

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF BRIDGEWATER, MASSACHUSETTS

Report on Examination of the
Basic Financial Statements
and Additional Information
Year Ended June 30, 2023



TOWN OF BRIDGEWATER, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Town Council
Town of Bridgewater, Massachusetts

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bridgewater, Massachusetts, (the "Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Town as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Restatements

As more fully described in Note IV, restatements of prior year ending net position and fund balances were made to the Town's governmental activities, business-type activities and golf enterprise net position and nonmajor governmental fund balances. Our opinions were not modified with respect to this matter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, 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* in considering the Town's internal control over financial reporting and compliance.

Roselli Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
January 10, 2024

Management's Discussion and Analysis

As the management of the Town of Bridgewater, 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 found in this report.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by nearly \$38.5 million (*total net position*). Approximately \$18.1 million represented net position of the business-type activities and the net position of the governmental activities was approximately \$20.4 million.
- The government's total net position increased by approximately \$9.5 million. The governmental activities increased net position by approximately \$6.7 million while the business-type activities increased net position by approximately \$2.9 million.
- The Town's unassigned fund balance reported in the General Fund was approximately \$11.9 million (17.0% of General Fund expenditures). Total fund balance in the General Fund was approximately \$15.0 million (21.5% of General Fund expenditures). The Town reported a restricted fund balance of approximately \$3.6 million in the Community Preservation Fund, a restricted fund balance of over \$1.2 million in the Title V Program Fund, a restricted fund balance of over \$0.2 million and an unassigned fund deficit of approximately (\$0.7) million in the Capital Project Fund and reported total fund balances of over \$7.6 million in the combined Nonmajor Governmental Funds.
- Regular scheduled maturities of debt were approximately \$2.3 million. Of this amount, approximately \$1.2 million related to governmental activities and \$1.1 million to business-type activities. The Town did not issue any long-term debt during fiscal year 2023.
- As of 7/1/2022 (FY23), the Town Council authorized the establishment of a receipts reserved for appropriation fund to account for golf course activities and rescinded the golf enterprise fund. Additional information regarding the restatement of fund balance and net position can be found in Note IV of this report.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of position* presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported net as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements consist of two classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*), and (2) those whose activities 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 water, sewer, and transfer station 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.

Governmental funds 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 cannot be spent because they are either (a) not in spendable form 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.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided in the financial statements to help the reader understand the differences, as indicated with the table of contents.

The Town maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community preservation fund, Title V program fund and capital project fund which are considered to be major 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 and its enterprise funds. 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 after the notes to the financial statements.

Proprietary Funds – Proprietary funds are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The Town utilizes the proprietary funds to report activities of its enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, and transfer station activities.

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 which includes the schedules of the Town's proportionate share of the net pension liability, contributions to the pension plan, the funding progress and contribution funding of its obligation to provide other postemployment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

Government-wide Financial Analysis

The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<u>Assets</u>						
Current and other assets	\$ 38,715,347	\$ 34,146,765	\$ 11,489,931	\$ 11,204,099	\$ 50,205,278	\$ 45,350,864
Capital assets, net	64,776,043	58,827,394	46,478,900	37,865,514	111,254,943	96,692,908
Total Assets	103,491,390	92,974,159	57,968,831	49,069,613	161,460,221	142,043,772
Deferred outflows of resources	10,133,907	7,972,752	1,174,279	1,128,398	11,308,186	9,101,150
<u>Liabilities</u>						
Long-term liabilities	80,753,033	70,154,938	26,238,327	27,655,197	106,991,360	97,810,135
Other liabilities	6,327,462	5,058,961	14,151,810	3,350,849	20,479,272	8,409,810
Total Liabilities	87,080,495	75,213,899	40,390,137	31,006,046	127,470,632	106,219,945
Deferred inflows of resources	6,148,185	13,302,853	654,551	2,671,336	6,802,736	15,974,189
<u>Net Position</u>						
Net investment in capital assets	52,873,860	45,814,876	17,613,680	15,409,394	70,487,540	61,224,270
Restricted	12,472,124	10,447,951	-	-	12,472,124	10,447,951
Unrestricted	(44,949,367)	(43,832,668)	484,742	1,111,235	(44,464,625)	(42,721,433)
Net Position	\$ 20,396,617	\$ 12,430,159	\$ 18,098,422	\$ 16,520,629	\$ 38,495,039	\$ 28,950,788

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over \$38.5 million (*total net position*). This was an increase of approximately \$9.6 million over the preceding year. This was primarily the result of an increase in governmental activities capital grants and contributions of \$1.3 million, positive general fund operations of \$1.7 million and positive water business-type operations of \$3.0 million.

