

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF OXFORD, MASSACHUSETTS

Basic Financial Statements
and
Additional Information

Year Ended June 30, 2023



TOWN OF OXFORD, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Selectmen
Town of Oxford, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Oxford, Massachusetts, (the "Town") as of and for the year ended June 30, 2023 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2023 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 of Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 the management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers these to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2024 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
January 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Oxford, Massachusetts (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information.

Financial Highlights

- The Town's assets and deferred inflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by over \$2.2 million (total net position). A deficit net position of approximately \$1.4 million in the Town's governmental activities was offset by a positive net position of nearly \$3.7 million in its business-type activities.
- The Town continues to report a deficit in its unrestricted net position in its governmental activities. This deficit exceeded \$66.3 million at June 30, 2023. This deficit is due primarily to the recording of liabilities associated with the net OPEB and net pension liabilities, which totaled nearly \$64.9 million at June 30, 2023 in the aggregate. These liabilities are applied to the Town's unrestricted net position and represent actuarial estimates of future postemployment benefits payable by the Town for retiree medical insurance and pensions.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of over \$23.6 million, which was approximately \$2.4 million greater than the prior year. Of the ending fund balance, over \$5.0 million is available for spending at the government's discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.
- At the end of the current fiscal year, the unassigned fund balance for the general fund approached \$7.2 million, which represents nearly 15% percent of the total fiscal year 2023 general fund expenditures. The June 30, 2023 total general fund balance of over \$13.6 million was approximately 28% of the total fiscal year 2023 general fund expenditures.
- The Town's long-term debt decreased over \$0.9 million in fiscal year 2023 to approximately \$5.2 million at June 30, 2023. The Town also maintains nearly \$2.1 million in temporary borrowings in the form of bond anticipation notes payable that are scheduled to mature in March 2024.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other 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 the Town's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, fringe benefits and debt service. The business-type activities of the Town consist of its sewer and water 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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

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

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

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees as well as a budget to actual comparison for the current year’s general fund operations.

Government-Wide Financial Analysis

The condensed comparative statements of net position for the two most recent years are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
Assets:						
Current and other assets	\$ 36,441,105	\$ 32,863,618	\$ 1,353,909	\$ 1,453,214	\$ 37,795,014	\$ 34,316,832
Capital assets, net	<u>52,930,139</u>	<u>53,244,016</u>	<u>3,392,551</u>	<u>3,471,406</u>	<u>56,322,690</u>	<u>56,715,422</u>
Total Assets	<u>89,371,244</u>	<u>86,107,634</u>	<u>4,746,460</u>	<u>4,924,620</u>	<u>94,117,704</u>	<u>91,032,254</u>
Deferred Outflows of Resources	<u>14,993,679</u>	<u>17,263,031</u>	<u>-</u>	<u>-</u>	<u>14,993,679</u>	<u>17,263,031</u>
Liabilities:						
Long-term liabilities	69,379,609	77,845,175	756,188	869,972	70,135,797	78,715,147
Other liabilities	<u>9,526,666</u>	<u>8,088,930</u>	<u>235,431</u>	<u>238,762</u>	<u>9,762,097</u>	<u>8,327,692</u>
Total Liabilities	<u>78,906,275</u>	<u>85,934,105</u>	<u>991,619</u>	<u>1,108,734</u>	<u>79,897,894</u>	<u>87,042,839</u>
Deferred Inflows of Resources	<u>26,903,976</u>	<u>35,492,084</u>	<u>80,556</u>	<u>99,718</u>	<u>26,984,532</u>	<u>35,591,802</u>
Net Position:						
Net investment in capital assets	46,127,709	45,100,754	2,755,915	2,739,278	48,883,624	47,840,032
Restricted	18,735,165	18,273,664	-	-	18,735,165	18,273,664
Unrestricted	<u>(66,308,202)</u>	<u>(81,429,942)</u>	<u>918,370</u>	<u>976,890</u>	<u>(65,389,832)</u>	<u>(80,453,052)</u>
Total Net Position	<u>\$ (1,445,328)</u>	<u>\$ (18,055,524)</u>	<u>\$ 3,674,285</u>	<u>\$ 3,716,168</u>	<u>\$ 2,228,957</u>	<u>\$ (14,339,356)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's total net position increased over \$16.6 million year-over-year.

The largest portion (approximately \$48.9 million) of the Town's overall net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt (netted down by those amounts expected to be reimbursed by the Commonwealth) used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional significant portion of the Town's total net position (approximately \$18.7 million) represents resources that are subject to external restrictions on how they may be used.

The remaining category represents unrestricted net position, which currently has a deficit balance of approximately \$65.4 million. This deficit balance is primarily the result of the reporting of approximately \$64.9 million in liabilities associated with net pension and net other postemployment benefits liabilities in the Town's governmental activities at June 30, 2023. As there are no dedicated employees in the Town's sewer or water funds, these long-term obligations have little impact on the business-type activities.

The condensed comparative statements of activities for the two most recent fiscal years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,068,432	\$ 4,317,211	\$ 498,057	\$ 455,699	\$ 4,566,489	\$ 4,772,910
Operating grants and contributions	19,480,645	20,452,565	-	-	19,480,645	20,452,565
Capital grants and contributions	1,510,110	656,656	-	-	1,510,110	656,656
General revenues:						
Property taxes	27,537,979	26,196,718	-	-	27,537,979	26,196,718
Excise taxes	2,497,811	2,527,762	-	-	2,497,811	2,527,762
Intergovernmental	2,381,963	2,259,927	-	-	2,381,963	2,259,927
Other	1,203,670	(273,329)	2,899	2,487	1,206,569	(270,842)
Total Revenues	58,680,610	56,137,510	500,956	458,186	59,181,566	56,595,696
Expenses:						
General government	3,571,212	4,271,244	-	-	3,571,212	4,271,244
Public safety	5,551,896	7,584,102	-	-	5,551,896	7,584,102
Education	26,233,361	35,593,478	-	-	26,233,361	35,593,478
Public works	4,943,932	6,521,459	-	-	4,943,932	6,521,459
Health and human services	616,342	545,501	-	-	616,342	545,501
Culture and recreation	984,802	1,051,828	-	-	984,802	1,051,828
Interest expense	198,869	202,331	-	-	198,869	202,331
Utility services	-	-	512,839	522,433	512,839	522,433
Total Expenses	42,100,414	55,769,943	512,839	522,433	42,613,253	56,292,376
Change in Net Position Before Transfers	16,580,196	367,567	(11,883)	(64,247)	16,568,313	303,320
Transfers	30,000	31,000	(30,000)	(31,000)	-	-
Change in Net Position	16,610,196	398,567	(41,883)	(95,247)	16,568,313	303,320
Net Position:						
Beginning of year	(18,055,524)	(18,454,091)	3,716,168	3,811,415	(14,339,356)	(14,642,676)
End of year	\$ (1,445,328)	\$ (18,055,524)	\$ 3,674,285	\$ 3,716,168	\$ 2,228,957	\$ (14,339,356)

Governmental Activities – Total revenues in fiscal year 2023 in the Town’s governmental activities increased over \$2.5 million, or 4.5%, from fiscal year 2022. This increase was due primarily to a nearly \$1.5 million increase in other revenues (primarily investment income) coupled with an over \$1.3 million increase in property taxes.

The Town’s largest revenue source is property taxes, which represented approximately 47% of both fiscal year 2023 and 2022 total revenues. Property taxes increased approximately \$1.3 million in fiscal year 2023. Operating grants and contributions represented approximately 33% and 36% of total fiscal year 2023 and 2022 revenues, respectively. Operating grants and contributions decreased nearly \$1.0 million in 2023. No other revenue source exceeded 10% of total revenues in either fiscal year 2023 or 2022.

Total expenses decreased approximately \$13.7 million in fiscal year 2022. This decrease was due primarily to decreased noncash personnel-related expenses relative to OPEB accounting, which reported a nearly \$15.4 million decrease year-over-year. Education represents the largest expense category for the Town. In total, education expenses represented approximately 62% and 64% of total fiscal year 2023 and 2022, respectively. Public safety expenses represented approximately 13% and 14% of total fiscal year 2023 and 2022 expenses, respectively. Public works expenses represented approximately 12% of total 2023 and 2022 expenses.

Business-Type Activities – Revenues in the business-type activities increased approximately \$43,000, while expenses decreased nearly \$10,000. Both the water and sewer funds reported decreases in net position in fiscal year 2023.

Government Funds Financial Analysis

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

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

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$23.6 million, which was approximately \$2.4 million greater than the prior year. The Town reported positive changes in fund balances in each of its reported major governmental funds. Of the ending fund balances, approximately \$5.0 million is available for spending at the government’s discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was nearly \$7.2 million, while total general fund balance exceeded \$13.6 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at year end represents nearly 15% of total fiscal year 2023 general fund expenditures, while total fund balance represents approximately 28% of that same amount. Both of these ratios demonstrate improvement over the prior year.

The fund balance in the capital projects fund increased nearly \$302,000 in fiscal year 2023, which was due almost entirely to transfers in from the general fund for short-term debt repayments.

The Town reports its ARPA grant fund as a major governmental fund. The Town expended approximately \$25,000 in ARPA funds in fiscal year 2023. Approximately \$3.9 million in ARPA funds were received by the Town and reported as unearned revenues in this fund. Under current federal rules, these funds must be obligated by December 31, 2024 and fully expended by December 31, 2026.

