,080
OTHER FINANCING SOURCES (USES):					
Use of prior year reserves.....	2,453,036	2,453,036	-	-	(2,453,036)
Reversion of use prior year encumbrances.....	-	(351,353)	-	-	351,353
Prior year snow and ice deficit raised.....	-	(588,756)	-	-	588,756
Use of free cash.....	2,600,000	4,821,397	-	-	(4,821,397)
Other amounts raised.....	-	(263,819)	-	-	263,819
Transfers in.....	1,473,026	1,548,026	1,476,458	-	(71,568)
Transfers out.....	-	(3,473,806)	(3,473,806)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	6,526,062	4,144,725	(1,997,348)	-	(6,142,073)
NET CHANGE IN FUND BALANCE.....	-	-	1,416,178	(1,005,171)	411,007
BUDGETARY FUND BALANCE, Beginning of year.....	13,317,984	13,317,984	13,317,984	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 13,317,984	\$ 13,317,984	\$ 14,734,162	\$ (1,005,171)	\$ 411,007

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, 2022.....	7.83%	\$ 45,265,801	\$ 28,846,032	156.92%	68.60%
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, 2023.....	\$ 7,192,286	\$ (7,192,286)	\$ -	28,874,878	24.91%
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
2023.....	\$ 108,898,615	\$ 8,957,974	57.75%
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	June 30, 2023
Total OPEB Liability							
Service Cost.....	\$ 3,872,118	\$ 4,363,452	\$ 4,234,750	\$ 4,305,602	\$ 4,372,428	\$ 7,478,348	\$ 4,380,254
Interest.....	3,428,333	3,309,000	3,555,308	3,747,380	4,196,280	4,582,389	6,448,582
Changes of benefit terms.....	-	-	-	-	(8,039,649)	-	-
Differences between expected and actual experience.....	-	-	(10,041,013)	-	12,439,773	-	(25,238,153)
Changes of assumptions.....	-	4,150,953	23,806,780	-	39,179,966	(50,896,124)	3,288,275
Benefit payments.....	(2,913,038)	(3,084,636)	(3,853,092)	(3,881,919)	(4,043,104)	(4,323,513)	(4,590,075)
Net change in total OPEB liability.....	4,387,413	8,738,769	17,702,733	4,171,063	48,105,694	(43,158,900)	(15,711,117)
Total OPEB liability - beginning	103,061,649	107,449,062	116,187,831	133,890,564	150,227,430	198,333,124	155,174,224
Total OPEB liability - ending (a)	\$ 107,449,062	\$ 116,187,831	\$ 133,890,564	\$ 138,061,627	\$ 198,333,124	\$ 155,174,224	\$ 139,463,107
Plan fiduciary net position							
Employer contributions.....	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 25,000	\$ 35,000
Employer contributions for OPEB payments.....	2,913,038	3,084,636	3,853,092	3,881,919	4,043,104	4,323,513	4,590,075
Net investment income (loss).....	278	703	(100)	77	34,207	(51,376)	30,346
Benefit payments.....	(2,913,038)	(3,084,636)	(3,853,092)	(3,881,919)	(4,043,104)	(4,323,513)	(4,590,075)
Net change in plan fiduciary net position.....	278	703	(100)	150,077	184,207	(26,376)	65,346
Plan fiduciary net position - beginning of year.....	10,520	10,798	11,501	11,401	161,478	345,685	319,309
Plan fiduciary net position - end of year (b).....	\$ 10,798	\$ 11,501	\$ 11,401	\$ 161,478	\$ 345,685	\$ 319,309	\$ 384,655
Net OPEB liability - ending (a)-(b)	\$ 107,438,264	\$ 116,176,330	\$ 133,879,163	\$ 137,900,149	\$ 197,987,439	\$ 154,854,915	\$ 139,078,452
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.01%	0.01%	0.01%	0.12%	0.17%	0.21%	0.28%
Covered-employee payroll.....	\$ 46,059,080	\$ 47,440,851	\$ 44,368,817	\$ 45,699,882	\$ 55,137,525	\$ 56,791,651	\$ 56,905,446
Net OPEB liability as a percentage of covered-employee payroll.....	233.26%	244.89%	301.74%	301.75%	359.08%	272.67%	244.40%

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**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2023.....	\$ 9,815,184	\$ (4,625,075)	\$ 5,190,109	\$ 56,905,446	8.13%
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, 2023.....	8.87%
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 2023 approved general fund operating budget authorized \$123.3 million in current year appropriations, other financing uses, and other amounts to be raised. Included in this amount was \$2.5 million of encumbrances and carried over from prior year. During 2023, the Town approved supplemental appropriations to the budget and decreased prior year carry forwards, which resulted in a net increase of \$3.9 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, 2023, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,416,178
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	136,616
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(514,700)
Net change in recording 60 day receipts.....	232,132
Recognition of revenue for on-behalf payments.....	8,957,974
Recognition of expenditures for on-behalf payments.....	<u>(8,957,974)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 1,270,226</u>

NOTE B – PENSION PLANSchedule 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 the 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, 2022.
Actuarial cost method.....	Individual entry age normal cost method.
Asset valuation method.....	Fair Value as of the measurement date.
Single equivalent discount rate.....	4.17%, net of OPEB plan investment expense, including inflation. Previously 4.10%.
Municipal bond rate.....	4.13%, as of June 30, 2023. Source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG. Previously 4.09%.
Inflation rate.....	2.50% as of June 30, 2023 and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2023, 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 4.10% to 4.17%.

Changes in Plan Provisions – None.