By far the largest portion (approximately \$70.5 million) of the Town's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (approximately \$12.5 million) represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* reflects the remainder of net position, a deficit of approximately \$44.5 million. This is due to the recognition of the other postemployment benefits liability of approximately \$41.0 million as a result of the implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as previously discussed, and the implementation of GASB 68 in 2015, which has resulted in the recognition of approximately \$32.1 million in net pension liabilities.

The condensed statement of changes in net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 6,400,114	\$ 4,929,692	\$ 8,030,222	\$ 7,759,006	\$ 14,430,336	\$ 12,688,698
Operating grants and contributions	3,037,809	3,780,931	-	-	3,037,809	3,780,931
Capital grants and contributions	2,880,182	1,560,151	1,373,373	236,910	4,253,555	1,797,061
General revenues:						
Property taxes	56,293,095	54,257,508	-	-	56,293,095	54,257,508
Intergovernmental	4,773,574	4,434,907	-	-	4,773,574	4,434,907
Other	6,126,242	5,334,496	-	4,626	6,126,242	5,339,122
Total Revenues	79,511,016	74,297,685	9,403,595	8,000,542	88,914,611	82,298,227
<u>Expenses</u>						
General government	7,027,673	8,311,221	-	-	7,027,673	8,311,221
Public safety	22,101,135	20,481,795	-	-	22,101,135	20,481,795
Education	38,050,558	38,295,081	-	-	38,050,558	38,295,081
Public works	2,956,518	3,455,417	-	-	2,956,518	3,455,417
Health and human services	1,028,528	1,005,311	-	-	1,028,528	1,005,311
Culture and recreation	1,862,434	1,405,134	-	-	1,862,434	1,405,134
Debt service	297,454	272,122	-	-	297,454	272,122
Water	-	-	3,387,842	2,935,866	3,387,842	2,935,866
Sewer	-	-	2,274,194	2,229,805	2,274,194	2,229,805
Transfer station	-	-	384,024	350,366	384,024	350,366
Golf	-	-	-	1,062,119	-	1,062,119
Total Expenses	73,324,300	73,226,081	6,046,060	6,578,156	79,370,360	79,804,237
Excess (deficiency) in net position before transfers	6,186,716	1,071,604	3,357,535	1,422,386	9,544,251	2,493,990
Transfers	494,147	783,867	(494,147)	(783,867)	-	-
Change in net position	6,680,863	1,855,471	2,863,388	638,519	9,544,251	2,493,990
Net position, beginning of year	12,430,159	10,574,688	16,520,629	15,882,110	28,950,788	26,456,798
Restatement for Golf activities	1,285,595	-	(1,285,595)	-	-	-
Net position, beginning of year, as restated	13,715,754	10,574,688	15,235,034	15,882,110	28,950,788	26,456,798
Net position, end of year	\$ 20,396,617	\$ 12,430,159	\$ 18,098,422	\$ 16,520,629	\$ 38,495,039	\$ 28,950,788

Governmental Activities - The Town relies significantly on property taxes, which, during 2023, made up approximately 70.8% of total revenues, down from 73.0 in the prior year. Actual revenues increased by over \$2.0 million from tax levy growth. No other revenues were greater than 10% of total revenues in 2023 or 2022.

Major expenditures were for education which continues to be an area that the town devotes significant resources. Education represented 51.9% of total expenses, down slightly from the prior year of 52.3%, due to a small decrease in regional school assessments for operations and capital purposes. Public safety expenses represented 30.1% of total expenses, up from the prior year of 28.0%. General government expenses represented 9.6% of total expenses, down from the prior year of 11.4% because of prior year costs related to the pandemic recovery. No other expense types were greater than 10% of total expenses in 2023 or 2022.