The fund balance in the Town’s trust funds increased nearly \$102,000 in fiscal year 2023 due to positive investment returns.

The fund balance in the nonmajor governmental funds increased approximately \$0.5 million year-over-year.

Proprietary Funds – The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Fiduciary Fund – The Town’s fiduciary fund is comprised of its other postemployment benefits trust fund and private purpose trust funds. Both fiduciary funds reported increases in net position in fiscal year 2023 due to positive investment returns.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were not significant. A reconciliation of these differences is found in the required supplementary information.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2023 totaled approximately \$56.3 million, net of accumulated depreciation. This is a decrease of nearly \$0.4 million from the prior year as 2023 depreciation exceeded capital additions.

Additional information on the Town capital assets can be found in the notes to the financial statements.

Long-Term Debt – The Town’s total general obligation bonds payable debt decreased \$940,000 in fiscal year 2023 to approximately \$5.2 million at June 30, 2023. This decrease was entirely due to the regularly scheduled repayments of long-term general obligations. The Town did not complete any long-term borrowings in fiscal year 2023.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town’s boundaries. Debt service from such arrangements is assessed annually to the Town. Town’s general obligations are rated Aa3 by Moody’s Investor Services, which is the fourth highest credit rating for long-term debt issued by this agency.

Additional information on the Town’s debt can be found in the notes to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

- Net state aid for fiscal year 2024 is expected to exceed \$12.8 million.
- The Town enters fiscal year 2024 with the following financial reserves:
 - Certified free cash of nearly \$2.6 million;
 - General stabilization funds of approximately \$2.0 million; and
 - Capital and other stabilization funds of approximately \$0.7 million.
- Inflation is expected to affect the Town in a number of areas including increased capital acquisition costs and operating expenses.
- The Town’s real estate tax base is made up predominantly of residential taxes, which in 2024 is approximately 82% of the entire property tax levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town’s ability to increase taxes in any one year by more than 2 ½% of the previous year’s tax levy. The Town typically taxes at or near its levy limit.

The above items were considered when the Town accepted its budget for fiscal year 2024 at its May 2023 Annual Town Meeting. The Town set its fiscal year 2024 property tax rate on November 15, 2023.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Finance Director, Town of Oxford, Massachusetts, 325 Main Street, Oxford, Massachusetts 01540.

TOWN OF OXFORD, MASSACHUSETTS

STATEMENT OF NET POSITION JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 17,837,206	\$ 867,192	\$ 18,704,398
Investments	14,071,085	-	14,071,085
Receivables, net of allowances:			
Property taxes	1,403,973	-	1,403,973
Excise taxes	314,219	-	314,219
Departmental, user charges and other	538,294	406,161	944,455
Intergovernmental	220,445	-	220,445
Leases	2,055,883	80,556	2,136,439
Land	1,477,453	11,397	1,488,850
Construction in-progress	1,040,295	-	1,040,295
Depreciable capital assets, net	<u>50,412,391</u>	<u>3,381,154</u>	<u>53,793,545</u>
Total Assets	<u>89,371,244</u>	<u>4,746,460</u>	<u>94,117,704</u>
Deferred Outflows of Resources:			
Other postemployment benefits	10,226,869	-	10,226,869
Pensions	<u>4,766,810</u>	<u>-</u>	<u>4,766,810</u>
Total Deferred Outflows of Resources	<u>14,993,679</u>	<u>-</u>	<u>14,993,679</u>

(continued)

TOWN OF OXFORD, MASSACHUSETTS

STATEMENT OF NET POSITION JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Warrants and accounts payable	\$ 1,424,059	\$ 115,481	\$ 1,539,540
Accrued payroll and withholdings	555,988	-	555,988
Accrued interest	58,659	6,166	64,825
Deposits and escrows	451,606	-	451,606
Unearned revenues	3,858,061	-	3,858,061
Other liabilities	229,925	-	229,925
Bond anticipation note payable	2,080,900	-	2,080,900
Noncurrent liabilities:			
Due within one year	867,468	113,784	981,252
Due in more than one year	69,379,609	756,188	70,135,797
Total Liabilities	<u>78,906,275</u>	<u>991,619</u>	<u>79,897,894</u>
Deferred Inflows of Resources:			
Leased property	2,055,883	80,556	2,136,439
Other postemployment benefits	23,302,132	-	23,302,132
Pensions	1,545,961	-	1,545,961
Total Deferred Inflows of Resources	<u>26,903,976</u>	<u>80,556</u>	<u>26,984,532</u>
Net Position:			
Net investment in capital assets	46,127,709	2,755,915	48,883,624
Restricted for:			
Nonexpendable permanent funds	4,630,282	-	4,630,282
Expendable permanent funds	939,861	-	939,861
Revolving funds	6,526,830	-	6,526,830
Other purposes	6,638,192	-	6,638,192
Unrestricted	(66,308,202)	918,370	(65,389,832)
Total Net Position	<u>\$ (1,445,328)</u>	<u>\$ 3,674,285</u>	<u>\$ 2,228,957</u> <i>(concluded)</i>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 3,571,212	\$ 1,084,516	\$ 166,980	\$ -	\$ (2,319,716)		\$ (2,319,716)
Public safety	5,551,896	1,875,718	149,012	50,000	(3,477,166)		(3,477,166)
Education	26,233,361	676,047	18,731,302	200,000	(6,626,012)		(6,626,012)
Public works	4,943,932	164,786	94,559	1,260,110	(3,424,477)		(3,424,477)
Health and human services	616,342	120,470	279,794	-	(216,078)		(216,078)
Culture and recreation	984,802	146,895	58,998	-	(778,909)		(778,909)
Interest expense	198,869	-	-	-	(198,869)		(198,869)
Total Governmental Activities	42,100,414	4,068,432	19,480,645	1,510,110	(17,041,227)		(17,041,227)
Business-Type Activities:							
Sewer	442,423	470,531	-	-		\$ 28,108	28,108
Water	70,416	27,526	-	-		(42,890)	(42,890)
Total Business-Type Activities	512,839	498,057	-	-		(14,782)	(14,782)
Total Primary Government	\$ 42,613,253	\$ 4,566,489	\$ 19,480,645	\$ 1,510,110		(14,782)	(17,056,009)
General Revenues:							
Property taxes					27,537,979	-	27,537,979
Motor vehicle and other excise taxes					2,497,811	-	2,497,811
Grants and contributions not restricted to to specific programs					2,381,963	-	2,381,963
Penalties and interest on taxes					137,197	-	137,197
Unrestricted investment income					986,930	2,899	989,829
Other income					79,543	-	79,543
Transfers, net					30,000	(30,000)	-
Total General Revenues and Transfers					33,651,423	(27,101)	33,624,322
Change in Net Position					16,610,196	(41,883)	16,568,313
Net Position:							
Beginning of year					(18,055,524)	3,716,168	(14,339,356)
End of year					\$ (1,445,328)	\$ 3,674,285	\$ 2,228,957

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

	General Fund	Capital Projects Fund	ARPA Grant Fund	Trust Funds	Nonmajor Governmental Funds	Total
Assets:						
Cash and cash equivalents	\$ 6,095,268	\$ 107,964	\$ 3,858,061	\$ 1,220,499	\$ 6,555,414	\$ 17,837,206
Investments	9,721,441	-	-	4,349,644	-	14,071,085
Receivables, net of allowances:						
Property taxes	1,403,973	-	-	-	-	1,403,973
Excise taxes	314,219	-	-	-	-	314,219
Departmental, user charges and other	52,368	-	-	-	485,926	538,294
Intergovernmental	-	-	-	-	220,445	220,445
Leases	2,055,883	-	-	-	-	2,055,883
Total Assets	19,643,152	107,964	3,858,061	5,570,143	7,261,785	36,441,105
 Total Deferred Outflows of Resources	 -	 -	 -	 -	 -	 -
Total Assets and Deferred Outflows of Resources	\$ 19,643,152	\$ 107,964	\$ 3,858,061	\$ 5,570,143	\$ 7,261,785	\$ 36,441,105
 Liabilities:						
Warrants and accounts payable	\$ 1,022,833	\$ -	\$ -	\$ -	\$ 401,226	\$ 1,424,059
Accrued payroll and withholdings	555,988	-	-	-	-	555,988
Deposits and escrows	451,606	-	-	-	-	451,606
Unearned revenues	-	-	3,858,061	-	-	3,858,061
Other liabilities	229,925	-	-	-	-	229,925
Bond anticipation note payable	-	2,080,900	-	-	-	2,080,900
Total Liabilities	2,260,352	2,080,900	3,858,061	-	401,226	8,600,539
 Deferred Inflows of Resources:						
Leased property	2,055,883	-	-	-	-	2,055,883
Unavailable revenues - property taxes	1,342,889	-	-	-	-	1,342,889
Unavailable revenues - intergovernmental	-	-	-	-	-	-
Unavailable revenues - other	366,587	-	-	-	426,048	792,635
Total Deferred Inflows of Resources	3,765,359	-	-	-	426,048	4,191,407
 Fund Balances:						
Nonspendable	-	-	-	4,630,282	-	4,630,282
Restricted	-	54,205	-	939,861	6,526,830	7,520,896
Committed	3,533,961	-	-	-	-	3,533,961
Assigned	2,928,421	-	-	-	-	2,928,421
Unassigned	7,155,059	(2,027,141)	-	-	(92,319)	5,035,599
Total Fund Balances	13,617,441	(1,972,936)	-	5,570,143	6,434,511	23,649,159
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 19,643,152	\$ 107,964	\$ 3,858,061	\$ 5,570,143	\$ 7,261,785	\$ 36,441,105

