



**TOWN OF EAST BRIDGEWATER, MASSACHUSETTS**

Financial Statements  
For the Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Select Board  
Town of East Bridgewater, Massachusetts

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Bridgewater, Massachusetts (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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 East Bridgewater, Massachusetts, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 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.

#### ***Change in Accounting Principle***

As discussed in Note 23 to the financial statements, in the year ending June 30, 2022, the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

The Town's 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

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Andover, Massachusetts  
Greenfield, Massachusetts  
Ellsworth, Maine

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the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.



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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules 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 June 29, 2023 on our consideration of the Government’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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’s internal control over financial reporting and compliance.

Andover, Massachusetts  
June 29, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of East Bridgewater, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the for the fiscal year ended June 30, 2022.

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

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

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

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

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation 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, health and human services, culture and recreation, interest on long term debt, and the major services provided within each functional category. The business-type activities include water and solid waste activities.

#### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's 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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town'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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

***Proprietary Funds***

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. Included in the proprietary fund category are the Town's enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water and solid waste operations, of which water is considered to be a major fund.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. 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 programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

***Notes to Financial Statements***

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



### **Required Supplementary Information**

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

### **Financial Highlights**

- As of the close of the current fiscal year, net position in governmental activities was \$(5,411,281), a change of \$1,227,238, and net position in business-type activities was \$8,834,834, a change of \$501,827 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$22,260,538, a change of \$(2,754,519) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,778,187, a change of \$(2,576,880) in comparison to the prior year.

### **Government-Wide Financial Analysis**

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

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021 <sup>1</sup>	2022	2021 <sup>1</sup>	2022	2021 <sup>1</sup>
<b>Assets</b>						
Current and other assets	\$ 31,933,141	\$ 35,715,138	\$ 4,414,762	\$ 4,316,721	\$ 36,347,903	\$ 40,031,859
Capital assets	<u>91,491,824</u>	<u>90,442,446</u>	<u>16,036,085</u>	<u>16,486,544</u>	<u>107,527,909</u>	<u>106,928,990</u>
Total Assets	123,424,965	126,157,584	20,450,847	20,803,265	143,875,812	146,960,849
<b>Deferred Outflows of Resources</b>	22,496,721	26,551,982	671,960	787,075	23,168,681	27,339,057
<b>Liabilities</b>						
Long-term liabilities	111,614,998	144,523,710	10,974,124	12,769,516	122,589,122	157,293,226
Other liabilities	<u>4,668,359</u>	<u>4,963,886</u>	<u>238,395</u>	<u>181,361</u>	<u>4,906,754</u>	<u>5,145,247</u>
Total Liabilities	116,283,357	149,487,596	11,212,519	12,950,877	127,495,876	162,438,473
<b>Deferred Inflows of Liabilities</b>	35,049,610	9,860,489	1,075,454	306,456	36,125,064	10,166,945
<b>Net Position</b>						
Net investment in capital assets	60,767,476	59,753,139	8,793,883	8,521,404	69,561,359	68,274,543
Restricted	9,104,357	9,798,753	-	-	9,104,357	9,798,753
Unrestricted	<u>(75,283,114)</u>	<u>(76,190,411)</u>	<u>40,951</u>	<u>(188,397)</u>	<u>(75,242,163)</u>	<u>(76,378,808)</u>
Total Net Position	\$ <u>(5,411,281)</u>	\$ <u>(6,638,519)</u>	\$ <u>8,834,834</u>	\$ <u>8,333,007</u>	\$ <u>3,423,553</u>	\$ <u>1,694,488</u>

<sup>1</sup> Fiscal year 2021 amounts as restated/reclassified for comparison

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$3,423,553, a change of \$1,729,065, in comparison to the prior year.

The largest portion of net position, \$69,561,359, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$9,104,357, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(75,242,163) primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021 <sup>1</sup>	2022	2021 <sup>1</sup>	2022	2021 <sup>1</sup>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5,167,321	\$ 4,134,028	\$ 3,786,697	\$ 4,728,435	\$ 8,954,018	\$ 8,862,463
Operating grants and contributions	19,785,566	23,301,899	-	-	19,785,566	23,301,899
Capital grants and contributions	1,549,414	287,053	-	-	1,549,414	287,053
General revenues:						
Property taxes	32,386,317	33,033,846	-	-	32,386,317	33,033,846
Excise taxes	2,405,499	2,282,238	-	-	2,405,499	2,282,238
Penalties, interest, and other taxes	441,024	323,293	-	-	441,024	323,293
Grants and contributions not restricted to specific programs	2,140,759	1,917,183	-	-	2,140,759	1,917,183
Investment income (loss)	(263,161)	-	45	1,444	(263,116)	1,444
Miscellaneous	207,570	405,754	9,689	-	217,259	405,754
<b>Total Revenues</b>	<b>63,820,309</b>	<b>65,685,294</b>	<b>3,796,431</b>	<b>4,729,879</b>	<b>67,616,740</b>	<b>70,415,173</b>
<b>Expenses</b>						
General government	6,174,659	8,684,769	-	-	6,174,659	8,684,769
Public safety	10,207,825	10,070,191	-	-	10,207,825	10,070,191
Education	40,379,519	43,319,155	-	-	40,379,519	43,319,155
Public works	3,123,556	3,069,898	-	-	3,123,556	3,069,898
Health and human services	1,054,220	815,531	-	-	1,054,220	815,531
Culture and recreation	781,063	813,795	-	-	781,063	813,795
Interest on long-term debt	818,229	708,287	-	-	818,229	708,287
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Water operations	-	-	2,316,029	3,321,006	2,316,029	3,321,006
Nonmajor operations	-	-	1,032,575	1,076,319	1,032,575	1,076,319
<b>Total Expenses</b>	<b>62,539,071</b>	<b>67,481,626</b>	<b>3,348,604</b>	<b>4,397,325</b>	<b>65,887,675</b>	<b>71,878,951</b>
Change in Net Position Before Transfers	1,281,238	(1,796,332)	447,827	332,554	1,729,065	(1,463,778)
Transfers In (Out)	(54,000)	-	54,000	-	-	-
<b>Change in Net Position</b>	<b>1,227,238</b>	<b>(1,796,332)</b>	<b>501,827</b>	<b>332,554</b>	<b>1,729,065</b>	<b>(1,463,778)</b>
Net Position - Beginning of Year, as restated	(6,638,519)	(4,842,187)	8,333,007	8,000,453	1,694,488	3,158,266
<b>Net Position - End of Year</b>	<b>\$ (5,411,281)</b>	<b>\$ (6,638,519)</b>	<b>\$ 8,834,834</b>	<b>\$ 8,333,007</b>	<b>\$ 3,423,553</b>	<b>\$ 1,694,488</b>

<sup>1</sup> Fiscal year 2021 amounts as restated/reclassified for comparison

**Governmental Activities**

Governmental activities for the year resulted in a change in net position of \$1,227,238. Key elements of this change are as follows:

Capital assets acquired with current resources	\$ 5,127,111
Decrease in net pension expense from GASB 68	1,294,414
Depreciation expense in excess of principal debt service	(1,684,388)
Free cash OPEB Trust funding	(1,448,121)
Increase in net OPEB expense from GASB 75	(1,226,162)
Other	<u>(835,616)</u>
Total	<u>\$ 1,227,238</u>

**Business-Type Activities**

Business-type activities for the year resulted in a change in net position of \$501,827. Key elements of this change are as follows:

	<u>Revenues and Transfers In</u>	<u>Expenses and Transfers Out</u>	<u>Change in Net Position</u>
Water fund	\$ 2,582,495	\$ (2,316,029)	\$ 266,466
Nonmajor fund	<u>1,267,936</u>	<u>(1,032,575)</u>	<u>235,361</u>
Total	<u>\$ 3,850,431</u>	<u>\$ (3,348,604)</u>	<u>\$ 501,827</u>

The change in net position is largely driven by positive operating results in the Town's business-type activities generating operating income of \$655,513 in fiscal year 2022.

**Financial Analysis of the Town's Funds**

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

**Governmental Funds**

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

**General Fund**

The General Fund is the Town's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,778,187, while total fund balance was \$15,401,042. As

a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below:

<u>General Fund</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned fund balance	\$ 5,778,187	\$ 8,355,067	\$ (2,576,880)	10.87%
Total fund balance	15,401,042	18,086,991	(2,685,949)	28.98%

\*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$3,528,023.

The total fund balance of the General Fund changed by \$(2,685,949) during the current fiscal year. Key factors in this change are as follows:

Use of free cash as a funding source	\$ (3,336,358)
Expenditures of prior year encumbrances greater than current year encumbrances	(1,021,046)
Revenues in excess of budget	1,628,859
Expenditures less than budget	816,808
Change in stabilization accounts	(100,495)
Other	(673,717)
Total	<u>\$ (2,685,949)</u>

Included in the total fund balance of the General Fund are the Town's stabilization accounts with the following balances:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>Fund Balance Classification</u>
General stabilization	\$ 2,529,122	\$ 2,599,241	\$ (70,119)	Unassigned
Capital stabilization	<u>4,662,111</u>	<u>4,692,487</u>	<u>(30,376)</u>	Committed
Total	<u>\$ 7,191,233</u>	<u>\$ 7,291,728</u>	<u>\$ (100,495)</u>	

#### *Nonmajor Governmental Funds*

At the end of the current fiscal year, nonmajor governmental funds had a total fund balance of \$6,859,496, a change of \$(68,570) in comparison to the prior fiscal year.

#### **Proprietary Funds**

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$40,951, a change of \$229,348 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$6,856,427. Major reasons for these amendments include:

- \$2,702,499 for prior year carryforward expenditures
- \$1,448,121 for OPEB Trust funding
- \$1,128,079 for general stabilization funding
- \$1,577,728 for capital and operating expenditures

Of this increase, \$3,034,753 was funded from free cash, \$2,702,499 was funded from the use of prior year assigned/committed fund balance, and \$1,119,175 was funded from transfers from other funds.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$107,527,909 (net of accumulated depreciation), a change of \$598,919 in comparison to the prior year. This investment in capital assets includes land, construction in progress, works of art, buildings and improvements, equipment, machinery and vehicles, and infrastructure.