Business-type Activities - Major revenue sources consist of revenue from user charges, which represented approximately 85.4% of total fiscal year 2023 revenues, down from 97.0% in the prior year. This was due to an increase in capital grant revenue in the current year. Capital grants and contributions increased approximately \$1.1 million due to a \$1.4 million capital grant in the water enterprise fund. Water, sewer, and transfer station expenses represented 56.0%, 37.6%, and 6.4% of total fiscal year 2023 business-type activities expenses, respectively, and 53.2%, 40.4%, and 6.4% of total fiscal year 2022 business-type activities expenses, respectively. Water costs increased over \$0.4 million, primarily from higher non-capital maintenance costs. All others were consistent and within expectations and comparable to the prior year.

Financial Analysis of the Government's Funds

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

Governmental Funds - The focus of 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 of approximately \$27.0 million. This represents an increase of over \$2.6 million over the previous year due to favorable general fund operating results and an increase nonmajor governmental fund balance from higher surpluses in the district improvement and ambulance special revenue funds offset by increased spending in the capital projects major fund. Of the ending fund balance approximately \$11.1 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 approximately \$11.9 million, while total fund balance totaled nearly \$15.0 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 represents approximately 17.0% of total general fund expenditures, while total fund balance represents approximately 21.5% of that same amount.

The Community Preservation fund was used as a funding source for debt service and other capital spending. The balance of this fund increased nearly \$0.2 million as the Town increased its project spending in the current fiscal year.

The Title V Program fund was used as a funding source for the Town's septic management program. The balance of this fund decreased approximately \$0.1 million from debt service funding.

The Capital Project fund was used as a funding source for building remodeling projects as well as roadway improvements during the year. As a result, this fund decreased by approximately \$1.6 million as a result of capital spending exceeding intergovernmental reimbursements and transfers in.

The combined Nonmajor funds increased from prior year by approximately \$2.4 million. Fund balances at year end were over \$7.6 million. This was mainly due to increased surpluses in the ambulance and district improvement funds.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At June 30, 2023, net position of the water and sewer enterprise funds were approximately \$10.9 million and \$7.4 million, respectively. The transfer station fund had a fund balance (deficit) of over (\$0.15 million), at June 30, 2023. The Town's total proprietary fund's net position increased by approximately \$2.9 million, primarily due to the positive operating results in the water fund of approximately \$3.0 million.

General Fund Budgetary Highlights

The final amended budget was unchanged however the budgets for individual functions and transfers were affected by subsequent appropriations. The schedule of budgetary information, which summarizes these changes, is provided as *Required Supplementary Information*.

Capital Asset and Debt Administration

Capital Assets - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to approximately \$111.3 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment and vehicles and reflects an increase of approximately \$14.6 million due to capital additions exceeding annual depreciation/amortization.

The Town has undergone significant capital improvements over the past several years. These include major improvements to its town hall, roads and water and sewer infrastructure as well as acquisition of land, buildings and departmental equipment.

Additional information on the Town capital assets can be found Note II. Subsection D of this report.

Long-term Debt - At the end of the current fiscal year, the Town had total debt outstanding of approximately \$30.2 million. Of this amount approximately \$12.0 million represents debt of the governmental activities and approximately \$18.2 million represents debt of business-type activities.

The Town's total long-term debt experienced a decrease of nearly \$2.3 million during the fiscal year as the result of regular scheduled pay downs. No new long-term debt was issued during the fiscal year.

The Town maintains a bond rating of "Aa3" as set by Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0% percent of its total assessed valuation. The current debt limitation for the Town is approximately \$218.0 million, which is significantly in excess of the Town's outstanding general obligation debt.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town's boundaries. The debt service from such arrangements is assessed annually to the Town.

Additional information on the Town's debt can be found in Notes II. Subsection E, F and G of this report.