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION AS OF
JUNE 30, 2023**

Total Governmental Fund Balances		\$ 23,649,159
Capital assets used in governmental activities in the statement of net position are not financial resources and, therefore, are not reported in the funds.		52,930,139
Certain receivables and revenues are deferred in the governmental funds as they are not current financial resources. These revenues are accrued under the economic resources basis of accounting.		2,135,524
Deferred outflows and inflows of resources to be recognized in future expense are not available resources and, therefore, are not reported in the funds:		
Deferred outflows of resources - other postemployment benefits	10,226,869	
Deferred outflows of resources - pensions	4,766,810	
Deferred inflows of resources - other postemployment benefits	(23,302,132)	
Deferred inflows of resources - pensions	<u>(1,545,961)</u>	
Net effect of reporting deferred outflows and inflows of resources		(9,854,414)
Interest is accrued on outstanding long-term debt in the statement of net position but not in the funds until due.		(58,659)
Long-term liabilities not currently due and payable are reported in the statement of net position and not in the funds:		
Net other postemployment benefits liability	(30,488,845)	
Net pension liability	(34,381,578)	
Compensated absences	(517,160)	
Lease liabilities	(359,351)	
Landfill postclosure liability	(30,000)	
Bonds and notes payable	<u>(4,470,143)</u>	
Net effect of reporting long-term liabilities		<u>(70,247,077)</u>
Net Position — Governmental Activities		<u><u>\$ (1,445,328)</u></u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Capital Projects Fund	ARPA Grant Fund	Trust Funds	Nonmajor Governmental Funds	Total
Revenues:						
Property taxes, net of tax refunds	\$ 27,517,585	\$ -	\$ -	\$ -	\$ -	\$ 27,517,585
Intergovernmental	17,426,377	-	24,780	-	6,193,270	23,644,427
Motor vehicle and other excise taxes	2,478,347	-	-	-	-	2,478,347
Licenses and permits	285,386	-	-	-	-	285,386
Penalties and interest on taxes	137,197	-	-	-	-	137,197
Fines and forfeitures	64,903	-	-	-	-	64,903
Departmental and other revenues	798,310	-	-	-	3,071,551	3,869,861
Contributions and donations	-	-	-	2,921	117,995	120,916
Investment income	637,327	-	-	349,493	110	986,930
Total Revenues	<u>49,345,432</u>	<u>-</u>	<u>24,780</u>	<u>352,414</u>	<u>9,382,926</u>	<u>59,105,552</u>
Expenditures:						
Current:						
General government	3,117,607	-	-	427	795,847	3,913,881
Public safety	5,120,695	-	-	-	650,030	5,770,725
Education	24,288,489	-	-	1,358	4,936,094	29,225,941
Public works	5,381,046	52,863	24,780	-	1,318,654	6,777,343
Health and human services	400,941	-	-	106,015	90,961	597,917
Culture and recreation	815,352	-	-	655	40,322	856,329
Pension and fringe benefits	7,548,015	-	-	-	-	7,548,015
State and county charges	1,014,434	-	-	-	-	1,014,434
Debt service:						
Principal	830,000	-	-	-	-	830,000
Interest	191,450	-	-	-	-	191,450
Total Expenditures	<u>48,708,029</u>	<u>52,863</u>	<u>24,780</u>	<u>108,455</u>	<u>7,831,908</u>	<u>56,726,035</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>637,403</u>	<u>(52,863)</u>	<u>-</u>	<u>243,959</u>	<u>1,551,018</u>	<u>2,379,517</u>
Other Financing Sources (Uses):						
Transfers in	1,234,196	354,800	-	24,200	216,186	1,829,382
Transfers out	(374,800)	-	-	(166,186)	(1,258,396)	(1,799,382)
Total Other Financing Sources (Uses)	<u>859,396</u>	<u>354,800</u>	<u>-</u>	<u>(141,986)</u>	<u>(1,042,210)</u>	<u>30,000</u>
Change in Fund Balances	1,496,799	301,937	-	101,973	508,808	2,409,517
Fund Balances:						
Beginning of the year	12,120,642	(2,274,873)	-	5,468,170	5,925,703	21,239,642
End of the year	<u>\$ 13,617,441</u>	<u>\$ (1,972,936)</u>	<u>\$ -</u>	<u>\$ 5,570,143</u>	<u>\$ 6,434,511</u>	<u>\$ 23,649,159</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances — Total Governmental Funds \$ 2,409,517

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated/amortized over their estimated useful lives. Capital asset activity in the current fiscal year included:

Capital asset additions	3,760,553	
Depreciation and amortization expense	<u>(4,074,430)</u>	
Net effect of reporting capital activity		(313,877)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (424,943)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. Differences in the treatment of long-term debt transactions in the current fiscal year included:

Issuance of lease liabilities	-	
Repayments of long-term debt	830,000	
Repayments of lease liabilities	151,719	
Amortization of bond premiums	<u>8,139</u>	
Net effect of reporting long-term debt activity		989,858

Some revenues/expenses reported in the statement of activities do not provide/require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds:

Net other postemployment benefits liability	14,671,300	
Net pension liability	(654,501)	
Compensated absences	(54,600)	
Landfill postclosure costs	3,000	
Accrued interest	<u>(15,558)</u>	
Net effect of reporting long-term liabilities		<u>13,949,641</u>

Change in Net Position — Governmental Activities \$ 16,610,196

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 569,028	\$ 298,164	\$ 867,192
Receivables, net of allowances:			
User charges receivable, net	154,528	-	154,528
Betterments	8,828	34,957	43,785
Leases	<u>-</u>	<u>19,555</u>	<u>19,555</u>
Total Current Assets	<u>732,384</u>	<u>352,676</u>	<u>1,085,060</u>
Noncurrent Assets:			
Leases	-	61,001	61,001
Betterments	68,020	139,828	207,848
Land	-	11,397	11,397
Depreciable capital assets, net	<u>3,128,171</u>	<u>252,983</u>	<u>3,381,154</u>
Total Noncurrent Assets	<u>3,196,191</u>	<u>465,209</u>	<u>3,661,400</u>
Total Assets	<u>3,928,575</u>	<u>817,885</u>	<u>4,746,460</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

TOWN OF OXFORD, MASSACHUSETTS

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

	Business-Type Activities		
	Sewer	Water	Total
Liabilities:			
Current Liabilities:			
Warrants and accounts payable	\$ 115,481	\$ -	\$ 115,481
Accrued interest	3,191	2,975	6,166
Current portion of long-term debt	39,437	74,347	113,784
Total Current Liabilities	158,109	77,322	235,431
Noncurrent liabilities:			
Long-term debt	332,819	423,369	756,188
Total Noncurrent Liabilities	332,819	423,369	756,188
Total Liabilities	490,928	500,691	991,619
Deferred Inflows of Resources:			
Leased property	-	80,556	80,556
Total Deferred Inflows of Resources	-	80,556	80,556
Net Position:			
Net investment in capital assets	2,755,915	-	2,755,915
Unrestricted	681,732	236,638	918,370
Total Net Position	\$ 3,437,647	\$ 236,638	\$ 3,674,285

(concluded)

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities		
	Sewer	Water	Total
Operating Revenues:			
Charges for services	\$ 470,531	\$ 27,526	\$ 498,057
Operating Expenses:			
Payroll and personnel costs	10,303	-	10,303
Operating costs	330,895	-	330,895
Depreciation	90,615	56,055	146,670
Total Operating Expenses	431,813	56,055	487,868
Operating Income (Loss)	38,718	(28,529)	10,189
Nonoperating Revenues (Expenses):			
Interest income	419	2,480	2,899
Interest expenses	(10,610)	(14,361)	(24,971)
Total Nonoperating Revenues (Expenses)	(10,191)	(11,881)	(22,072)
Income (Loss) Before Transfers	28,527	(40,410)	(11,883)
Transfers:			
Transfers out	(30,000)	-	(30,000)
Total Transfers	(30,000)	-	(30,000)
Change in Net Position	(1,473)	(40,410)	(41,883)
Net Position:			
Beginning of the year	3,439,120	277,048	3,716,168
End of the year	\$ 3,437,647	\$ 236,638	\$ 3,674,285

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

	Business-Type Activities		
	Sewer	Water	Total
Cash Flows from Operating Activities:			
Receipts from user charges	\$ 449,951	\$ 27,526	\$ 477,477
Payments to employees	(10,303)	-	(10,303)
Payments to vendors	(333,425)	-	(333,425)
Net Cash Provided By Operating Activities	106,223	27,526	133,749
Cash Flows from Noncapital Financial Activities:			
Transfers out	(30,000)	-	(30,000)
Net Cash Used In Noncapital Financing Activities	(30,000)	-	(30,000)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital betterments	13,751	34,956	48,707
Acquisition and construction of capital assets	(67,815)	-	(67,815)
Principal repayments on long-term debt	(39,437)	(74,347)	(113,784)
Interest payments	(10,891)	(14,881)	(25,772)
Net Cash Used In Capital and Related Financing Activities	(104,392)	(54,272)	(158,664)
Cash Flow from Investing Activities:			
Interest income	419	2,480	2,899
Net Cash Provided By Investing Activities	419	2,480	2,899
Change in Cash and Cash Equivalents	(27,750)	(24,266)	(52,016)
Cash and Cash Equivalents:			
Beginning of the year	596,778	322,430	919,208
End of the year	\$ 569,028	\$ 298,164	\$ 867,192