Major investments in capital acquisitions and improvements during the current fiscal year included the following:

- \$1,657,795 for public safety vehicles
- \$1,551,214 for Central school roof replacement
- \$1,199,780 for infrastructure improvements
- \$434,795 for DPW equipment

Additional information on capital assets can be found in Note 9 of the Notes to Financial Statements.

***Long-Term Debt***

At the end of the current fiscal year, total bonded debt outstanding was \$39,272,364, all of which was backed by the full faith and credit of the Town.

During the fiscal year, the Town maintained its AA credit rating from S&P Global Ratings.

Additional information on long-term debt can be found in Note 14 of the Notes to Financial Statements.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of East Bridgewater, Massachusetts' 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:

Town of East Bridgewater  
Town Administrator  
175 Central Street  
East Bridgewater, MA 02333

**Town of East Bridgewater, Massachusetts**

Statement of Net Position  
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 17,430,676	\$ 2,988,537	\$ 20,419,213
Investments	8,199,479	-	8,199,479
Receivables, net of allowance for uncollectibles:			
Property taxes	446,520	-	446,520
Excises	257,677	-	257,677
User fees	-	1,426,225	1,426,225
Intergovernmental	1,368,743	-	1,368,743
Loans	887,089	-	887,089
Departmental and other	<u>473,945</u>	<u>-</u>	<u>473,945</u>
Total Current Assets	29,064,129	4,414,762	33,478,891
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	2,869,012	-	2,869,012
Capital assets depreciable, net	86,549,424	15,843,458	102,392,882
Capital assets non-depreciable	4,942,400	192,627	5,135,027
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>94,360,836</u>	<u>16,036,085</u>	<u>110,396,921</u>
Total Assets	123,424,965	20,450,847	143,875,812
<b>Deferred Outflows of Resources</b>			
Related to pension	2,175,486	114,499	2,289,985
Related to OPEB	<u>20,321,235</u>	<u>557,461</u>	<u>20,878,696</u>
Total Deferred Outflows of Resources	22,496,721	671,960	23,168,681
<b>Liabilities</b>			
Current:			
Warrants and accounts payable	963,724	152,680	1,116,404
Accrued payroll and withholdings	2,717,153	14,052	2,731,205
Accrued interest	266,850	71,663	338,513
Guarantee deposits	706,920	-	706,920
Other current liabilities	13,712	-	13,712
Current portion of long-term liabilities:			
Bonds and loans payable	3,043,130	936,667	3,979,797
Compensated absences	159,604	10,914	170,518
Landfill	<u>32,000</u>	<u>-</u>	<u>32,000</u>
Total Current Liabilities	7,903,093	1,185,976	9,089,069
Noncurrent:			
Bonds and loans payable, net of current portion	27,929,309	7,363,258	35,292,567
Compensated absences, net of current portion	1,436,432	98,233	1,534,665
Landfill, net of current portion	131,000	-	131,000
Net pension liability	15,881,844	835,886	16,717,730
Net OPEB liability	<u>63,001,679</u>	<u>1,729,166</u>	<u>64,730,845</u>
Total Noncurrent Liabilities	<u>108,380,264</u>	<u>10,026,543</u>	<u>118,406,807</u>
Total Liabilities	116,283,357	11,212,519	127,495,876
<b>Deferred Inflows of Resources</b>			
Related to pension	4,522,272	238,014	4,760,286
Related to OPEB	<u>30,527,338</u>	<u>837,440</u>	<u>31,364,778</u>
Total Deferred Inflows of Resources	35,049,610	1,075,454	36,125,064
<b>Net Position</b>			
Net investment in capital assets	60,767,476	8,793,883	69,561,359
Restricted for:			
Grants and other statutory restrictions	8,884,515	-	8,884,515
Permanent funds:			
Nonexpendable	80,610	-	80,610
Expendable	139,232	-	139,232
Unrestricted	<u>(75,283,114)</u>	<u>40,951</u>	<u>(75,242,163)</u>
Total Net Position	\$ <u>(5,411,281)</u>	\$ <u>8,834,834</u>	\$ <u>3,423,553</u>

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

**Town of East Bridgewater, Massachusetts**

Statement of Activities  
For the Year Ended June 30, 2022

		Program Revenues			Net (Expenses) Revenues
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental Activities</b>					
General government	\$ 6,174,659	\$ 755,286	\$ 820,851	\$ -	\$ (4,598,522)
Public safety	10,207,825	2,334,404	561,278	-	(7,312,143)
Education	40,379,519	1,415,559	18,165,959	811,054	(19,986,947)
Public works	3,123,556	609,125	101,665	738,360	(1,674,406)
Health and human services	1,054,220	29,692	71,578	-	(952,950)
Culture and recreation	781,063	23,255	64,235	-	(693,573)
Interest on long-term debt	<u>818,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(818,229)</u>
Total Governmental Activities	62,539,071	5,167,321	19,785,566	1,549,414	(36,036,770)
<b>Business-Type Activities</b>					
Water operations	2,316,029	2,582,452	-	-	266,423
Nonmajor operations	<u>1,032,575</u>	<u>1,204,245</u>	<u>-</u>	<u>-</u>	<u>171,670</u>
Total Business-Type Activities	<u>3,348,604</u>	<u>3,786,697</u>	<u>-</u>	<u>-</u>	<u>438,093</u>
Total	<u>\$ 65,887,675</u>	<u>\$ 8,954,018</u>	<u>\$ 19,785,566</u>	<u>\$ 1,549,414</u>	<u>(35,598,677)</u>

(continued)

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



**Town of East Bridgewater, Massachusetts**

Statement of Activities  
For the Year Ended June 30, 2022

(continued)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (36,036,770)	\$ 438,093	\$ (35,598,677)
<b>General Revenues</b>			
Property taxes	32,386,317	-	32,386,317
Excises	2,405,499	-	2,405,499
Penalties, interest, and other taxes	441,024	-	441,024
Grants and contributions not restricted to specific programs	2,140,759	-	2,140,759
Investment income (loss)	(263,161)	45	(263,116)
Other	207,570	9,689	217,259
<b>Transfers, net</b>	<u>(54,000)</u>	<u>54,000</u>	<u>-</u>
Total General Revenues and Transfers	37,264,008	63,734	37,327,742
Change in Net Position	1,227,238	501,827	1,729,065
<b>Net Position</b>			
Beginning of Year, as restated	<u>(6,638,519)</u>	<u>8,333,007</u>	<u>1,694,488</u>
End of Year	\$ <u><u>(5,411,281)</u></u>	\$ <u><u>8,834,834</u></u>	\$ <u><u>3,423,553</u></u>

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

**Town of East Bridgewater, Massachusetts**

Governmental Funds  
Balance Sheet  
June 30, 2022

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>			
Cash and short-term investments	\$ 11,072,515	\$ 6,358,161	\$ 17,430,676
Investments	7,981,370	218,109	8,199,479
Receivables:			
Property taxes	3,929,174	-	3,929,174
Excises	341,532	-	341,532
Intergovernmental	118,400	1,250,343	1,368,743
Loans	-	887,089	887,089
Departmental and other	<u>3,866</u>	<u>646,356</u>	<u>650,222</u>
Total Assets	\$ <u>23,446,857</u>	\$ <u>9,360,058</u>	\$ <u>32,806,915</u>
<b>Liabilities</b>			
Warrants and accounts payable	\$ 328,668	\$ 635,056	\$ 963,724
Accrued payroll and withholdings	2,699,841	17,312	2,717,153
Guarantee deposits	706,920	-	706,920
Other liabilities	<u>13,712</u>	<u>-</u>	<u>13,712</u>
Total Liabilities	3,749,141	652,368	4,401,509
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	4,296,674	1,848,194	6,144,868
<b>Fund Balances</b>			
Nonspendable	-	80,610	80,610
Restricted	-	7,599,252	7,599,252
Committed	6,737,286	-	6,737,286
Assigned	2,885,569	-	2,885,569
Unassigned	<u>5,778,187</u>	<u>(820,366)</u>	<u>4,957,821</u>
Total Fund Balances	<u>15,401,042</u>	<u>6,859,496</u>	<u>22,260,538</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>23,446,857</u>	\$ <u>9,360,058</u>	\$ <u>32,806,915</u>

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

**Town of East Bridgewater, Massachusetts**

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
in the Statement of Net Position  
June 30, 2022

<b>Total Governmental Fund Balances</b>	\$ 22,260,538
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	91,491,824
Revenues are reported on the accrual basis of accounting and are not deferred until collection	5,271,094
Deferred outflows of resources to be recognized as an increase to pension and OPEB expense in future periods:	
Related to pension	2,175,486
Related to OPEB	20,321,235
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds and loans payable	(30,972,439)
Compensated absences	(1,596,036)
Landfill	(163,000)
Net pension liability	(15,881,844)
Net OPEB liability	(63,001,679)
Deferred inflows of resources to be recognized as an increase to pension and OPEB expense in future periods:	
Related to pension	(4,522,272)
Related to OPEB	(30,527,338)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due	<u>(266,850)</u>
<b>Net Position of Governmental Activities</b>	<b>\$ <u><u>(5,411,281)</u></u></b>