Economic Factors and Next Year's Budgets and Rates

- The Town's real estate tax base is made up predominantly of residential taxes, which comprise nearly 87% of the Town's real estate tax base. The Town also relies to a much lesser extent on its commercial and industrial real estate tax base, which in aggregate comprise approximately 10% of the Town's real estate tax base. 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 two and one-half percent (2 ½%) of the previous year tax levy. This limit may be exceeded through a majority vote at Town Council along with ballot approval.
- The Town's property values have been steadily increasing over the past several years. Property values are at all-time highs in many Town neighborhoods and the Town's equalized valuation is over \$4.3 billion. Current actions by the Federal Open Market Committee to soften the economy due to inflation have caused mortgage rates to spike. Such trends may have an adverse effect on the housing market, and the Town is monitoring this.
- Inflation is peaking near 40-year historic highs. This is having adverse impacts on the Town. Wage inflation cannot guarantee that the Town will be able to maintain employees without increasing wages. Energy inflation is causing a spike in energy costs. Price inflation is causing a spike in the price of the delivery and cost of goods and services. The construction building index is nearing historic highs which may cause the estimates of major capital projects to increase, in addition to the financing costs of these projects. The Town continues to monitor this situation.

The above items were considered when the Town developed its budget for fiscal year 2024.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director, 66 Central Square, Bridgewater, Massachusetts 02324.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 29,346,450	\$ 5,718,323	\$ 35,064,773
Investments	2,148,099	-	2,148,099
Receivables (net):			
Property taxes	486,145	-	486,145
Excise taxes	662,682	-	662,682
User fees	-	2,064,793	2,064,793
Unapportioned assessments	391,515	113,816	505,331
Departmental and other	2,839,357	55,020	2,894,377
Leases	719,424	-	719,424
Intergovernmental	1,092,198	3,537,979	4,630,177
Tax foreclosures	620,970	-	620,970
Prepaid items	408,507	-	408,507
Capital assets, not being depreciated/amortized	17,368,303	30,572,764	47,941,067
Capital assets, net of accumulated depreciation/amortization	47,407,740	15,906,136	63,313,876
Total Assets	103,491,390	57,968,831	161,460,221
Deferred Outflows of Resources			
Related to net other postemployment benefits liability	5,090,661	614,235	5,704,896
Related to net pension liability	5,043,246	560,044	5,603,290
Total Deferred Outflows of Resources	10,133,907	1,174,279	11,308,186
Liabilities			
Warrants and accounts payable	1,274,836	3,151,235	4,426,071
Accrued payroll and withholdings	562,802	57,427	620,229
Retainage payable	49,612	462,476	512,088
Accrued interest expense	-	191,294	191,294
Unearned revenue	1,589,779	-	1,589,779
Other liabilities	2,360,433	-	2,360,433
Due to other governments	490,000	-	490,000
Bond anticipation notes payable	-	10,289,378	10,289,378
Long-term liabilities:			
Due within one year	1,636,759	1,559,696	3,196,455
Due in more than one year	79,116,274	24,678,631	103,794,905
Total Liabilities	87,080,495	40,390,137	127,470,632
Deferred Inflows of Resources			
Related to leases	719,424	-	719,424
Related to net other postemployment benefits liability	5,378,926	649,017	6,027,943
Related to net pension liability	49,835	5,534	55,369
Total Deferred Inflows of Resources	6,148,185	654,551	6,802,736
Net Position			
Net investment in capital assets	52,873,860	17,613,680	70,487,540
Restricted:			
Nonexpendable permanent funds	113,385	-	113,385
Expendable permanent funds	792,745	-	792,745
Community preservation	3,600,632	-	3,600,632
Title V	629,875	-	629,875
Other purposes	7,335,487	-	7,335,487
Unrestricted	(44,949,367)	484,742	(44,464,625)
Total Net Position	\$ 20,396,617	\$ 18,098,422	\$ 38,495,039