(continued)

TOWN OF OXFORD, MASSACHUSETTS

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

	Business-Type Activities		
	Sewer	Water	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:			
Operating Loss	\$ 38,718	\$ (28,529)	\$ 10,189
Adjustments to Reconcile Operating Income (Loss) to to Net Cash Provided By Operating Activities:			
Depreciation expense	90,615	56,055	146,670
Changes in assets, deferred outflows (inflows) of resources and liabilities:			
Receivables and other current assets	(20,580)	-	(20,580)
Warrants payable and other current liabilities	(2,530)	-	(2,530)
Net Cash Provided By Operating Activities	<u>\$ 106,223</u>	<u>\$ 27,526</u>	<u>\$ 133,749</u> <i>(concluded)</i>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

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

	OPEB Trust	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ 14,951	\$ 44,901
Investments at fair value:		
Fixed income securities	-	844,036
Equity securities	-	216,184
Mutual funds	5,355,131	8,215
Receivables	-	-
Total Assets	<u>5,370,082</u>	<u>1,113,336</u>
Liabilities:		
Warrants and accounts payable	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position:		
Restricted for other postemployment benefits	5,370,082	-
Held in trust for private purposes	-	1,113,336
Total Net Position	<u>\$ 5,370,082</u>	<u>\$ 1,113,336</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	OPEB Trust	Private Purpose Trust Funds
Additions:		
Employer contributions	\$ 1,011,144	\$ -
Other contributions	-	7,201
Total contributions	<u>1,011,144</u>	<u>7,201</u>
Investment income:		
Interest and dividends	226,083	25,193
Net change in fair value of investments	178,386	-
Less investment management fees	<u>(15,306)</u>	<u>-</u>
Total net investment income	<u>389,163</u>	<u>25,193</u>
Total Additions	<u>1,400,307</u>	<u>32,394</u>
Deductions:		
Benefits and refunds to Plan members	946,144	-
Scholarships and other public assistance	<u>-</u>	<u>26,370</u>
Total Deductions	<u>946,144</u>	<u>26,370</u>
Change in Net Position	454,163	6,024
Net Position:		
Beginning of the year	<u>4,915,919</u>	<u>1,107,312</u>
End of the year	<u>\$ 5,370,082</u>	<u>\$ 1,113,336</u>

See accompanying notes to basic financial statements.

TOWN OF OXFORD, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is located in Worcester County and is approximately eleven miles south of the City of Worcester, Massachusetts. The Town is also in close proximity to northern Connecticut. The Town was incorporated in 1713.

The Town operates under a representative Town Meeting form of government with a five-member elected Board of Selectmen and an appointed Town Manager, who oversees the Town’s daily executive and administrative duties. The Town provides governmental services for the territory within its boundaries, including education, public safety, public works, health and human services, culture and recreation and general governmental services. Additionally, the Town owns and operates sewer and water services; each of which are funded through user charges and treated as business enterprises in these financial statements.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. 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 are primarily supported by user fees.

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

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

- 1) The total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding element for all governmental and enterprise funds combined.

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

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

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

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 (i) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. The effect of material interfund activity has been removed from the government-wide financial statements.

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

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

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

The Town reports the following major governmental funds:

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

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

ARPA Fund – is used to account for the Town’s expenditure of the American Rescue Plan Act of 2021.

Trust Funds – are used to account for funds bequeathed to the Town for purposes stipulated by the donors.

Nonmajor Governmental Funds – consist primarily of special revenue funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements.

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

Proprietary funds distinguish operating revenues and expenses from 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 are user charges and fees, while operating expenses consist of allocated salaries, ordinary maintenance, noncapitalizable expenses, interest, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports its sewer and water funds as proprietary funds.

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

The Town reports the following fiduciary funds:

Other Postemployment Benefits Trust Fund – are used to account for funds accumulated by the Town to assist it in its future other postemployment benefits, or OPEB, obligations.

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

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

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

Deposits and Investments – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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

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

Receivables – Real estate and personal property taxes are assessed on January 1st every year and are due in semiannual installments on October 1st and April 1st each year. Interest accrues on delinquent taxes up to the statutory rate per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes and sewer fees are secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both government-wide and governmental funds financial statements.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles, library materials and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction in-progress) are depreciated on a straight-line-basis over the following useful lives:

Buildings and improvements	20 – 40 years
Infrastructure	20 – 50 years
Machinery and equipment	5 – 20 years
Vehicles	5 – 10 years

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

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

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

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds may be voluntarily assigned to the general fund.

Unearned Revenues – Amounts collected in advance from federal and state grants are reported as unearned revenues, if material.

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

Long-Term Debt – Long-term debt is reported as liabilities in the government-wide statement of net position. Bond premiums and discounts, in addition to issuance costs, if material, are deferred and amortized over the life of the bonds using the effective interest method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports items related to its net OPEB and pension liabilities as deferred outflows of resources in its governmental activities, which it expects to amortize into expense within the next six years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports items related to lease arrangements, net pension and OPEB liabilities as deferred inflows of resources in its governmental activities, which it expects to amortize into revenues or against expense within the next fifteen years. In its governmental fund financial statements, the Town reports unavailable revenues as deferred inflows of resources within the governmental funds balance sheet. Unavailable revenues are derived from three sources – property taxes, motor vehicle excise taxes and departmental revenues. The Town expects to recognize these items into revenue in the periods that these amounts become available.

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

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

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

Expendable perpetual funds represent the spendable portion of donor restricted trusts that support governmental programs.

Revolving funds represent funds restricted for special purposes based on special funding situations.

Other purposes represent assets that are restricted by donors for specific governmental programs and uses and federal and state grants.

Fund Equity – The Town presents fund balances in its governmental funds financial statements using classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

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

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

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

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

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

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

F. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

State laws and regulations require the Town to invest funds only in preapproved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements and the Massachusetts Municipal Depository Trust (the "MMDT"), which is administered by the Treasurer of the Commonwealth. In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a policy to manage its exposure to custodial credit risk relative to its deposits. The Town relies on depository insurance at its banking institutions to manage this risk. At June 30, 2023, \$5,412,815 in Town deposits were not subject to depository insurance from the Federal Depository Insurance Corporation or other depository insurance programs.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. All the Town's investments are registered in its name and cannot be pledged or assigned. The Town is not exposed to custodial credit risk on its investments.

Fair Value Measurements: Investments – The following table presents the Town’s investments carried at fair value on a recurring basis in at June 30, 2023:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. Treasury notes	\$ 1,138,720	\$ 1,138,720	\$ -	\$ -
U.S. Governmental agency obligations	54,236	-	54,236	-
Corporate bonds	1,689,613	-	1,689,613	-
Total debt securities	2,882,569	1,138,720	1,743,849	-
Equity securities	512,565	512,565	-	-
Mutual funds	9,733,193	-	9,733,193	-
Total investments measured at fair value	13,128,327	\$ 1,651,285	\$ 11,477,042	\$ -
Investments measured at amortized cost:				
MMDT	7,366,324			
Total investments	\$ 20,494,651			

The MMDT is valued at amortized cost, which approximates fair value.

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the market value of an investment. The Town’s investment policy seeks to limit its exposure to interest rate risk by managing and diversifying the duration of its investments.

At June 30, 2023, the Town had the following investment maturities:

Investment Type	Fair Value	Time Until Maturity (in years)		
		Less than 1	1 to 5	6 to 10
U.S. government obligations and notes	\$ 1,192,956	\$ 304,354	\$ 888,602	\$ -
Corporate bonds	1,689,613	632,362	830,643	226,608
Total investments with maturities	2,882,569	\$ 936,716	\$ 1,719,245	\$ 226,608
Investments without maturities:				
Equity securities	512,565			
Mutual funds	9,733,193			
MMDT	7,366,324			
Total investments	\$ 20,494,651			

Credit Risk: Investments – Credit ratings for the Town’s investments in U.S. Treasury notes, government agency obligations and corporate bonds by Moody’s Investor Services at June 30, 2023 were as follows:

Moody's Rating	U.S. Government Obligations	Corporate Bonds
Aaa	\$ 1,192,956	\$ 43,710
A1	-	211,175
A2	-	329,995
A3	-	174,425
Baa1	-	381,301
Baa2	-	549,007
	<u>\$ 1,192,956</u>	<u>\$ 1,689,613</u>

Concentration of Credit Risk: Investments – The Town’s investment policy prohibits investment concentrations over 10% with the exception of U.S. Treasury obligations, investments collateralized by U.S. Treasuries or agencies or state investment pools like the MMDT. At June 30, 2023, the Town’s investment in the MMDT represented approximately 36% of the Town’s total investment balance. No other individual investment exceeded 5% of the Town’s investment balance.