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

**Town of East Bridgewater, Massachusetts**

Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2022

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues</b>			
Property taxes	\$ 32,751,718	\$ -	\$ 32,751,718
Excises	2,370,179	-	2,370,179
Penalties, interest, and other taxes	441,024	-	441,024
Charges for services	246,969	4,367,156	4,614,125
Intergovernmental	17,075,790	6,062,569	23,138,359
Licenses and permits	303,289	-	303,289
Fines and forfeitures	4,338	-	4,338
Investment (loss)	(236,828)	(26,333)	(263,161)
Other	<u>156,327</u>	<u>67,552</u>	<u>223,879</u>
Total Revenues	53,112,806	10,470,944	63,583,750
<b>Expenditures</b>			
Current:			
General government	4,360,462	959,149	5,319,611
Public safety	7,653,099	1,265,007	8,918,106
Education	27,711,611	4,416,590	32,128,201
Public works	2,344,349	1,223,516	3,567,865
Health and human services	757,327	76,664	833,991
Culture and recreation	541,236	47,438	588,674
Employee benefits	9,010,144	-	9,010,144
Debt service:			
Principal	2,360,074	280,566	2,640,640
Interest	1,204,357	7,737	1,212,094
Intergovernmental	733,730	-	733,730
Capital outlay	<u>-</u>	<u>1,578,508</u>	<u>1,578,508</u>
Total Expenditures	<u>56,676,389</u>	<u>9,855,175</u>	<u>66,531,564</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,563,583)	615,769	(2,947,814)
<b>Other Financials Sources (Uses)</b>			
Issuance of loans	-	247,295	247,295
Transfers in	931,634	-	931,634
Transfers out	<u>(54,000)</u>	<u>(931,634)</u>	<u>(985,634)</u>
Total Other Financing Sources (Uses)	<u>877,634</u>	<u>(684,339)</u>	<u>193,295</u>
Change in Fund Balance	(2,685,949)	(68,570)	(2,754,519)
Fund Balances at Beginning of Year, as restated	<u>18,086,991</u>	<u>6,928,066</u>	<u>25,015,057</u>
Fund Balances at End of Year	<u>\$ 15,401,042</u>	<u>\$ 6,859,496</u>	<u>\$ 22,260,538</u>

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

**Town of East Bridgewater, Massachusetts**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2022

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ (2,754,519)</b>
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	5,374,406
Depreciation	(4,325,028)

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, however, has any effect on net position:

Issuance of general obligation bonds and loans	(247,295)
Repayments of general obligation bonds and loans	2,640,640

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue, net of change in allowance for doubtful accounts.

87,953

In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. This amount reflects the change in accrued interest.

(8,850)

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

Change in compensated absences liability	(43,036)
Change in landfill liability	32,000
Change in net pension liability and related deferrals	1,294,414
Change in net OPEB liability and related deferrals	(1,226,162)
Amortization of bond premiums	<u>402,715</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u><u>1,227,238</u></u></b>
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The accompanying notes are an integral part of these financial statements.

**Town of East Bridgewater, Massachusetts**

Proprietary Funds  
Statement of Net Position  
June 30, 2022

	Business-Type Activities Enterprise Funds		
	Water Fund	Nonmajor Fund	Total
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 2,281,770	\$ 706,767	\$ 2,988,537
User fees, net of allowance for uncollectibles	<u>1,198,668</u>	<u>227,557</u>	<u>1,426,225</u>
Total Current Assets	3,480,438	934,324	4,414,762
Noncurrent:			
Capital assets depreciable, net	15,843,458	-	15,843,458
Capital assets, non-depreciable	<u>192,627</u>	<u>-</u>	<u>192,627</u>
Total Noncurrent Assets	<u>16,036,085</u>	<u>-</u>	<u>16,036,085</u>
Total Assets	19,516,523	934,324	20,450,847
<b>Deferred Outflows of Resources</b>			
Related to pension	114,499	-	114,499
Related to OPEB	<u>490,650</u>	<u>66,811</u>	<u>557,461</u>
Total Deferred Outflows of Resources	605,149	66,811	671,960
<b>Liabilities</b>			
Current:			
Warrants and accounts payable	71,460	81,220	152,680
Accrued payroll and withholdings	12,902	1,150	14,052
Accrued interest	71,663	-	71,663
Current portion of long-term liabilities:			
Bonds and loans payable	936,667	-	936,667
Compensated absences	<u>9,272</u>	<u>1,642</u>	<u>10,914</u>
Total Current Liabilities	1,101,964	84,012	1,185,976
Noncurrent:			
Bonds and loans payable, net of current portion	7,363,258	-	7,363,258
Compensated absences, net of current portion	83,452	14,781	98,233
Net pension liability	835,886	-	835,886
Net OPEB liability	<u>1,523,538</u>	<u>205,628</u>	<u>1,729,166</u>
Total Noncurrent Liabilities	<u>9,806,134</u>	<u>220,409</u>	<u>10,026,543</u>
Total Liabilities	10,908,098	304,421	11,212,519
<b>Deferred Inflows of Resources</b>			
Related to pension	238,014	-	238,014
Related to OPEB	<u>737,073</u>	<u>100,367</u>	<u>837,440</u>
Total Deferred Inflows of Resources	975,087	100,367	1,075,454
<b>Net Position</b>			
Net investment in capital assets	8,793,883	-	8,793,883
Unrestricted	<u>(555,396)</u>	<u>596,347</u>	<u>40,951</u>
Total Net Position	\$ <u>8,238,487</u>	\$ <u>596,347</u>	\$ <u>8,834,834</u>

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

**Town of East Bridgewater, Massachusetts**

Proprietary Funds  
Statement of Revenues, Expenses, and Changes In Net Position  
For the Year Ended June 30, 2022

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for services	\$ 2,582,452	\$ 1,204,245	\$ 3,786,697
Other operating revenues	<u>-</u>	<u>9,689</u>	<u>9,689</u>
Total Operating Revenues	2,582,452	1,213,934	3,796,386
<b>Operating Expenses</b>			
Salaries and wages	973,598	65,004	1,038,602
Other operating expenses	547,378	967,571	1,514,949
Depreciation	<u>587,322</u>	<u>-</u>	<u>587,322</u>
Total Operating Expenses	<u>2,108,298</u>	<u>1,032,575</u>	<u>3,140,873</u>
Operating Income	474,154	181,359	655,513
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	43	2	45
Interest expense	<u>(207,731)</u>	<u>-</u>	<u>(207,731)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(207,688)</u>	<u>2</u>	<u>(207,686)</u>
Income Before Transfers	266,466	181,361	447,827
<b>Transfers</b>			
Transfers in	<u>-</u>	<u>54,000</u>	<u>54,000</u>
Change in Net Position	266,466	235,361	501,827
Net Position at Beginning of Year, as restated	<u>7,972,021</u>	<u>360,986</u>	<u>8,333,007</u>
Net Position at End of Year	<u>\$ 8,238,487</u>	<u>\$ 596,347</u>	<u>\$ 8,834,834</u>

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

**Town of East Bridgewater, Massachusetts**

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2022

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Nonmajor Fund	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 2,653,218	\$ 1,205,756	\$ 3,858,974
Payments to employees	(937,649)	(80,362)	(1,018,011)
Payments to vendors	(525,090)	(954,540)	(1,479,630)
Net Cash Provided By Operating Activities	1,190,479	170,854	1,361,333
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers in	-	54,000	54,000
Net Cash Provided By Noncapital Financing Activities	-	54,000	54,000
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(136,863)	-	(136,863)
Principal payments on bonds and loans	(906,050)	-	(906,050)
Interest expense	(211,836)	-	(211,836)
Net Cash (Used For) Capital and Related Financing Activities	(1,254,749)	-	(1,254,749)
<b>Cash Flows From Investing Activities</b>			
Investment income	43	2	45
Net Cash Provided By Investing Activities	43	2	45
Net Change in Cash and Short-Term Investments	(64,227)	224,856	160,629
Cash and Short-Term Investments, Beginning of Year	2,345,997	481,911	2,827,908
Cash and Short-Term Investments, End of Year	\$ 2,281,770	\$ 706,767	\$ 2,988,537
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>			
Operating income	\$ 474,154	\$ 181,359	\$ 655,513
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	587,322	-	587,322
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees receivable	70,766	(8,178)	62,588
Deferred outflows of resources:			
Related to pension	(13,238)	-	(13,238)
Related to OPEB	107,562	20,791	128,353
Warrants and accounts payable	22,288	13,031	35,319
Accrued payroll and withholdings	12,902	1,150	14,052
Compensated absences	69,637	345	69,982
Net pension liability	(177,259)	-	(177,259)
Net OPEB liability	(656,659)	(113,638)	(770,297)
Deferred inflows of resources:			
Related to pension	122,370	-	122,370
Related to OPEB	570,634	75,994	646,628
Net Cash Provided By Operating Activities	\$ 1,190,479	\$ 170,854	\$ 1,361,333

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



**Town of East Bridgewater, Massachusetts**

Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2022

	OPEB <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>
<b>Assets</b>		
Cash and short-term investments	\$ 6,385	\$ 2,471
Investments:		
Corporate equities	177,599	310,932
Equity mutual funds	869,230	-
Fixed income mutual funds	<u>370,659</u>	<u>-</u>
Total investments	<u>1,417,488</u>	<u>310,932</u>
Total Assets	1,423,873	313,403
<b>Net Position</b>		
Restricted for:		
OPEB purposes	1,423,873	-
Scholarships	<u>-</u>	<u>313,403</u>
Total Net Position	\$ <u><u>1,423,873</u></u>	\$ <u><u>313,403</u></u>

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

**Town of East Bridgewater, Massachusetts**

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2022

	OPEB <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>
<b>Additions</b>		
Contributions	\$ 3,300,177	\$ -
Increase (decrease) in fair value of investments	<u>(239,105)</u>	<u>10,401</u>
Total Additions	3,061,072	10,401
<b>Deductions</b>		
Benefit payments	1,770,785	-
Scholarships and awards	<u>-</u>	<u>8,350</u>
Total Deductions	<u>1,770,785</u>	<u>8,350</u>
Change in Net Position	1,290,287	2,051
<b>Restricted Net Position</b>		
Beginning of Year	<u>133,586</u>	<u>311,352</u>
End of Year	<u><u>\$ 1,423,873</u></u>	<u><u>\$ 313,403</u></u>

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

## Town of East Bridgewater, Massachusetts

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of East Bridgewater, Massachusetts (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

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

The Town is a municipal corporation governed by an elected Select Board. As required by GAAP, these financial statements present the Government and applicable component units for which the Government is considered to be financially accountable. In fiscal year 2022, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

###### *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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.

## ***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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

### ***Fund Financial Statements***

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when 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 a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and

services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The reports the following major proprietary funds:

- The *Water Fund* is used to report the Town's water enterprise fund operations.