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<u>Primary Government:</u>								
<i>Governmental Activities</i>								
General government	\$ 7,027,673	\$ 1,449,939	\$ 1,752,986	\$ -	\$ (3,824,748)		\$ (3,824,748)	
Public safety	22,101,135	3,964,079	809,176	-	(17,327,880)		(17,327,880)	
Education	38,050,558	55,484	76,248	-	(37,918,826)		(37,918,826)	
Public works	2,956,518	239,711	36,667	2,563,079	(117,061)		(117,061)	
Health and human services	1,028,528	207,943	248,415	-	(572,170)		(572,170)	
Culture and recreation	1,862,434	482,958	114,317	317,103	(948,056)		(948,056)	
Debt service	297,454	-	-	-	(297,454)		(297,454)	
Total Governmental Activities	73,324,300	6,400,114	3,037,809	2,880,182	(61,006,195)		(61,006,195)	
<i>Business-Type Activities:</i>								
Water	3,387,842	5,100,478	-	1,364,058		\$ 3,076,694	3,076,694	
Sewer	2,274,194	2,510,082	-	9,315		245,203	245,203	
Transfer Station	384,024	419,662	-	-		35,638	35,638	
Total Business-Type Activities	6,046,060	8,030,222	-	1,373,373		3,357,535	3,357,535	
Total Primary Government	\$ 79,370,360	\$ 14,430,336	\$ 3,037,809	\$ 4,253,555	(61,006,195)	3,357,535	(57,648,660)	
<u>General Revenues:</u>								
					56,293,095	-	56,293,095	
					4,981,437	-	4,981,437	
					263,077	-	263,077	
					Grants and contributions not restricted to specific programs	4,773,574	-	4,773,574
					Unrestricted investment income (loss)	881,728	-	881,728
<u>Transfers (net):</u>								
					494,147	(494,147)	-	
<u>Total General Revenues and Transfers</u>								
					67,687,058	(494,147)	67,192,911	
<u>Change in Net Position</u>								
					6,680,863	2,863,388	9,544,251	
<u>Net Position:</u>								
<u>Beginning of year, as restated (See Note IV)</u>								
					13,715,754	15,235,034	28,950,788	
<u>End of year</u>								
					\$ 20,396,617	\$ 18,098,422	\$ 38,495,039	

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	General Fund	Community Preservation Act Fund	Title V Program	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 15,614,005	\$ 4,048,068	\$ 1,225,940	\$ -	\$ 8,458,437	\$ 29,346,450
Investments	2,051,700	-	-	-	96,399	2,148,099
Receivables, net of allowance for uncollectibles:						
Property taxes	483,012	3,133	-	-	-	486,145
Excise taxes	662,682	-	-	-	-	662,682
Departmental and other	1,612,160	9,156	552,799	-	665,242	2,839,357
Leases	-	-	-	-	719,424	719,424
Intergovernmental	-	-	-	792,933	299,265	1,092,198
Unapportioned assessments	-	-	-	-	391,515	391,515
Tax foreclosures	620,970	-	-	-	-	620,970
Prepaid items	-	-	-	-	408,507	408,507
Due from other funds	707,642	-	-	-	-	707,642
Total Assets	<u>21,752,171</u>	<u>4,060,357</u>	<u>1,778,739</u>	<u>792,933</u>	<u>11,038,789</u>	<u>39,422,989</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 21,752,171</u>	<u>\$ 4,060,357</u>	<u>\$ 1,778,739</u>	<u>\$ 792,933</u>	<u>\$ 11,038,789</u>	<u>\$ 39,422,989</u>
Liabilities:						
Warrants and accounts payable	\$ 259,324	\$ 448,900	\$ -	\$ 525,447	\$ 41,165	\$ 1,274,836
Accrued payroll and withholdings	530,505	-	-	-	32,297	562,802
Retainage payable	-	-	-	49,612	-	49,612
Other liabilities	708,716	10,825	-	-	6,000	725,541
Deposits	1,634,892	-	-	-	-	1,634,892
Unearned revenues	-	-	-	-	1,589,779	1,589,779
Due to other funds	-	-	-	707,642	-	707,642
Due to other governments	490,000	-	-	-	-	490,000
Total Liabilities	<u>3,623,437</u>	<u>459,725</u>	<u>-</u>	<u>1,282,701</u>	<u>1,669,241</u>	<u>7,035,104</u>
Deferred Inflows of Resources:						
Unavailable revenues - property taxes	240,465	3,133	-	-	-	243,598
Unavailable revenues - excise taxes	662,682	-	-	-	-	662,682
Unavailable revenues - leases	-	-	-	-	719,424	719,424
Unavailable revenues - other	2,233,130	9,156	552,799	-	1,002,054	3,797,139
Total Deferred Inflows of Resources	<u>3,136,277</u>	<u>12,289</u>	<u>552,799</u>	<u>-</u>	<u>1,721,478</u>	<u>5,422,843</u>
Fund Balances:						
Nonspendable	-	-	-	-	521,892	521,892
Restricted	33,166	3,588,343	1,225,940	241,956	7,126,178	12,215,583
Committed	2,886,330	-	-	-	-	2,886,330
Assigned	206,345	-	-	-	-	206,345
Unassigned	11,866,616	-	-	(731,724)	-	11,134,892
Total Fund Balances	<u>14,992,457</u>	<u>3,588,343</u>	<u>1,225,940</u>	<u>(489,768)</u>	<u>7,648,070</u>	<u>26,965,042</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 21,752,171</u>	<u>\$ 4,060,357</u>	<u>\$ 1,778,739</u>	<u>\$ 792,933</u>	<u>\$ 11,038,789</u>	<u>\$ 39,422,989</u>