B. Receivables

Receivables at June 30, 2023 for the Town’s major governmental funds in the aggregate, including applicable allowances for uncollectible accounts, were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 260,171	\$ (1,500)	\$ 258,671
Tax liens	1,145,302	-	1,145,302
Motor vehicle and other excise taxes	314,219	-	314,219
Departmental and other	751,694	(213,400)	538,294
Intergovernmental	220,445	-	220,445
Leases	2,055,883	-	2,055,883
	<u>\$ 4,747,714</u>	<u>\$ (214,900)</u>	<u>\$ 4,532,814</u>

No amounts are reported as allowances for uncollectible accounts in the Town’s proprietary funds.

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

	General Fund	Nonmajor Governmental Funds	Total
Real estate and personal property taxes	\$ 197,587	\$ -	\$ 197,587
Tax liens	1,145,302	-	1,145,302
Motor vehicle and other excise taxes	314,219	-	314,219
Departmental and other	52,368	426,048	478,416
	<u>\$ 1,709,476</u>	<u>\$ 426,048</u>	<u>\$ 2,135,524</u>

Lease Receivables – The net present value of future receipts from the lease of Town property to an energy provider totaled \$2,055,883 at June 30, 2023 and is reported as a lease receivable. Under the terms of this lease agreement, the energy provider is making annual payments of \$160,000 to the Town through fiscal year 2038.

The water fund reports the net present value of future receipts from the lease of a water tank to a utility as a lease receivable at June 30, 2023. Annual payments of \$21,156 are expected through fiscal year 2027 under the terms of this lease agreement.

The inflows of resources recognized by the Town for these leases in the current fiscal year are summarized in the table below:

	Lease Revenue	Interest Income	Total
General fund	\$ 116,551	\$ 43,449	\$ 160,000
Water fund	19,162	1,994	21,156
	<u>\$ 135,713</u>	<u>\$ 45,443</u>	<u>\$ 181,156</u>

C. Interfund Transfers

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

Transfers Out	Transfers In				Total	
	General Fund	Capital Projects Fund	Trust Funds	Nonmajor Governmental Funds		
General fund	\$ -	\$ 324,800	\$ -	\$ 50,000	\$ 374,800	(1)
Trust funds	-	-	-	166,186	166,186	(2)
Nonmajor governmental funds	1,204,196	30,000	24,200	-	1,258,396	(3)
Sewer fund	30,000	-	-	-	30,000	(4)
	<u>\$ 1,234,196</u>	<u>\$ 354,800</u>	<u>\$ 24,200</u>	<u>\$ 216,186</u>	<u>\$ 1,829,382</u>	

- (1) General fund transferred \$324,800 to capital projects to fund BAN repayments and \$50,000 to a revolving fund.
- (2) Transfers to revolving funds for specified purposes.
- (3) Transfers of \$1,100,000 to supplement the general fund budget, \$94,196 in closed special revenue funds to the general funds, \$30,000 to capital projects to fund BAN repayments and \$24,200 into the cemetery perpetual care trust fund
- (4) Transfers of \$30,000 for indirect costs.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 1,394,503	\$ 82,950	\$ -	\$ 1,477,453
Construction in-progress	882,343	1,040,295	(882,343)	1,040,295
Total capital assets not being depreciated	<u>2,276,846</u>	<u>1,123,245</u>	<u>(882,343)</u>	<u>2,517,748</u>
Capital assets being depreciated:				
Buildings and improvements	70,910,145	334,845	(2,700)	71,242,290
Infrastructure	36,266,027	2,021,658	-	38,287,685
Machinery and equipment	10,013,511	336,833	(536,326)	9,814,018
Vehicles	6,777,511	826,315	(276,394)	7,327,432
Total capital assets being depreciated	<u>123,967,194</u>	<u>3,519,651</u>	<u>(815,420)</u>	<u>126,671,425</u>
Less accumulated depreciation for:				
Buildings and improvements	(37,256,555)	(1,979,777)	2,700	(39,233,632)
Infrastructure	(23,860,410)	(1,062,946)	-	(24,923,356)
Machinery and equipment	(6,721,191)	(661,070)	536,326	(6,845,935)
Vehicles	(5,161,868)	(370,637)	276,394	(5,256,111)
Total accumulated depreciation	<u>(73,000,024)</u>	<u>(4,074,430)</u>	<u>815,420</u>	<u>(76,259,034)</u>
Total capital assets being depreciated, net	<u>50,967,170</u>	<u>(554,779)</u>	<u>-</u>	<u>50,412,391</u>
Total governmental activities capital assets, net	<u>\$ 53,244,016</u>	<u>\$ 568,466</u>	<u>\$ (882,343)</u>	<u>\$ 52,930,139</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-Type Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 11,397	\$ -	\$ -	\$ 11,397
Construction in-process	23,708	-	(23,708)	-
Total capital assets not being depreciated	35,105	-	(23,708)	11,397
Capital assets being depreciated:				
Infrastructure	5,433,226	91,523	-	5,524,749
Machinery and equipment	14,528	-	-	14,528
Total capital assets being depreciated	5,447,754	91,523	-	5,539,277
Less accumulated depreciation for:				
Infrastructure	(2,005,947)	(140,530)	-	(2,146,477)
Machinery and equipment	(5,506)	(6,140)	-	(11,646)
Total accumulated depreciation	(2,011,453)	(146,670)	-	(2,158,123)
Total capital assets being depreciated, net	3,436,301	(55,147)	-	3,381,154
Total business-type activities capital assets, net	<u>\$ 3,471,406</u>	<u>\$ (55,147)</u>	<u>\$ (23,708)</u>	<u>\$ 3,392,551</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-Type Activities: Sewer</u></i>				
Capital assets not being depreciated:				
Construction in-process	\$ 23,708	\$ -	\$ (23,708)	\$ -
Capital assets being depreciated:				
Infrastructure	4,255,076	91,523	-	4,346,599
Machinery and equipment	9,941	-	-	9,941
Total capital assets being depreciated	4,265,017	91,523	-	4,356,540
Less accumulated depreciation for:				
Infrastructure	(1,134,772)	(84,716)	-	(1,219,488)
Machinery and equipment	(2,982)	(5,899)	-	(8,881)
Total accumulated depreciation	(1,137,754)	(90,615)	-	(1,228,369)
Total capital assets being depreciated, net	3,127,263	908	-	3,128,171
Total sewer capital assets, net	<u>\$ 3,150,971</u>	<u>\$ 908</u>	<u>\$ (23,708)</u>	<u>\$ 3,128,171</u>

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-Type Activities: Water</u></i>				
Capital assets not being depreciated:				
Land	\$ 11,397	\$ -	\$ -	\$ 11,397
Capital assets being depreciated:				
Infrastructure	1,178,150	-	-	1,178,150
Machinery and equipment	4,587	-	-	4,587
Total capital assets being depreciated	1,182,737	-	-	1,182,737
Less accumulated depreciation for:				
Infrastructure	(871,175)	(55,814)	-	(926,989)
Machinery and equipment	(2,524)	(241)	-	(2,765)
Total accumulated depreciation	(873,699)	(56,055)	-	(929,754)
Total capital assets being depreciated, net	309,038	(56,055)	-	252,983
Total water capital assets, net	\$ 320,435	\$ (56,055)	\$ -	\$ 264,380
				(concluded)

Depreciation and amortization expense in governmental activities was charged to functions and programs as follows:

General government	\$ 157,117
Public safety	448,709
Education	1,847,143
Public works	1,386,136
Health and human services	28,578
Culture and recreation	206,747
	<u>\$ 4,074,430</u>

E. Temporary Debt

The Town is authorized to borrow on a short-term or temporary basis to fund current operating costs (generally through revenue or tax anticipation notes) or capital projects (generally through grant anticipation notes or bond anticipation notes). Short-term or temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for short-term or temporary borrowings are generally accounted for in the general fund and enterprise funds, respectively. The following summarizes the Town's short-term or temporary borrowings for the fiscal year ended June 30, 2023:

Type	Interest Rate	Maturity Date	Beginning Balance	Increases	Decreases	Ending Balance
BAN	0.75%	matured	\$ 2,435,700	\$ -	\$ (2,435,700)	\$ -
BAN	4.30%	3/8/2024	-	2,080,900	-	2,080,900
			<u>\$ 2,435,700</u>	<u>\$ 2,080,900</u>	<u>\$ (2,435,700)</u>	<u>\$ 2,080,900</u>

Temporary debt was used for the following authorized purposes:

Fire truck	\$ 616,500
Bridge repairs	530,000
High School roof and bleacher replacements	300,000
LED streetlights	177,600
Carbuncle bath house	150,000
Memorial Clock Tower	130,800
Splash pad	120,000
Library repairs	56,000
	<u>\$ 2,080,900</u>

F. Long-Term Obligations

The Town issues general obligation bonds and notes as well as leases to fund the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to personnel costs.