In addition, the Town has a *Solid Waste Fund* which is reported as a nonmajor proprietary fund.

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

The reports the following fiduciary funds:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health, dental, and life insurance benefits for retired employees. It is used to account for funds to offset the anticipated cost of premium payments for retirees and to any eligible spouse or dependent.
- The *Private Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent funds, under which principal and investment income exclusively benefit individuals, primarily student scholarships.

### ***Cash and Investments***

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

Deposits with financial institutions consist primarily of demand deposits and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments".

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the

close of the period. Investments measured using NAV for fair value are not subject to level classification.

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

Investments are carried at fair value, except certificates of deposit which are reported at cost.

### ***Property Tax Limitations***

Legislation known as “Proposition 2 ½” has limited the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override is voted. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

### ***Inventory***

Inventory is valued at cost using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventory is recorded as an expenditure when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

### ***Capital Assets***

Capital assets, which include property, plant, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Improvements	10-50
Machinery and equipment	5-10
Infrastructure	20-50

Capital assets are depreciated using the straight-line method over the estimated useful lives noted in the previous table. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

***Compensated Absences***

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

***Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

***Fund Equity***

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

***Fund Balance***

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

***Nonspendable***

Represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.

***Restricted***

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds, capital project funds, and the income portion of permanent trust funds.

***Committed***

Represents 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. This fund balance classification includes the Town's capital stabilization account\*, funds set aside by Town Meeting vote for future capital acquisitions and specific purposes. A similar action is needed to modify or rescind a commitment.

### *Assigned*

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

### *Unassigned*

Represents amounts that are available to be spent in future periods, the Town's general stabilization account\*, and deficit funds. The General Fund is the only fund that reports a positive unassigned fund balance.

\*Massachusetts General Law Ch. 40B Section 5 allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires two-thirds vote of the legislative body and must clearly define the purpose of the fund. Generally, any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.

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

### *Net Position*

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

### *Use of Estimates*

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

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

### ***Budgetary Information***

At the annual Town Meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Meeting, establishes the legal level of control and specifies that



certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

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

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

#### ***Deficit Fund Equity***

The Town reported various special revenue and capital project funds reflecting individual deficit account balances as of June 30, 2022. It is anticipated that the deficits in these funds will be eliminated through future intergovernmental and departmental revenues, transfers from other funds, and bond proceeds.

### **3. Deposits and Investments**

#### ***Town (Excluding the OPEB Trust Fund)***

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

Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

### ***Deposits***

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

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town's policies related to custodial credit risk of deposits is to limit unsecured bank deposits to no more than 5.00% of an institution's assets and no more than 10.00% of a municipalities cash.

As of June 30, 2022, \$ 5,572,428, of the Town's bank balance of \$21,201,442, was exposed to custodial credit risk as uninsured and uncollateralized, and \$8,300,751 was collateralized by securities held by the pledging financial institution's trust department or agent.

### ***Investments***

The following is a summary of the Town's investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 2,990,265
Corporate equities	1,234,831
Federal agency securities	1,115,760
Fixed income mutual funds	1,145,593
U.S. Treasury notes	<u>2,023,962</u>
Total	<u>\$ 8,510,411</u>

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

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Town's policies for custodial credit risk of investments are to limit investments to the MMDT, U.S. Treasury securities, U.S. Agency securities, certificates of deposit, and those investments listed on the Commonwealth of Massachusetts' Legal List of Investments.

As of June 30, 2022, the Town did not have investments subject to custodial credit risk exposure as all assets were held in the Town's name.

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

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town's investment policy is to mitigate credit risk exposure by diversification and prudent selection of investment instruments. Further, investment allocation guidelines have been established to provide lower volatility and enhance growth of the Town's investment portfolio.

Presented below is the actual rating as of year-end for each investment type of the Town as rated by S&P Global Ratings:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>				
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Corporate bonds	\$ 2,990,265	\$ 238,453	\$ 176,170	\$ 1,418,958	\$ 1,156,684	\$ -
Federal agency securities	1,115,760	-	1,115,760	-	-	-
Fixed income mutual funds	1,145,593	-	-	-	-	1,145,593
Total	\$ 5,251,618	\$ 238,453	\$ 1,291,930	\$ 1,418,958	\$ 1,156,684	\$ 1,145,593

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town's investment policies are to limit concentration of credit risk exposure by diversifying investments such that no more than 10.00% of the Town's investments are in one issuer, except for U.S. Treasury securities, U.S. Agency securities, and pooled investments.

As of June 30, 2022, the Town did not have investments in any one issuer that exceeded 5.00% of total investments.

#### *Interest Rate Risk – Investments in Debt Securities*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policies are to mitigate interest rate risk by diversification and prudent selection of investments instruments.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations as of June 30, 2022 is as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Corporate bonds	\$ 2,990,265	\$ -	\$ 2,357,531	\$ 632,734
Federal agency securities	1,115,760	310,165	684,532	121,063
Fixed income mutual funds	1,145,593	1,145,593	-	-
U.S. Treasury notes	2,023,962	175,352	1,495,374	353,236
Total	\$ 7,275,580	\$ 1,631,110	\$ 4,537,437	\$ 1,107,033

#### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk. However, the Town did not have any investments exposed to foreign currency risk as of June 30, 2022.

### *Fair Value*

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

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

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

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town has the following fair value measurements as of June 30, 2022:

		Fair Value Measurements Using:	
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
<u>Investment Type</u>	<u>Amount</u>		
Investments by fair value level:			
Corporate bonds	\$ 2,990,265	\$ -	\$ 2,990,265
Corporate equities	1,234,831	1,234,831	-
Federal agency securities	1,115,760	-	1,115,760
Fixed income mutual funds	1,145,593	-	1,145,593
U.S. Treasury notes	<u>2,023,962</u>	<u>2,023,962</u>	<u>-</u>
Total	<u>\$ 8,510,411</u>	<u>\$ 3,258,793</u>	<u>\$ 5,251,618</u>

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

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

#### **4. Investments – OPEB Trust Fund**

Generally, the Town’s OPEB Trust investment policies mirror that of the Town as discussed in the previous note.

The following is a summary of the OPEB Trust Fund’s investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 177,599
Equity mutual funds	869,230
Fixed income mutual funds	<u>370,659</u>
Total	<u>\$ 1,417,488</u>

##### *Custodial Credit Risk*

As of June 30, 2022, the OPEB Trust Fund did not have any investments exposed to custodial credit risk as all investments were in the OPEB Trust Fund’s name.

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

As of June 30, 2022, of the OPEB Trust Fund’s investments of \$1,417,488, \$370,659 were invested in fixed income mutual funds and unrated.

##### *Concentration of Credit Risk*

As of June 30, 2022, the OPEB Trust Fund did not have investments in any one issuer greater than 5.00% of total investments.

##### *Interest Rate Risk*

As of June 30, 2022, the OPEB Trust Fund’s investment in fixed income mutual funds had maturities less than one year.

##### *Foreign Currency Risk*

As of June 30, 2022, none of the OPEB Trust Fund’s investments were exposed to foreign currency risk exposure.

### *Fair Value*

As of June 30, 2022, the Town's OPEB Trust Fund has the following fair value measurements:

		Fair Value Measurements Using:	
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
<u>Investment Type</u>	<u>Amount</u>		
Investments by fair value level:			
Corporate equities	\$ 177,599	\$ 177,599	\$ -
Equity mutual funds	869,230	869,230	-
Fixed income mutual funds	<u>370,659</u>	<u>-</u>	<u>370,659</u>
Total	<u>\$ 1,417,488</u>	<u>\$ 1,046,829</u>	<u>\$ 370,659</u>

## **5. Property Taxes and Excises Receivable**

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements, respectively.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2022 tax levy reflected an excess capacity of \$12,969.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property tax and excises receivables at June 30, 2022 consisted of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long- Term Portion
Real estate taxes	\$ 421,233	\$ (55,090)	\$ 366,143	\$ -
Personal property taxes	23,053	(19,382)	3,671	-
Tax liens and foreclosures	3,375,308	(506,296)	-	2,869,012
Deferred taxes	<u>109,580</u>	<u>(32,874)</u>	<u>76,706</u>	<u>-</u>
Total property taxes	<u>\$ 3,929,174</u>	<u>\$ (613,642)</u>	<u>\$ 446,520</u>	<u>\$ 2,869,012</u>
Motor vehicle excise	\$ 341,532	\$ (83,855)	\$ 257,677	\$ -

## 6. User Fees Receivable

The Town provides water and solid waste services for its residents. Bills are sent to residential customers on a quarterly basis, based on usage.

Receivables for water and solid waste user charges, liens, and other fees at June 30, 2022 consisted of the following:

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
<b>Water</b>			
Usage	\$ 1,286,190	\$ (128,619)	\$ 1,157,571
Liens	<u>45,663</u>	<u>(4,566)</u>	<u>41,097</u>
Total Water	1,331,853	(133,185)	1,198,668
<b>Nonmajor</b>			
Solid waste usage	215,931	-	215,931
Solid waste liens	<u>11,626</u>	<u>-</u>	<u>11,626</u>
Total Nonmajor	<u>227,557</u>	<u>-</u>	<u>227,557</u>
Total	<u>\$ 1,559,410</u>	<u>\$ (133,185)</u>	<u>\$ 1,426,225</u>

## 7. Intergovernmental Receivables

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2022.