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

Total Governmental Fund Balances	\$ 26,965,042
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	64,776,043
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	4,703,419
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Deferred outflows and inflows of resources to be recognized in future fiscal years are not available resources and, therefore, are not reported in the funds:	
Deferred outflows related to other postemployment benefits	5,090,661
Deferred outflows related to pensions	5,043,246
Deferred inflows related to other postemployment benefits	(5,378,926)
Deferred inflows related to pensions	(49,835)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds:	
Bonds and notes payable	(12,015,482)
Less: Unamortized bond premiums	(548,500)
Compensated absences	(2,721,734)
Net pension liability	(28,889,965)
Net other postemployment benefits liability	<u>(36,577,352)</u>

Net Position of Governmental Activities	<u>\$ 20,396,617</u>
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See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	General Fund	Community Preservation Act Fund	Title V Program	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net	\$ 55,755,212	\$ 889,493	\$ -	\$ -	\$ -	\$ 56,644,705
Intergovernmental	4,989,019	317,103	-	2,563,079	2,167,777	10,036,978
Motor vehicle and other excises	4,910,839	-	-	-	-	4,910,839
Departmental and other revenue	1,273,651	1,947	112,958	-	3,674,875	5,063,431
Licenses and permits	1,200,627	-	-	-	-	1,200,627
Penalties and interest on taxes	263,077	-	-	-	-	263,077
Fines and forfeitures	49,877	-	-	-	85,253	135,130
Investment income (loss)	716,169	90,495	-	-	75,064	881,728
Contributions and donations	-	-	-	-	654,587	654,587
Total Revenues	69,158,471	1,299,038	112,958	2,563,079	6,657,556	79,791,102
Expenditures:						
Current:						
General government	4,576,706	-	-	1,161,660	873,688	6,612,054
Public safety	14,162,836	-	-	653,754	1,242,392	16,058,982
Education	37,806,194	-	-	-	-	37,806,194
Public works	1,845,573	-	-	2,678,762	4,252	4,528,587
Health and human services	597,759	-	57,748	-	103,482	758,989
Culture and recreation	1,263,900	652,520	-	-	10,124	1,926,544
Pensions and other fringes	8,010,840	-	-	-	-	8,010,840
State and county tax assessments	428,311	-	-	-	-	428,311
Debt service:						
Principal	863,229	287,000	-	-	-	1,150,229
Interest	270,298	108,350	-	-	-	378,648
Total Expenditures	69,825,646	1,047,870	57,748	4,494,176	2,233,938	77,659,378
Excess (Deficiency) of Revenues Over (Under) Expenditures	(667,175)	251,168	55,210	(1,931,097)	4,423,618	2,131,724
Other Financing Sources (Uses):						
Transfers in	4,065,849	-	20,000	340,954	1,480,379	5,907,182
Transfers out	(1,695,379)	(95,000)	(136,245)	-	(3,486,411)	(5,413,035)
Total Other Financing Sources (Uses)	2,370,470	(95,000)	(116,245)	340,954	(2,006,032)	494,147
Net Change in Fund Balances	1,703,295	156,168	(61,035)	(1,590,143)	2,417,586	2,625,871
Fund Balances - Beginning, as restated (See Note IV)	13,289,162	\$ 3,432,175	1,286,975	1,100,375	5,230,484	24,339,171
Fund Balances - Ending	<u>\$ 14,992,457</u>	<u>\$ 3,588,343</u>	<u>\$ 1,225,940</u>	<u>\$ (489,768)</u>	<u>\$ 7,648,070</u>	<u>\$ 26,965,042</u>

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

Net Change in Fund Balances - Total Governmental Fund Balances **\$ 2,625,871**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. The net amounts are reflected here as reconciling items:

Capital outlays	6,116,400	
Depreciation/amortization expense	(2,733,915)	
Net effect of reporting capital assets		3,382,485

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:

Repayments of debt	1,150,229	
Amortization of premiums from issuance of bonds and notes	81,194	
Net effect of reporting long-term debt		1,231,423

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenues for various types of accounts receivable differ between the two statements. The amount presented represents the following differences derived from unavailable revenue.