The following reflects the current year activity in the Town's long-term liability accounts:

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 5,220,000	\$ -	\$ (830,000)	\$ 4,390,000	\$ 565,000
Unamortized bond premiums	88,282	-	(8,139)	80,143	8,139
Lease liabilities	511,070	-	(151,719)	359,351	110,323
Compensated absences	462,560	54,600	-	517,160	181,006
Post-closure landfill monitoring	33,000	-	(3,000)	30,000	3,000
Net OPEB liability	44,487,770	37,961,292	(51,960,217)	30,488,845	-
Net pension liability	28,197,247	13,725,202	(7,540,871)	34,381,578	-
Total Governmental Activities	<u>\$ 78,999,929</u>	<u>\$ 51,741,094</u>	<u>\$ (60,493,946)</u>	<u>\$ 70,247,077</u>	<u>\$ 867,468</u>

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	\$ 401,854	\$ -	\$ (38,642)	\$ 363,212	\$ 38,642
Unamortized bond premiums	9,839	-	(795)	9,044	795
Total Sewer	<u>411,693</u>	<u>-</u>	<u>(39,437)</u>	<u>372,256</u>	<u>39,437</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds	548,146	-	(71,358)	476,788	71,358
Unamortized bond premiums	23,917	-	(2,989)	20,928	2,989
Total Water	<u>572,063</u>	<u>-</u>	<u>(74,347)</u>	<u>497,716</u>	<u>74,347</u>
Total Business-Type Activities	<u>\$ 983,756</u>	<u>\$ -</u>	<u>\$ (113,784)</u>	<u>\$ 869,972</u>	<u>\$ 113,784</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the respective enterprise funds.

Debt service requirements on long-term debt at June 30, 2023 are as follows:

Year Ended June 30,	General Obligations Bonds		
	Principal Balance	Interest Balance	Total
<i>Governmental Activities:</i>			
2024	\$ 565,000	\$ 141,868	\$ 706,868
2025	580,000	122,170	702,170
2026	560,000	102,665	662,665
2027	575,000	83,348	658,348
2028	590,000	63,393	653,393
2029 - 2033	1,340,000	175,398	1,515,398
2034 - 2035	<u>180,000</u>	<u>5,850</u>	<u>185,850</u>
Total Governmental Activities	<u>\$ 4,390,000</u>	<u>\$ 694,692</u>	<u>\$ 5,084,692</u>
<i>Business-Type Activities - Combined:</i>			
2024	\$ 110,000	\$ 23,128	\$ 133,128
2025	110,000	19,363	129,363
2026	110,000	15,933	125,933
2027	110,000	12,513	122,513
2028	110,000	9,093	119,093
2029 - 2033	270,000	16,246	286,246
2034 - 2035	<u>20,000</u>	<u>650</u>	<u>20,650</u>
Total Business-Type Activities	<u>\$ 840,000</u>	<u>\$ 96,926</u>	<u>\$ 936,926</u>
<i>Business-Type Activities: Sewer</i>			
2024	\$ 38,642	\$ 10,529	\$ 49,171
2025	38,642	9,332	47,974
2026	38,642	8,179	46,821
2027	38,642	7,042	45,684
2028	38,644	5,903	44,547
2029 - 2033	150,000	15,346	165,346
2034 - 2035	<u>20,000</u>	<u>650</u>	<u>20,650</u>
Total Sewer	<u>\$ 363,212</u>	<u>\$ 56,981</u>	<u>\$ 420,193</u>

(continued)

Year Ended June 30,	General Obligations Bonds		
	Principal Balance	Interest Balance	Total
<i>Business-Type Activities: Water</i>			
2024	\$ 71,358	\$ 12,599	\$ 83,957
2025	71,358	10,031	81,389
2026	71,358	7,754	79,112
2027	71,358	5,471	76,829
2028	71,356	3,190	74,546
2029 - 2030	<u>120,000</u>	<u>900</u>	<u>120,900</u>
Total Water	<u>\$ 476,788</u>	<u>\$ 39,945</u>	<u>\$ 516,733</u> (concluded)

At June 30, 2023, the Town had authorized but not yet issued \$6.3 million for the purchase of a water company.

G. Lease Liabilities

The Town is party to several noncancellable leases for the purchase of vehicles and equipment used for public works. For financial reporting purposes, these leases have been capitalized. Principal and interest requirements to maturity for lease liabilities in which the lease terms are greater than one year are as follows at June 30, 2023:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 110,323	\$ 12,577	\$ 122,900
2025	114,185	8,715	122,900
2026	66,262	4,719	70,981
2027	<u>68,581</u>	<u>2,400</u>	<u>70,981</u>
	<u>\$ 359,351</u>	<u>\$ 28,411</u>	<u>\$ 387,762</u>

The following summarized leases assets and their related accumulated amortization expense as of June 30, 2023:

Public works vehicles and equipment	\$ 939,125
Less accumulated amortization	<u>(229,951)</u>
Net carrying value	<u>\$ 709,174</u>

H. Tax Abatements Related to Economic Incentives

The Town enters into property tax abatements with local businesses as an incentive for economic growth. The agreements are commonly referred to as tax increment financing, or TIF, agreements. Under Massachusetts General Laws (“MGL”), property owners may be granted property tax abatements of up to 100% of the value of a tax increment for a maximum term of twenty years provided the property is located in a TIF zone. TIF zones are approved by the Massachusetts Economic Assistance Coordinating Council. The Board of Selectmen and Town Meeting must approve all TIF agreements.

For the fiscal year ended June 30, 2023, the Town abated property taxes in the amount of \$2,073 for two commercial/industrial property owners.

I. Fund Balances

The components of fund balances as listed in aggregate in the governmental funds balance sheet at June 30, 2023 are as follows:

	General Fund	Capital Projects Funds	Trust Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Perpetual permanent funds	\$ -	\$ -	\$ 4,630,282	\$ -	\$ 4,630,282
Restricted:					
General government	-	-	107,589	668,503	776,092
Public safety	-	54,205	-	2,110,069	2,164,274
Education	-	-	347,846	3,076,682	3,424,528
Public works	-	-	19,319	299,327	318,646
Health and human services	-	-	388,204	240,083	628,287
Culture and recreation	-	-	76,903	132,166	209,069
Committed:					
General government	144,339	-	-	-	144,339
Public safety	270,706	-	-	-	270,706
Education	23,464	-	-	-	23,464
Public works	2,762,096	-	-	-	2,762,096
Culture and recreation	50,640	-	-	-	50,640
Other purposes	282,716	-	-	-	282,716
Assigned:					
Education	253,684	-	-	-	253,684
Subsequent year expenditures	2,560,490	-	-	-	2,560,490
Other purposes	114,247	-	-	-	114,247
Unassigned:					
Capital stabilization	404,321	-	-	-	404,321
General stabilization	1,993,172	-	-	-	1,993,172
Unrestricted	<u>4,757,566</u>	<u>(2,027,141)</u>	<u>-</u>	<u>(92,319)</u>	<u>2,638,106</u>
	<u>\$ 13,617,441</u>	<u>\$ (1,972,936)</u>	<u>\$ 5,570,143</u>	<u>\$ 6,434,511</u>	<u>\$ 23,649,159</u>

The ARPA grant fund is not presented above as it did not maintain a fund balance at June 30, 2023.

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

Encumbrances – The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town as assigned and (2) classify encumbrances that result from an action of the Board of Selectmen as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. The Town reports \$367,931 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

J. Excess of Expenditures Over Appropriations and Deficits

The Town did not report any material amounts in excess of appropriated amounts in fiscal year 2023.

At June 30, 2023, the Town reported deficits of \$2,027,141 and \$92,319 in its capital projects fund and special revenue funds, respectively. The Town expects to issue long-term debt, likely in the form of general obligation bonds, to eliminate the deficits in its capital projects fund. The Town expects to receive grant awards from the federal and state government or other sources in fiscal year 2024 that will eliminate the deficits reported in its special revenue funds.

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Worcester Regional Retirement System (the "Retirement System"), a cost-sharing multiple-employer defined benefit pension plan. The Retirement System was established under Chapter 32 of MGL. The Retirement System is administered by the Worcester Regional Retirement Board (the "Retirement Board"). Stand-alone financial statements for the year ended December 31, 2022 were issued and are available by submitting a request to the Retirement System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

Current membership in the Retirement System for all ninety-nine employers as of December 31, 2022 was as follows:

Active members	7,561
Inactive members entitled to, but not receiving benefits	2,197
Inactive members (or beneficiaries) currently receiving benefits	<u>4,270</u>
	<u>14,028</u>

Benefit Terms – Membership in the Retirement System is mandatory for all full-time employees and nonseasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth. Members of the Retirement System do not participate in the federal Social Security retirement system.

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

The most common benefits paid by the Retirement System include normal retirement, disability retirement and survivor benefits.

- Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of creditable service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.
- Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of creditable service, average compensation and veteran status.
- Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the Retirement System.

The Retirement System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws. There were no significant changes to the Retirement System's benefit terms in fiscal year 2023.

Contributions Requirements – Under current MGL, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. The Retirement System is required to be fully funded by June 30, 2040.

The Town contributed \$2,718,666 to the Retirement System in fiscal year 2023, which equaled the actuarially-determined contribution requirement for the fiscal year. Contributions as a percentage of covered payroll was approximately 27% in fiscal year 2023.

Net Pension Liability – At June 30, 2023, the Town reported a liability of \$34,381,578 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2022 and rolled forward to December 31, 2022, the measurement date. There were no material changes to the Retirement System’s benefit terms since the actuarial valuation. There were no material changes to the actuarial assumptions used in the most recent actuarial valuation report from the previous report.

The Town’s proportion of the net pension liability is based on a projection of the Town’s long-term share of contributions to the Retirement System relative to the projected contributions of all employers. The Town’s proportion was approximately 3.34% at December 31, 2022 versus 3.35% at December 31, 2021.

Fiduciary Net Position – The elements of the Retirement System’s basic financial statements (that is, all information about the Retirement System’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the Retirement System’s full financial statements as of and for the year ended December 31, 2022, which can be obtained by contacting the Retirement Board.