## 8. Interfund Transfers In and (Out)

The Town reports interfund transfers between various funds. The sum of all transfers presented in the table below agrees with the sum of interfund transfers presented in the governmental fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2022:

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 931,634	\$ 54,000 (1) (2)
Nonmajor Governmental Funds:		
Ambulance fund	<u>-</u>	<u>931,634</u> (1)
Total Governmental Funds	931,634	985,634
<u>Business-Type Activities</u>		
Nonmajor Enterprise Fund	<u>54,000</u>	<u>-</u> (2)
Total	<u>\$ 985,634</u>	<u>\$ 985,634</u>

(1) For capital outlay and next year's operations

(2) For operations



## 9. Capital Assets

Capital asset activity for the year ended June 30, 2022 for the Town's Governmental Activities was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, depreciable:				
Buildings and improvements	\$ 101,189,644	\$ 1,605,946	\$ -	\$ 102,795,590
Infrastructure	37,034,454	1,539,010	-	38,573,464
Machinery, equipment, and vehicles	<u>16,601,281</u>	<u>2,229,450</u>	<u>(238,020)</u>	<u>18,592,711</u>
Total capital assets, depreciable	154,825,379	5,374,406	(238,020)	159,961,765
Less accumulated depreciation for:				
Buildings and improvements	(32,180,098)	(2,484,170)	-	(34,664,268)
Infrastructure	(23,448,143)	(748,286)	-	(24,196,429)
Machinery, equipment, and vehicles	<u>(13,697,092)</u>	<u>(1,092,572)</u>	<u>238,020</u>	<u>(14,551,644)</u>
Total accumulated depreciation	<u>(69,325,333)</u>	<u>(4,325,028)</u>	<u>238,020</u>	<u>(73,412,341)</u>
Total capital assets, depreciable, net	85,500,046	1,049,378	-	86,549,424
Capital assets, non-depreciable:				
Land	4,848,950	-	-	4,848,950
Art and Treasure	<u>93,450</u>	<u>-</u>	<u>-</u>	<u>93,450</u>
Total capital assets, non-depreciable	<u>4,942,400</u>	<u>-</u>	<u>-</u>	<u>4,942,400</u>
Governmental activities capital assets, net	<u>\$ 90,442,446</u>	<u>\$ 1,049,378</u>	<u>\$ -</u>	<u>\$ 91,491,824</u>

Capital asset activity for the year ended June 30, 2022 for the Town's Business-Type Activities was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water Enterprise Fund</b>				
Capital assets, depreciable:				
Buildings and improvements	\$ 3,800,524	\$ -	\$ -	\$ 3,800,524
Infrastructure	25,311,737	136,863	-	25,448,600
Machinery, equipment, and vehicles	<u>1,275,007</u>	<u>-</u>	<u>-</u>	<u>1,275,007</u>
Total capital assets, depreciable	30,387,268	136,863	-	30,524,131
Less accumulated depreciation for:				
Buildings and improvements	(1,765,065)	(66,796)	-	(1,831,861)
Infrastructure	(11,463,632)	(435,983)	-	(11,899,615)
Machinery, equipment, and vehicles	<u>(864,654)</u>	<u>(84,543)</u>	<u>-</u>	<u>(949,197)</u>
Total accumulated depreciation	<u>(14,093,351)</u>	<u>(587,322)</u>	<u>-</u>	<u>(14,680,673)</u>
Total capital assets, depreciable, net	16,293,917	(450,459)	-	15,843,458
Capital assets, non-depreciable:				
Land	<u>192,627</u>	<u>-</u>	<u>-</u>	<u>192,627</u>
Total capital assets, non-depreciable	<u>192,627</u>	<u>-</u>	<u>-</u>	<u>192,627</u>
Water enterprise fund capital assets, net	<u>\$ 16,486,544</u>	<u>\$ (450,459)</u>	<u>\$ -</u>	<u>\$ 16,036,085</u>

Depreciation expense was charged to functions of the Town as follows:

<b>Governmental Activities</b>	
General government	\$ 211,815
Public safety	577,147
Education	2,610,485
Public works	815,722
Health and human services	101,237
Culture and recreation	<u>8,622</u>
Total	<u>\$ 4,325,028</u>
<b>Business-Type Activities</b>	
Water	\$ 587,322

#### 10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB are more fully discussed in the corresponding pension and OPEB notes.

#### 11. Warrants and Accounts Payable

Warrants and accounts payable represent fiscal year 2022 expenditures paid in fiscal year 2023.

#### 12. Accrued Payroll and Withholdings

This balance primarily represents accrued wages incurred in fiscal year 2022 paid in fiscal year 2023.

#### 13. Notes Payable

The following summarizes activity in notes payable during fiscal year 2022:

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Beginning Balance at 6/30/2021</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Ending Balance at 6/30/2022</u>
Mitchell school vestibule FOB	1.25	10/30/2020	7/15/2021	\$ 50,000	\$ -	\$ (50,000)	\$ -
Central/Mitchell wireless upgrade	1.25	10/30/2020	7/15/2021	73,417	-	(73,417)	-
IT Infrastructure	1.25	10/30/2020	7/15/2021	132,500	-	(132,500)	-
IT Infrastructure	1.25	10/30/2020	7/15/2021	170,000	-	(170,000)	-
Road repairs	1.25	10/30/2020	7/15/2021	<u>517,892</u>	<u>-</u>	<u>(517,892)</u>	<u>-</u>
Total				<u>\$ 943,809</u>	<u>\$ -</u>	<u>\$ (943,809)</u>	<u>\$ -</u>

## 14. Long-Term Debt

### *General Obligation Bonds and Loans*

The Town issues general obligation bonds (including direct placements) and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings outstanding are as follows:

<b>Governmental Activities</b>	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
<u>General Obligation Bonds</u>	<u>Through</u>		<u>as of</u>
			<u>06/30/22</u>
<b>Public Offerings:</b>			
General Obligation Bonds - 2010	08/01/22	2.00 - 4.00	\$ 100,000
General Obligation Bonds - 2012	08/15/32	2.00 - 3.00	613,000
General Obligation Bonds - 2013	09/15/34	2.00 - 4.00	3,265,000
General Obligation Bonds - 2015	08/15/35	2.00 - 4.00	1,670,000
General Obligation Bonds - 2015	12/15/35	2.25 - 4.00	750,000
General Obligation Bonds - 2016	09/15/36	2.00 - 2.75	1,055,000
General Obligation Bonds - 2019	03/01/39	3.00 - 5.00	1,435,000
General Obligation Bonds - 2021	04/15/41	2.00 - 5.00	<u>17,035,000</u>
Total Public Offerings			25,923,000
<b>Loans - Direct Borrowings</b>			
Massachusetts Clean Water Trust (MCWT):			
Series 8 - 97-1161-3	08/01/22	3.00 - 5.25%	21,542
Series 10 - 97-1161-4	08/01/24	2.50 - 5.25%	45,000
Series 11 - 97-1161-5	07/15/25	0.00%	80,000
Series 11 - 97-1161-6F	07/15/26	0.00%	100,000
Series 13 - 97-1161-8H	07/15/27	0.00%	120,000
Series 13 - 97-1161-7G	07/15/27	0.00%	120,000
Series 13 - CW-07-05	07/15/27	2.00%	128,751
Series 16 - 97-1161-I	07/15/32	0.00%	221,484
Series 17B - 97-1161-J	01/15/33	0.00%	220,000
Series 17B - 97-1161-K	01/15/33	0.00%	220,000
All American Investment Group, LLC	01/28/25	3.99	<u>148,226</u>
Total Loans - Direct Borrowings			<u>1,425,003</u>
Total Governmental Activities			<u>\$ 27,348,003</u>

<b>Business-Type Activities</b>	<b>Serial</b>	<b>Interest</b>	<b>Amount</b>
	<b>Maturities</b>	<b>Rate(s) %</b>	<b>Outstanding</b>
<u>Water Enterprise Fund</u>	<u>Through</u>		<u>as of</u>
			<u>06/30/22</u>
<u>General Obligation Bonds</u>			
<b>Public Offerings:</b>			
General Obligation Bonds - 2012	08/23/32	2.00 - 3.00	\$ 552,000
General Obligation Bonds - 2015	08/15/35	2.00 - 4.00	640,000
General Obligation Bonds - 2015	12/15/35	2.25 - 4.00	700,000
General Obligation Bonds - 2021	04/15/41	2.00 - 5.00	<u>900,000</u>
Total Public Offerings			<u>2,792,000</u>
<b>Loans - Direct Borrowings</b>			
Massachusetts Clean Water Trust (MCWT):			
Series 13 - DW-07-05	07/15/27	2.00	3,437,718
Series 15 - DW-07-05A	07/15/30	2.00	400,736
Series 15 - DW-07-05B	07/15/30	2.00	<u>1,563,555</u>
Total Loans - Direct Borrowings			<u>5,402,009</u>
Total Business-Type Activities			<u>\$ 8,194,009</u>

The Town has issued direct borrowings from the Massachusetts Pollution Abatement Trust (MWPAT), a state revolving loan fund (SRF) of the Massachusetts Clean Water Trust (MCWT), a component unit of the Commonwealth of Massachusetts. MCWT issues special obligation bonds under its SRF programs to provide low-cost financing to Cities, Towns, and other eligible borrowers, primarily for the construction and improvement of drinking water and wastewater infrastructure. There were not unused lines of credit or assets pledged as collateral for debt. The Town certified that rates and charges in the Water enterprise fund has been set at a sufficient level to cover estimated operating expenses and debt service related to direct borrowings. In addition, the Town as an “obligated person” with respect to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, agrees with MCWT to provide an annual report, not later than 270 days after the close of each fiscal year that incorporates the most recently available audited financial statements to meet continuing disclosure requirements.

### *Future Debt Service*

The annual payments to retire all general obligation bonds and loans outstanding as of June 30, 2022 are as follows:

<b>Governmental Activities</b>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,396,000	\$ 1,120,541	\$ 244,415	\$ 10,691
2024	2,395,000	1,012,724	225,208	7,096
2025	2,450,000	902,287	227,630	3,955
2026	2,546,000	790,807	161,737	1,104
2027	2,492,000	678,163	142,205	940
2028 - 2032	11,485,000	1,606,766	363,522	172
2033 - 2037	1,879,000	155,225	60,286	-
Thereafter	280,000	14,088	-	-
Total	<u>\$ 25,923,000</u>	<u>\$ 6,280,601</u>	<u>\$ 1,425,003</u>	<u>\$ 23,958</u>
<b>Water</b>				
<b>Enterprise Fund</b>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 179,000	\$ 90,610	\$ 745,899	\$ 100,581
2024	185,000	83,500	760,968	85,513
2025	190,000	75,928	776,340	70,589
2026	179,000	69,342	792,022	54,455
2027	188,000	62,763	808,020	38,455
2028 - 2032	980,000	215,503	1,518,760	43,197
2033 - 2037	711,000	64,818	-	-
Thereafter	180,000	9,000	-	-
Total	<u>\$ 2,792,000</u>	<u>\$ 671,464</u>	<u>\$ 5,402,009</u>	<u>\$ 392,790</u>

### *Changes in Long-Term Liabilities*

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Current <u>Portion</u>	Long-Term <u>Portion</u>
<b>Governmental Activities</b>						
Bonds payable:						
Public offerings	\$ 28,263,078	\$ -	\$ (2,340,078)	\$ 25,923,000	\$ (2,396,000)	\$ 23,527,000
Loans - direct borrowings	1,478,270	247,295	(300,562)	1,425,003	(244,415)	1,180,588
Unamortized premium	<u>4,027,151</u>	<u>-</u>	<u>(402,715)</u>	<u>3,624,436</u>	<u>(402,715)</u>	<u>3,221,721</u>
Subtotal long-term debt	33,768,499	247,295	(3,043,355)	30,972,439	(3,043,130)	27,929,309
Compensated absences	1,553,000	43,036	-	1,596,036	(159,604)	1,436,432
Landfill liability	195,000	-	(32,000)	163,000	(32,000)	131,000
Net pension liability	19,249,756	-	(3,367,912)	15,881,844	-	15,881,844
Net OPEB liability	<u>89,757,455</u>	<u>-</u>	<u>(26,755,776)</u>	<u>63,001,679</u>	<u>-</u>	<u>63,001,679</u>
Total long-term liabilities	<u>\$ 144,523,710</u>	<u>\$ 290,331</u>	<u>\$ (33,199,043)</u>	<u>\$ 111,614,998</u>	<u>\$ (3,234,734)</u>	<u>\$ 108,380,264</u>
<b>Water Enterprise Fund</b>						
Bonds payable:						
Public offerings	\$ 2,966,922	\$ -	\$ (174,922)	\$ 2,792,000	\$ (179,000)	\$ 2,613,000
Loans - direct borrowings	6,133,137	-	(731,128)	5,402,009	(745,899)	4,656,110
Unamortized premium	<u>117,684</u>	<u>-</u>	<u>(11,768)</u>	<u>105,916</u>	<u>(11,768)</u>	<u>94,148</u>
Subtotal long-term debt	9,217,743	-	(917,818)	8,299,925	(936,667)	7,363,258
Compensated absences	23,087	69,637	-	92,724	(9,272)	83,452
Net pension liability	1,013,145	-	(177,259)	835,886	-	835,886
Net OPEB liability	<u>2,180,197</u>	<u>-</u>	<u>(656,659)</u>	<u>1,523,538</u>	<u>-</u>	<u>1,523,538</u>
Total long-term liabilities	<u>\$ 12,434,172</u>	<u>\$ 69,637</u>	<u>\$ (1,751,736)</u>	<u>\$ 10,752,073</u>	<u>\$ (945,939)</u>	<u>\$ 9,806,134</u>
<b>Nonmajor Enterprise Fund</b>						
Compensated absences	\$ 16,078	\$ 345	\$ -	\$ 16,423	\$ (1,642)	\$ 14,781
Net OPEB liability	<u>319,266</u>	<u>-</u>	<u>(113,638)</u>	<u>205,628</u>	<u>-</u>	<u>205,628</u>
Total long-term liabilities	<u>\$ 335,344</u>	<u>\$ 345</u>	<u>\$ (113,638)</u>	<u>\$ 222,051</u>	<u>\$ (1,642)</u>	<u>\$ 220,409</u>

### *Long-Term Liabilities Supporting Governmental and Business-Type Activities*

Bonds and loans issued by the Town for various projects are approved by Town Meeting and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term liabilities are repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds.

## **15. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill has stopped

accepting solid waste and pursuant to a Massachusetts Department of Environmental Protection consent order, the Town has placed a final cover on its landfill.

The \$163,000 reported as landfill postclosure care liability at June 30, 2022 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

#### **16. Deferred Inflows of Resources**

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

## 17. Governmental Funds – Fund Balances

The Town's fund balances at June 30, 2022 are comprised of the following:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Nonspendable</b>			
Permanent funds	\$ -	\$ 80,610	\$ 80,610
Total Nonspendable	-	80,610	80,610
<b>Restricted</b>			
Title V	-	1,321,172	1,321,172
School choice	-	851,036	851,036
Solar project	-	706,188	706,188
Ambulance fees	-	645,930	645,930
School lunch	-	538,691	538,691
Sewer treatment	-	318,363	318,363
Circuit breaker	-	280,133	280,133
Capital projects	-	247,423	247,423
PEG Access	-	220,932	220,932
Special education	-	206,219	206,219
Summer programs	-	164,956	164,956
Other	-	2,098,209	2,098,209
Total Restricted	-	7,599,252	7,599,252
<b>Committed</b>			
Capital stabilization	4,662,111	-	4,662,111
For next year's capital projects	1,074,573	-	1,074,573
Special article appropriations	1,000,602	-	1,000,602
Total Committed	6,737,286	-	6,737,286
<b>Assigned</b>			
General government	501,681	-	501,681
Public safety	6,592	-	6,592
Education	133,098	-	133,098
Public works	3,101	-	3,101
Culture and recreation	1,000	-	1,000
Employee benefits	35,379	-	35,379
For next year's operating budget	2,204,718	-	2,204,718
Total Assigned	2,885,569	-	2,885,569
<b>Unassigned</b>			
Operating fund	3,249,065	-	3,249,065
General stabilization fund	2,529,122	-	2,529,122
Deficit balances	-	(820,366)	(820,366)
Total Unassigned	5,778,187	(820,366)	4,957,821
Total Fund Balances	\$ 15,401,042	\$ 6,859,496	\$ 22,260,538



## 18. Restricted Net Position

The Town's restricted net position at June 30, 2022 are comprised of the following:

<u>Purpose</u>	<u>Governmental Activities</u>
Title V	\$ 2,208,261
School choice	851,036
Solar project	706,188
Ambulance fees	1,116,009
School lunch	538,691
Sewer treatment	318,363
Circuit breaker	280,133
PEG Access	220,932
Permanent funds	219,842
Special education	206,219
Summer programs	164,956
Other	<u>2,273,727</u>
Total	\$ <u><u>9,104,357</u></u>

## 19. Plymouth County Retirement Association

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to employees' retirement funds.

### ***Plan Description***

The Plymouth County Retirement Association (the Association) is a multiple-employer, cost sharing, contributory defined benefit plan covering all employees of the governmental units deemed eligible by the Plymouth County Retirement Board (the Board). Membership in the Association is mandatory immediately upon the commencement of employment for all permanent, full-time employees. As of December 31, 2021, the Association had 52 participating employers.

The Association is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). The Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's public retirement systems. The Association is governed by a five-member Board who establish the policies under which the Association operates. The Association issued an audited financial statement for the year ended December 31, 2021, which may be obtained by contacting the Association directly at: Plymouth County Retirement Association, 10 Cordage Park Circle, Suite 234, Plymouth, MA 02360, or at [www.pcr.ma.org](http://www.pcr.ma.org).

### *Participant Contributions*

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the Association. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5.00%
January 1, 1975 - December 31, 1983	7.00%
January 1, 1984 - June 30, 1996	8.00%
Beginning July 1, 1996	9.00%

For those members entering the Association on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

### *Participant Retirement Benefits*

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

#### *Methods of Payment*

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

#### *Participant Refunds*

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily

withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3.00%.

#### *Employer Contributions*

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

The Town's contribution to the Association for the year ended June 30, 2022 was \$2,960,238, which was equal to its annual required contribution.

#### ***Summary of Significant Accounting Policies***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Association and additions to/deductions from the Association's fiduciary net position have been determined on the same basis as they are reported by Association. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***

At June 30, 2022, the Town reported a liability of \$16,717,730 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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 employers, actuarially determined. At June 30, 2022, the Town's proportion of the net pension liability was 3.57%.

For the year ended June 30, 2022, the Town recognized pension expense of \$1,597,697. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 1,854,141	\$ -
Changes of assumptions	56,794	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	379,050	(173,198)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,587,088)
Total	<u>\$ 2,289,985</u>	<u>\$ (4,760,286)</u>

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

<u>Year Ended June 30:</u>	
2023	\$ 276,574
2024	(1,331,163)
2025	(786,604)
2026	(629,108)
Total	<u>\$ (2,470,301)</u>

### ***Actuarial Assumptions***

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.875%, net of investment expense
Projected salary increases	3.75% per year
Cost of living adjustments	3.00% of first \$16,000

Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational.

Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational.

Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years.

Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

### ***Target Allocations***

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

<u>Asset Class</u>	<u>Target Asset Allocation %</u>	<u>Long-term Expected Real Rate of Return %</u>
Domestic equity	23.00	6.80
Private equity	12.00	7.30
Global equity	11.00	7.20
Core bonds	10.00	2.40
Real estate	10.00	7.40
Emerging markets equity	9.00	4.60
Value-added fixed income	7.00	4.00
Hedge funds	7.00	4.40
Real assets	6.00	7.70
International developed equity	3.00	7.50
Cash and cash equivalents	2.00	1.70
Total	<u>100.00</u>	

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.875%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.875%)	Current Discount Rate (7.875%)	1% Increase (8.875%)
\$ 23,691,758	\$ 16,717,730	\$ 10,773,180

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued Association financial report.