The Retirement System’s fiduciary net position was determined using the accrual basis of accounting. The Retirement System’s accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by the Massachusetts Public Employee Retirement Administration Commission, or PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Town recognized \$3,373,165 in pension expense in the statement of activities in fiscal year 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,052,164
Changes of assumptions	1,821,968	-
Net difference between projected and actual earnings on pension plan investments	2,320,251	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	624,591	493,797
	<u>\$ 4,766,810</u>	<u>\$ 1,545,961</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized into pension expense as follows:

<u>Year ended June 30,</u>		
2024	\$	227,835
2025		609,889
2026		950,329
2027		1,512,813
2028		<u>(80,017)</u>
	\$	<u>3,220,849</u>

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The significant actuarial assumptions used in the latest actuarial valuation included:

Inflation	2.4% per year
Salary increases	Group 1: 4.25% - 6.00%, based on service Group 4: 4.75% - 7.00%, based on service
Investment rate of return	7.25%
Mortality rates	Based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled lives, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using scale MP-2020.

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 returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the Retirement System’s target allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	37%	4.74%
Core fixed income	15%	2.10%
Value-added fixed income	8%	5.20%
Private equity	16%	7.60%
Real estate	10%	3.10%
Timberland	4%	4.40%
Portfolio completion	10%	3.90%

Discount Rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made in accordance with MGL. Based on those assumptions, the Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as the Town’s proportionate share of the net pension liability using a discount rate that is 1% lower or higher than the current rate:

Current Discount Rate	Net Pension Liability At		
	1% Decrease	Current Rate	1% Increase
7.25%	\$ 41,954,789	\$ 34,381,578	\$ 27,978,911

B. Massachusetts Teachers’ Retirement System

Teachers and certain administrative employees of the Town’s school department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing, multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the Retirement System, MTRS was established under Chapter 32 of MGL. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GAAP.

For the year ended June 30, 2022 (the latest period for which MTRS has provided financial data), the Commonwealth contributed \$3,390,414 to the MTRS on behalf of the Town. The Town’s proportionate share of the collective MTRS net pension liability at this reporting date was approximately 0.161%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Town as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The net pension liability assumed by the Commonwealth on behalf of the Town was \$41,704,520 at June 30, 2022 (the latest period for which MTRS has provided financial data). The pension expense assumed by the Commonwealth on behalf of the Town was \$3,430,604 for the year ended June 30, 2022 (the latest period for which MTRS has provided financial data). This amount has been recognized by the Town as intergovernmental revenue and pension expense for the year ended June 30, 2023.

Additional information on MTRS can be found on its website.

C. Other Postemployment Benefits

The Town administers a single-employer defined benefit healthcare plan (the “OPEB Plan”). The OPEB Plan provides health and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Chapter 32 of MGL.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. All benefits are provided through the Town’s premium-based insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Town’s financial statements. OPEB Plan disclosures can be found in this footnote disclosure.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2023:

Inactive employees or beneficiaries receiving benefits	200
Active employees	<u>409</u>
	<u>609</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 50% of the calculated health, dental and life insurance premiums; the remainder of the cost is paid by the Town. The Town currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis plus additional contributions in varying amounts annually. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2023, the Town’s average contribution rate was approximately 4% of covered-employee payroll.

Net OPEB Liability – The Town’s net OPEB liability was determined using an actuarial valuation as of July 1, 2022 and rolled forward to the measurement date of June 30, 2023. The components of the net OPEB liability of the Town at June 30, 2023 were as follows:

Total OPEB liability	\$ 35,858,927
Less Plan fiduciary net position	<u>5,370,082</u>
Net OPEB liability	<u>\$ 30,488,845</u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.0%

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

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value of assets as of reporting date
Investment rate of return	6.0%, net of investment expenses (previously 6.5%)
Inflation	2.50% (previously 2.4%)
Single equivalent discount rate	3.73%, net of investment expenses (previously 3.64%)
Healthcare cost trend rates	8.0% for 2022, decreasing 0.5% per year to 6.0%, then grading down to an ultimate trend rate of 4.1%
Pre-retirement mortality	RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using Scale MP-2020
Post-retirement mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected with generational mortality improvement using Scale MP-2020
Disabled retiree mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020

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

Asset Class	Long-Term	
	Target Allocation	Expected Real Rates of Return
Domestic equities	34%	3.90%
Domestic fixed income	20%	1.39%
Alternatives	20%	3.14%
International equities	22%	5.75%
International fixed income	4%	1.21%

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2023 was 3.73% versus 3.64% at June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the OPEB Plan’s funding policy. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to the first nine periods of projected future benefit payments and the 3.65% municipal bond rate was applied to all periods thereafter to determine the total OPEB liability.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2023:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2022	\$ 49,403,689	\$ 4,915,919	\$ 44,487,770
Changes for the year:			
Service cost	1,988,505	-	1,988,505
Interest	1,853,456	-	1,853,456
Changes of benefit terms	(14,926,994)	-	(14,926,994)
Experience differences	(1,098,495)	-	(1,098,495)
Changes in assumptions	(415,090)	-	(415,090)
Employer contributions	-	1,011,144	(1,011,144)
Net investment income	-	389,163	(389,163)
Benefit payments	(946,144)	(946,144)	-
Net changes	(13,544,762)	454,163	(13,998,925)
Balances at June 30, 2023	<u>\$ 35,858,927</u>	<u>\$ 5,370,082</u>	<u>\$ 30,488,845</u>

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

Current Discount Rate	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
3.73%	\$ 36,908,762	\$ 30,488,845	\$ 25,412,668

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

Current Trend Rates	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
8.0% Year 1 Decreasing to 4.1%	\$ 24,581,745	\$ 30,488,845	\$ 38,219,588

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the Town recognized an OPEB benefit of \$13,66,033, which was due to a change in benefits terms recognized in full in fiscal year 2023. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,518,865
Changes of assumptions	9,890,003	11,783,267
Net difference between projected and actual earnings on OPEB Plan investments	336,866	-
	<u>\$ 10,226,869</u>	<u>\$ 23,302,132</u>

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

Year Ended June 30,

2024	\$ (2,175,680)
2025	(1,926,759)
2026	(2,044,898)
2027	(4,258,887)
2028	(2,330,869)
Thereafter	(338,170)
	<u>\$ (13,075,263)</u>

Investment Custody – In accordance with MGL, the Town Treasurer is the custodian of the OPEB Plan and is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established under MGL. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

Investment Policy – The OPEB Plan maintains a formal investment policy, which permits it to invest its funds in permissible investments as stipulated by the Commonwealth and the prudent investor laws stipulated under MGL.

Investment Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was approximately 7.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Risk Financing

The Town is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; natural disasters; and various employee benefits including health, worker's compensation, and unemployment compensation. The Town essentially transfers its risk through payment of its annual assessment, which is adjusted according to the Town's experience history. All insurance except health is carried through conventional, commercial carriers. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

E. Commitments and Contingencies

General – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability at June 30, 2023 cannot be determined, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2023.

Appellate Tax Board – From time to time, the Town has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts ("ATB"). There were two commercial real estate cases outstanding with assessed values totaling approximately \$13.5 million in ATB at June 30, 2023.

Grant Compliance – Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The Town expects such amounts, if any, to be immaterial.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town expects the amount if any, in these situations, to be immaterial.

F. Economic Dependence

During the year ended June 30, 2023, approximately 35% of general fund revenues reported in the governmental funds financial statements were received from the Commonwealth or federal agencies.

IV. Implementation of Accounting Pronouncements

A. Current Year Implementations

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement was to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement became effective in fiscal year 2023. The adoption of this accounting standard did not have a material effect on the Town's financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement was to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions of this Statement became effective in fiscal year 2023. The adoption of this accounting standard did not have a material effect on the Town's financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement was to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement became effective in fiscal year 2023. The adoption of this accounting standard did not have a material effect on the Town's financial statements.

B. Future Year Implementations

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

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2023 (fiscal year 2025). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

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TOWN OF OXFORD, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN PENSION PLAN**

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

(dollar amounts are in thousands)

Year Ended June 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	3.344%	\$ 34,382	\$ 10,139	339.1%	48.2%
2022	3.349%	28,197	9,604	293.6%	56.2%
2021	3.253%	28,900	8,627	335.0%	50.3%
2020	3.255%	28,976	8,279	350.0%	47.4%
2019	3.428%	31,085	8,010	388.1%	43.1%
2018	3.370%	27,477	7,371	372.8%	46.4%
2017	3.680%	30,792	8,510	361.8%	42.0%
2016	3.680%	26,122	9,457	276.2%	44.5%
2015	3.920%	23,319	9,093	256.5%	47.9%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE PENSION PLAN

(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 2,719	\$ 2,719	\$ -	\$ 10,139	26.8%
2022	2,476	2,476	-	9,604	25.8%
2021	2,188	2,188	-	8,627	25.4%
2020	1,982	1,982	-	8,279	23.9%
2019	1,909	1,909	-	8,010	23.8%
2018	1,705	1,705	-	7,371	23.1%
2017	1,796	1,796	-	8,510	21.1%
2016	1,656	1,656	-	9,457	17.5%
2015	1,549	1,549	-	9,093	17.0%

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

See accompanying independent auditors' report.