**20. Massachusetts Teachers' Retirement System (MTRS)**

***Plan Description***

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

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

***Benefits Provided***

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establish uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years,

whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

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

### ***Contributions***

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

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

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

### ***Actuarial Assumptions***

The net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

- (a) 7.00% (changed from 7.15%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.



- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 – 2020.
- Mortality rates were as follows:
  - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
  - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
  - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

### ***Target Allocations***

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation %</u>	<u>Long-term Expected Real Rate of Return %</u>
Global equity	39.00	4.80
Core fixed income	15.00	3.00
Private equity	13.00	7.80
Portfolio completion strategies	11.00	2.90
Real estate	10.00	3.70
Value added fixed income	8.00	3.90
Timber/natural resources	4.00	4.30
Total	<u>100.00</u>	

### ***Discount Rate***

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

### ***Sensitivity Analysis***

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

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 29,687,706	\$ 22,706,876	\$ 16,882,184

### ***Special Funding Situation***

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

### ***Town Proportions***

In fiscal year 2021 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was approximately \$45,817,073 based on a proportionate share of .201776%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of approximately \$3,528,023 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and its portion of the collective pension expense of approximately \$148,606 as both a revenue and expense on the Statement of Activities.

## **21. Other Post-Employment Benefits**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2018, the Town established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This

statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2022.

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

***Plan Description***

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

***Benefits Provided***

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

***Funding Policy***

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on actuarially determined amounts or annual budget limitations/authorizations.

***Plan Membership***

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	314
Active employees	<u>429</u>
Total	<u><u>743</u></u>

***Rate of Return***

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (28.21)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Actuarial Assumptions and Other Inputs**

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

Valuation date	July 1, 2020
Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.41%, net of OPEB plan investment expense, including inflation
Municipal bond rate	4.09% (S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Discount rate	4.66%
Healthcare cost trend rates	4.50% increase in 2022 and an ultimate rate of 3.60% as of 2061 and later years
Participation rate	80.00% of employees eligible to receive retirement benefits would enroll in the retiree medical, dental, and life insurance plans upon retirement
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/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 for males and females (post-retirement for females only); Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

The actuarial assumptions used in the valuation were based on the results of the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

**Target Allocations**

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 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 geometric real rates of return for each

major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	Target Asset Allocation %	Long-term Expected Real Rate of Return %
Alternatives	23.00	5.98
Domestic fixed income	20.00	1.00
International equity - developed market	16.00	4.91
Domestic equity - large cap	14.50	4.42
Real estate	14.00	6.25
International equity - emerging market	6.00	5.58
Domestic equity - small/mid cap	3.50	4.81
International fixed income	3.00	1.04
Cash	0.00	0.00
Total	<u>100.00</u>	

### ***Contributions***

In addition to the implicit subsidy contribution, the Town's policy is to contribute the actuarially determined contribution or amounts provided annually by the budget.

### ***Discount Rate***

The discount rate used to measure the net OPEB liability was 4.66% at June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. The OPEB plan's fiduciary net position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long term expected rate of return on the OPEB plan assets is applied to the projected benefit payments which the fiduciary net position is expected to be sufficient to cover and the municipal bond rate is applied thereafter.

### ***Net OPEB Liability***

*The components of the net OPEB liability, measured as of June 30, 2022, were as follows:*

Total OPEB liability	\$ 66,154,718
Plan fiduciary net position	<u>(1,423,873)</u>
Net OPEB liability	<u>\$ 64,730,845</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.15%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

### ***Changes in the Net OPEB Liability***

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 92,390,504	\$ 133,586	\$ 92,256,918
Changes for the year:			
Service cost	4,027,902	-	4,027,902
Interest	2,149,604	-	2,149,604
Contributions - employer	-	3,300,177	(3,300,177)
Net investment income	-	(239,105)	239,105
Changes in assumptions	(30,642,507)	-	(30,642,507)
Benefit payments	<u>(1,770,785)</u>	<u>(1,770,785)</u>	<u>-</u>
Net Changes	<u>(26,235,786)</u>	<u>1,290,287</u>	<u>(27,526,073)</u>
Balances, end of year	<u>\$ 66,154,718</u>	<u>\$ 1,423,873</u>	<u>\$ 64,730,845</u>

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

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

1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
\$ 76,577,669	\$ 64,730,845	\$ 55,415,292

### ***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 54,514,079	\$ 64,730,845	\$ 77,949,927

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

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$4,531,022. At June 30, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 2,164,841	\$ (2,694,364)
Changes of assumptions	18,477,007	(28,670,414)
Net difference between projected and actual investment earnings on OPEB plan investments	<u>236,848</u>	<u>-</u>
Total	<u>\$ 20,878,696</u>	<u>\$ (31,364,778)</u>

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

Year Ended June 30:

2023	\$ (1,586,477)
2024	(1,586,141)
2025	(1,591,837)
2026	(545,605)
2027	(798,521)
Thereafter	<u>(4,377,501)</u>
Total	<u>\$ (10,486,082)</u>

**22. Commitments and Contingencies**

***Outstanding Legal Issues***

On an ongoing basis, there are typically pending legal issues in which the is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

***Grants***

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including

amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the expects such amounts, if any, to be immaterial.

### ***Encumbrances***

At year-end, the Town's General Fund has \$680,851 in encumbrances that will be honored in the next fiscal year.

## **23. Change in Accounting Principle**

During fiscal year 2022, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as a the right to use another entity's asset over a definitive period of time. The Town has entered into various lessor/lessee arrangements that meet the criteria for leases under GASB Statement No. 87 and management has concluded that related effects are immaterial to the financial statements.

The Town monitors changes in circumstances that would require remeasurement of its lease arrangements and will remeasure lease assets and liabilities should circumstances arise in order to identify any impact to the financial statements.

## **24. Beginning Fund Balance/Net Position Restatement**

The beginning fund balance/net position of the Town's nonmajor governmental funds and private purpose trust funds restated as follows:

	Nonmajor Governmental <u>Funds</u>	Private Purpose <u>Trust Funds</u>
As previously reported	\$ 7,849,809	\$ -
Restate trust funds	(311,352)	311,352
Guarantee deposits from GASB 84	<u>(610,391)</u>	<u>-</u>
As restated	<u>\$ 6,928,066</u>	<u>\$ 311,352</u>

The beginning net position of the Town's governmental activities has been restated as follows:

	Governmental <u>Activities</u>
As previously reported	\$ (1,689,625)
Impact of fund basis restatements	(921,743)
Restate bond premiums	<u>(4,027,151)</u>
As restated	<u>\$ (6,638,519)</u>



The beginning net position of the Town's business-type activities has been restated as follows:

	<u>Water Enterprise Fund</u>		
	Net Investment		
	<u>in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
As previously reported	\$ 7,386,485	\$ 1,064,206	\$ 8,450,691
Restate bond premiums	-	(117,684)	(117,684)
Reclassify unspent proceeds	<u>1,134,919</u>	<u>(1,134,919)</u>	<u>-</u>
As restated	<u>\$ 8,521,404</u>	<u>\$ (188,397)</u>	<u>\$ 8,333,007</u>

## 25. Subsequent Events

### *Short-Term Debt*

The Town issued the following general obligation bond anticipation notes (BAN) after June 30, 2022:

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Date of Issue<sup>1</sup></u>	<u>Date of Maturity<sup>1</sup></u>	<u>Amount</u>
Sewer district design	3.50	07/28/22	10/28/22	\$ 500,000
Police station and Town Hall complex	3.50	07/28/22	10/28/22	100,000
Mitchell School paving	3.50	07/28/22	10/28/22	412,949
Central School roof replacement	3.63	09/28/22	04/28/23	578,000
Sewer district design and construction	5.00	10/28/22	04/28/23	500,000
Well replacement	5.00	10/28/22	04/28/23	175,000
Police station and Town Hall complex	5.00	10/28/22	04/28/23	100,000
Mitchell School paving	5.00	10/28/22	04/28/23	412,949
Central School roof replacement	4.00	04/28/23	10/27/23	96,146
Sewer district design and construction	4.00	04/28/23	10/27/23	500,000
Well replacement	4.00	04/28/23	10/27/23	175,000
Police station and Town Hall complex	4.00	04/28/23	10/27/23	150,000
Mitchell School paving	4.00	04/28/23	10/27/23	412,949

<sup>1</sup> The above table documents all BAN issuances subsequent to year end. Certain BAN issuances, in the table above, have matured and been subsequently issued.

**Town of East Bridgewater, Massachusetts**

Required Supplementary Information  
General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual  
For the Year Ended June 30, 2022  
(Unaudited)

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 32,242,366	\$ 32,242,366	\$ 32,751,718	\$ 509,352
Excises	2,029,401	2,029,401	2,370,179	340,778
Penalties, interest, and other taxes	311,900	311,900	441,024	129,124
Charges for services	230,789	230,789	246,969	16,180
Intergovernmental	13,081,593	13,081,593	13,547,767	466,174
Licenses and permits	251,003	251,003	303,289	52,286
Fines and forfeitures	21,442	21,442	4,338	(17,104)
Investment income	63,817	63,817	64,559	742
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>156,327</u>	<u>131,327</u>
Total Revenues	48,257,311	48,257,311	49,886,170	1,628,859
<b>Expenditures</b>				
General government	4,976,935	5,834,553	5,513,284	321,269
Public safety	6,240,071	8,045,685	7,937,608	108,077
Education	23,921,667	24,432,312	24,408,827	23,485
Public works	1,586,422	2,460,558	2,523,454	(62,896)
Health and human services	858,312	998,640	757,327	241,313
Culture and recreation	567,516	567,516	542,236	25,280
Employee benefits	7,913,745	9,399,752	9,247,004	152,748
Debt service	3,594,429	3,594,429	3,564,431	29,998
Intergovernmental	<u>711,264</u>	<u>711,264</u>	<u>733,730</u>	<u>(22,466)</u>
Total Expenditures	<u>50,370,361</u>	<u>56,044,709</u>	<u>55,227,901</u>	<u>816,808</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	(2,113,050)	(7,787,398)	(5,341,731)	2,445,667
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,811,445	2,930,620	2,930,620	-
Transfers out	-	(1,182,079)	(1,182,079)	-
Use of free cash for:				
Operating budget	301,605	301,605	-	(301,605)
Capital budget	-	458,553	-	(458,553)
Transfer to general stabilization account	-	1,128,079	1,128,079	-
OPEB trust fund contribution	-	1,448,121	-	(1,448,121)
Use of prior year carryforwards	<u>-</u>	<u>2,702,499</u>	<u>2,702,499</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,113,050</u>	<u>7,787,398</u>	<u>5,579,119</u>	<u>(2,208,279)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>237,388</u>	\$ <u>237,388</u>

See Independent Auditor's Report

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

***Budgetary Basis***

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

***Budget/GAAP Reconciliation***

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

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

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	Other Financing <u>Sources (Uses)</u>
GAAP Basis	\$ 53,112,806	\$ 56,676,389	\$ 877,634
To remove effect of combining stabilization and General Fund	301,387	-	(1,253,079)
To reclassify enterprise fund indirect costs to budgetary basis	-	398,082	398,082
To add end of year appropriation carryforwards to expenditures	-	1,681,453	-
To record use of free cash	-	-	1,128,079
To reverse the effect of non-budgeted State contributions for teachers retirement	(3,528,023)	(3,528,023)	-
To record use of prior year carryforwards as a funding source	-	-	2,702,499
Other nonbudgeted activity	-	-	1,725,904
Budgetary Basis	<u>\$ 49,886,170</u>	<u>\$ 55,227,901</u>	<u>\$ 5,579,119</u>

See Independent Auditor's Report

**Town of East Bridgewater, Massachusetts**

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

**Plymouth County Retirement Association**

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2022	December 31, 2021	3.57%	\$16,717,730	\$ 12,286,425	136.07%	75.49%
June 30, 2021	December 31, 2020	3.46%	\$20,262,901	11,493,000	176.31%	67.90%
June 30, 2020	December 31, 2019	3.54%	\$24,132,704	10,393,100	232.20%	61.61%
June 30, 2019	December 31, 2018	3.49%	\$25,603,508	10,891,412	235.08%	56.10%
June 30, 2018	December 31, 2017	3.57%	\$19,102,197	10,940,724	174.60%	65.56%
June 30, 2017	December 31, 2016	3.52%	\$22,324,421	10,519,927	212.21%	58.32%
June 30, 2016	December 31, 2015	3.49%	\$22,109,349	9,925,244	222.76%	56.76%
June 30, 2015	December 31, 2014	3.49%	\$20,320,378	9,566,500	212.41%	58.88%

**Massachusetts Teachers' Retirement System**

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town</u>	<u>Total Net Pension Liability Associated with the Town</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2022	June 30, 2021	0.201776%	\$ -	\$ 45,817,073	\$ 45,817,073	\$ 15,649,722	-	62.03%
June 30, 2021	June 30, 2020	0.200627%	-	57,268,771	57,268,771	15,201,000	-	50.67%
June 30, 2020	June 30, 2019	0.203813%	-	51,389,518	51,389,518	14,831,793	-	53.95%
June 30, 2019	June 30, 2018	0.203375%	-	48,222,769	48,222,769	14,282,734	-	54.84%
June 30, 2018	June 30, 2017	0.170570%	-	39,035,506	39,035,506	11,582,470	-	54.25%
June 30, 2017	June 30, 2016	0.185033%	-	41,369,545	41,369,545	10,044,825	-	52.73%
June 30, 2016	June 30, 2015	0.191940%	-	39,327,856	39,327,856	9,566,500	-	55.38%
June 30, 2015	June 30, 2014	0.185422%	-	29,475,401	29,475,401	9,117,000	-	61.64%

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See Independent Auditor's Report.

**Town of East Bridgewater, Massachusetts**

Required Supplementary Information  
Schedule of Pension Contributions  
(Unaudited)

Plymouth County Retirement Association

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2022	December 31, 2021	\$ 2,960,238	\$ 2,960,238	\$ -	\$ 12,655,018	23.39%
June 30, 2021	December 31, 2020	2,778,694	2,778,694	-	11,837,790	23.47%
June 30, 2020	December 31, 2019	2,610,451	2,610,451	-	10,704,893	24.39%
June 30, 2019	December 31, 2018	2,531,361	2,531,361	-	11,218,154	22.56%
June 30, 2018	December 31, 2017	2,427,677	2,427,677	-	11,268,946	21.54%
June 30, 2017	December 31, 2016	2,343,657	2,343,657	-	10,835,525	21.63%
June 30, 2016	December 31, 2015	2,220,461	2,220,461	-	10,223,001	21.72%
June 30, 2015	December 31, 2014	2,052,200	2,052,200	-	9,853,495	20.83%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2022	June 30, 2021	\$ 3,528,023	\$ 3,528,023	\$ -	\$ 15,649,722	22.54%
June 30, 2021	June 30, 2020	3,116,612	3,116,612	-	15,201,000	20.50%
June 30, 2020	June 30, 2019	2,942,473	2,942,473	-	14,831,793	19.84%
June 30, 2019	June 30, 2018	2,673,936	2,673,936	-	14,282,734	18.72%
June 30, 2018	June 30, 2017	2,107,412	2,107,412	-	11,582,470	18.19%
June 30, 2017	June 30, 2016	2,080,845	2,080,845	-	10,044,825	20.72%
June 30, 2016	June 30, 2015	1,961,494	1,961,494	-	9,566,500	20.50%
June 30, 2015	June 30, 2014	1,738,111	1,738,111	-	9,117,000	19.06%

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**Town of East Bridgewater, Massachusetts**

Required Supplementary Information  
Schedule of Changes in the Net OPEB Liability  
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 4,027,902	\$ 2,977,467	\$ 2,820,413	\$ 2,508,172	\$ 2,704,845
Interest	2,149,604	1,824,982	1,834,977	2,119,655	2,191,966
Differences between expected and actual experience	-	742,646	-	(6,792,252)	-
Changes of assumptions	(30,642,507)	24,310,202	2,032,059	(6,063,816)	-
Benefit payments	<u>(1,770,785)</u>	<u>(1,689,132)</u>	<u>(1,605,345)</u>	<u>(1,541,652)</u>	<u>(1,438,388)</u>
Net change in total OPEB liability	(26,235,786)	28,166,165	5,082,104	(9,769,893)	3,458,423
Total OPEB liability - beginning	<u>92,390,504</u>	<u>64,224,339</u>	<u>59,142,235</u>	<u>68,912,128</u>	<u>65,453,705</u>
<b>Total OPEB liability - ending (a)</b>	66,154,718	92,390,504	64,224,339	59,142,235	68,912,128
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	3,300,177	1,729,132	1,615,345	1,551,652	1,448,388
Net investment income (loss)	(239,105)	11,262	1,840	3,114	(258)
Benefit payments	<u>(1,770,785)</u>	<u>(1,689,132)</u>	<u>(1,605,345)</u>	<u>(1,541,652)</u>	<u>(1,438,388)</u>
Net change in plan fiduciary net position	1,290,287	51,262	11,840	13,114	9,742
Plan fiduciary net position - beginning	<u>133,586</u>	<u>82,324</u>	<u>70,484</u>	<u>57,370</u>	<u>47,628</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>1,423,873</u>	<u>133,586</u>	<u>82,324</u>	<u>70,484</u>	<u>57,370</u>
<b>Net OPEB liability - ending (a-b)</b>	<u>\$ 64,730,845</u>	<u>\$ 92,256,918</u>	<u>\$ 64,142,015</u>	<u>\$ 59,071,751</u>	<u>\$ 68,854,758</u>

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**Town of East Bridgewater, Massachusetts**

Required Supplementary Information  
Schedules of the Net OPEB Liability, Contributions, and Investment Returns  
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Schedule of Net OPEB Liability</b>					
Total OPEB liability	\$ 66,154,718	\$ 92,390,504	\$ 64,224,339	\$ 59,142,235	\$ 68,912,128
Plan fiduciary net position	<u>(1,423,873)</u>	<u>(133,586)</u>	<u>(82,324)</u>	<u>(70,484)</u>	<u>(57,370)</u>
Net OPEB liability	<u>\$ 64,730,845</u>	<u>\$ 92,256,918</u>	<u>\$ 64,142,015</u>	<u>\$ 59,071,751</u>	<u>\$ 68,854,758</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.15%	0.14%	0.13%	0.12%	0.08%
Covered employee payroll	\$ 29,424,825	\$ 28,567,791	\$ 26,502,877	\$ 25,730,949	\$ 23,431,218
Net OPEB liability as a percentage of covered employee payroll	219.99%	322.94%	242.02%	229.57%	293.86%
<b>Schedule of Contributions</b>					
Actuarially determined contribution	\$ 6,722,664	\$ 5,737,965	\$ 5,903,251	\$ 5,434,188	\$ 5,946,980
Contributions in relation to the Actuarially determined contribution	<u>(3,300,177)</u>	<u>(1,729,132)</u>	<u>(1,615,345)</u>	<u>(1,609,022)</u>	<u>(1,438,388)</u>
Contribution deficiency (excess)	<u>\$ 3,422,487</u>	<u>\$ 4,008,833</u>	<u>\$ 4,287,906</u>	<u>\$ 3,825,166</u>	<u>\$ 4,508,592</u>
Covered employee payroll	\$ 29,424,825	\$ 28,567,791	\$ 25,730,949	\$ 25,730,949	\$ 22,748,755
Contributions as a percentage of covered employee payroll	11.22%	6.05%	6.28%	6.25%	6.32%
<b>Schedule of Investment Returns</b>					
Annual money weighted rate of return, net of investment expense	(28.21)%	11.44%	2.41%	5.42%	N/A

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