TOWN OF OXFORD, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM PENSION PLAN**

**SCHEDULE OF THE COMMONWEALTH'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**
(dollar amounts are in thousands)

For the Year Ended June 30, *	Commonwealth's Proportion of the MTRS Net Pension Liability	Town's Proportion of the MTRS Net Pension Liability	Commonwealth's Proportionate Share of the MTRS Net Pension Liability	Commonwealth's Actuarially Determined Contribution	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	100%	0%	\$ 41,705	\$ 3,390	57.8%
2022	100%	0%	32,249	2,483	62.0%
2021	100%	0%	41,672	2,268	50.7%
2020	100%	0%	37,764	2,162	53.9%
2019	100%	0%	36,701	2,035	54.8%
2018	100%	0%	37,873	2,045	54.3%
2017	100%	0%	40,093	2,017	52.7%
2016	100%	0%	29,146	1,719	55.4%

* Amounts determined for the previous year ended June 30.

Contributions to the MTRS are the responsibility of the Commonwealth of Massachusetts. Accordingly, the Town has not recognized any portion of the net pension liability relative to Town employees covered under the MTRS pension plan.

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

See accompanying independent auditors' report.

TOWN OF OXFORD, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(dollar amounts in thousands)

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service cost	\$ 1,989	\$ 2,977	\$ 3,374	\$ 2,302	\$ 2,003	\$ 2,102	\$ 2,507
Interest	1,853	1,401	1,691	2,031	2,020	1,865	1,615
Changes in benefit terms	(14,927)	-	-	(1,415)	-	(21)	-
Differences in experience	(1,099)	-	(14,614)	-	(7,382)	-	-
Changes in assumptions	(415)	(14,785)	(990)	15,841	9,827	(2,545)	(6,602)
Benefit payments	(946)	(1,214)	(1,121)	(1,323)	(1,241)	(1,309)	(1,196)
Net Change in Total OPEB Liability	(13,545)	(11,621)	(11,660)	17,436	5,227	92	(3,676)
Total OPEB Liability:							
Beginning of year	49,404	61,025	72,685	55,249	50,022	49,930	53,606
End of year (a)	<u>\$ 35,859</u>	<u>\$ 49,404</u>	<u>\$ 61,025</u>	<u>\$ 72,685</u>	<u>\$ 55,249</u>	<u>\$ 50,022</u>	<u>\$ 49,930</u>
Plan Fiduciary Net Position:							
Contributions	\$ 1,011	\$ 1,274	\$ 1,177	\$ 1,373	\$ 1,291	\$ 1,374	\$ 1,248
Net investment income (loss)	389	(810)	1,202	117	246	182	195
Benefit payments	(946)	(1,214)	(1,121)	(1,323)	(1,241)	(1,309)	(1,196)
Net Change in Plan Fiduciary Net Position	454	(750)	1,258	167	296	247	247
Plan Fiduciary Net Position:							
Beginning of year	4,916	5,666	4,408	4,241	3,945	3,698	3,451
End of year (b)	<u>\$ 5,370</u>	<u>\$ 4,916</u>	<u>\$ 5,666</u>	<u>\$ 4,408</u>	<u>\$ 4,241</u>	<u>\$ 3,945</u>	<u>\$ 3,698</u>
Net OPEB Liability — End of Year (a) - (b)	<u>\$ 30,489</u>	<u>\$ 44,488</u>	<u>\$ 55,359</u>	<u>\$ 68,277</u>	<u>\$ 51,008</u>	<u>\$ 46,077</u>	<u>\$ 46,232</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.98%	9.95%	9.28%	6.06%	7.68%	7.89%	7.41%
Covered payroll	\$ 25,595	\$ 23,785	\$ 20,991	\$ 21,580	\$ 20,731	\$ 22,414	\$ 22,037
Net OPEB Liability as a Percentage of Covered Payroll	119.12%	187.04%	263.73%	316.39%	246.05%	205.57%	209.79%

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

See accompanying independent auditors' report.

TOWN OF OXFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF CONTRIBUTIONS

(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially- Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2023	\$ 4,523	\$ 1,011	\$ 3,512	\$ 25,595	3.9%
2022	5,587	1,274	4,313	23,785	5.4%
2021	6,600	1,177	5,423	20,991	5.6%
2020	5,183	1,373	3,810	21,580	6.4%
2019	4,724	1,291	3,433	20,731	6.2%
2018	4,734	1,374	3,360	22,414	6.1%
2017	4,269	1,249	3,020	22,037	5.7%

Notes to Schedule:

Valuation date	July 1, 2022
Single equivalent discount rate	2.50% (previously 2.40%)
Healthcare cost trend rates	8.0% for 2022, decreasing 0.5% per year to 6.0%, then grading down to an ultimate trend rate of 4.1%
Pre-retirement mortality	Based on the RP-2014 Blue Collar Mortality Table projected with generational mortality improvement using Scale MP-2020
Post-retirement mortality	Based on the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected with generational mortality improvement using Scale MP-2020
Disabled retiree mortality	Based on the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020

SCHEDULE OF INVESTMENT RETURNS

Year Ended June 30,	Annual Money- Weighted Rate of Return *
2023	7.82%
2022	-14.16%
2021	26.96%
2020	2.75%
2019	6.19%
2018	4.91%
2017	5.63%

* Net of investment expenses.

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

See accompanying independent auditors' report.

TOWN OF OXFORD, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual		Actual	Positive
	Original	Final	Budgetary	Articles and	Budgetary	(Negative)
	Budget	Budget	Amounts	Encumbrances	Adjusted	Variance
Revenues:						
Property taxes, net of tax refunds	\$ 26,893,550	\$ 26,893,550	\$ 27,503,467		\$ 27,503,467	\$ 609,917
Intergovernmental	14,084,032	14,084,032	13,995,773		13,995,773	(88,259)
Motor vehicle and other excise taxes	2,210,000	2,210,000	2,478,347		2,478,347	268,347
Licenses and permits	194,500	194,500	285,386		285,386	90,886
Penalties and interest on taxes	153,000	153,000	137,198		137,198	(15,802)
Fines and forfeitures	36,000	36,000	64,903		64,903	28,903
Departmental and other revenues	405,000	405,000	798,309		798,309	393,309
Investment income	80,000	80,000	563,839		563,839	483,839
Total Revenues	44,056,082	44,056,082	45,827,222		45,827,222	1,771,140
Expenditures:						
General government	3,588,125	3,588,125	3,117,607	\$ 158,602	3,276,209	311,916
Public safety	5,592,229	5,592,229	5,120,695	303,108	5,423,803	168,426
Education	21,172,032	21,172,032	20,857,885	277,148	21,135,033	36,999
Public works	8,716,549	8,716,549	5,839,331	2,814,755	8,654,086	62,463
Health and human services	457,586	457,586	400,941	2,629	403,570	54,016
Culture and recreation	921,666	921,666	815,352	62,934	878,286	43,380
Pension and fringe benefits	7,647,180	7,647,180	7,548,015	-	7,548,015	99,165
State and county charges	1,137,633	1,137,633	1,014,434	-	1,014,434	123,199
Debt service	1,073,233	1,073,233	1,021,450	-	1,021,450	51,783
Total Expenditures	50,306,233	50,306,233	45,735,710	\$ 3,619,176	49,354,886	951,347
Other Financing Sources (Uses):						
Transfers in	1,140,000	1,140,000	1,234,196		1,234,196	94,196
Transfers out	(974,800)	(974,800)	(974,800)		(974,800)	-
Total Other Financing Sources (Uses)	165,200	165,200	259,396		259,396	94,196
(Deficiency) Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	(6,084,951)	(6,084,951)	\$ 350,908		\$ (3,268,268)	\$ 2,816,683
Other Budgetary Items:						
Prior year articles and encumbrances	2,842,519	2,842,519				
Free cash	3,242,432	3,242,432				
Total Other Budgetary Items	6,084,951	6,084,951				
Net Budget	\$ -	\$ -				

See notes to required supplementary information.

See accompanying independent auditors' report.

TOWN OF OXFORD, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2023

An annual budget is legally adopted for the general fund. Financial orders are initiated by the Town Manager, recommended by the Town Finance Committee and approved by Town Meeting. Expenditures may not legally exceed appropriations at the department level. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The Town's general fund is prepared using the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue, which is not GAAP. The "actual" results column of the Schedule of Revenues, Expenditures and Changes in Fund Equity – Budgetary Basis is presented on a budgetary basis to provide a meaningful comparison with the budget. A complete reconciliation is provided below:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues — budgetary basis			\$ 45,827,222
Revenue recognition	\$ 14,118	\$ -	14,118
Stabilization revenue	-	73,488	73,488
On behalf payments	3,430,604	-	3,430,604
Revenues — GAAP basis	<u>\$ 3,430,604</u>	<u>\$ 73,488</u>	<u>\$ 49,345,432</u>
Expenditures — budgetary basis			\$ 45,735,710
Transfer treatment	\$ -	\$ -	-
Expense recognition	(458,285)	-	(458,285)
On behalf payments	3,430,604	-	3,430,604
Revenues — GAAP basis	<u>\$ 2,972,319</u>	<u>\$ -</u>	<u>\$ 48,708,029</u>
Net transfers — budgetary basis			\$ 259,396
Transfer treatment	\$ -	\$ 600,000	600,000
Net transfers — GAAP basis	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 859,396</u>