(280,086)

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

Compensated absences	316,665	
Pension benefits	486,578	
Other postemployment benefits	(1,082,073)	
Net effect of reporting long-term liabilities		(278,830)

Change in Net Position of Governmental Activities **\$ 6,680,863**

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Transfer Station	Totals
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 2,456,606	\$ 3,120,241	\$ 141,476	\$ 5,718,323
Receivables, net of allowance for uncollectibles:				
User charges	1,479,086	585,707	-	2,064,793
Intergovernmental	-	3,537,979	-	3,537,979
Other	33,883	21,137	-	55,020
Total Current Assets	<u>3,969,575</u>	<u>7,265,064</u>	<u>141,476</u>	<u>11,376,115</u>
Noncurrent assets:				
Receivables - unapportioned assessments	-	113,816	-	113,816
Capital assets, not being depreciated	17,519,675	13,053,089	-	30,572,764
Capital assets, net of accumulated depreciation	<u>10,232,580</u>	<u>5,637,355</u>	<u>36,201</u>	<u>15,906,136</u>
Total Noncurrent Assets	<u>27,752,255</u>	<u>18,804,260</u>	<u>36,201</u>	<u>46,592,716</u>
Total Assets	<u>31,721,830</u>	<u>26,069,324</u>	<u>177,677</u>	<u>57,968,831</u>
Deferred Outflows of Resources:				
Related to net other postemployment benefits liability	360,007	232,204	22,024	614,235
Related to net pension liability	<u>265,554</u>	<u>261,753</u>	<u>32,737</u>	<u>560,044</u>
Total Deferred Outflows of Resources	<u>625,561</u>	<u>493,957</u>	<u>54,761</u>	<u>1,174,279</u>
Liabilities:				
Current Liabilities:				
Warrants and accounts payable	6,271	3,125,640	19,324	3,151,235
Accrued payroll and withholdings	33,829	21,904	1,694	57,427
Retainage payable	-	462,476	-	462,476
Accrued interest	174,559	16,735	-	191,294
Bond anticipation notes payable	-	10,289,378	-	10,289,378
Bonds and notes payable	1,442,640	112,965	-	1,555,605
Compensated absences	<u>1,192</u>	<u>2,899</u>	<u>-</u>	<u>4,091</u>
Total Current Liabilities	<u>1,658,491</u>	<u>14,031,997</u>	<u>21,018</u>	<u>15,711,506</u>
Noncurrent Liabilities:				
Bonds and notes payable	15,307,633	1,712,604	-	17,020,237
Compensated absences	10,727	26,088	-	36,815
Net other postemployment benefits liability	2,586,719	1,668,428	158,246	4,413,393
Net pension liability	<u>1,521,210</u>	<u>1,499,440</u>	<u>187,536</u>	<u>3,208,186</u>
Total Noncurrent Liabilities	<u>19,426,289</u>	<u>4,906,560</u>	<u>345,782</u>	<u>24,678,631</u>
Total Liabilities	<u>21,084,780</u>	<u>18,938,557</u>	<u>366,800</u>	<u>40,390,137</u>
Deferred Inflows of Resources:				
Related to net other postemployment benefits liability	380,393	245,353	23,271	649,017
Related to net pension liability	<u>2,624</u>	<u>2,587</u>	<u>323</u>	<u>5,534</u>
Total Deferred Inflows of Resources	<u>383,017</u>	<u>247,940</u>	<u>23,594</u>	<u>654,551</u>
Net Position:				
Net investment in capital assets	11,001,982	6,575,497	36,201	17,613,680
Unrestricted	<u>(122,388)</u>	<u>801,287</u>	<u>(194,157)</u>	<u>484,742</u>
Total Net Position	<u>\$ 10,879,594</u>	<u>\$ 7,376,784</u>	<u>\$ (157,956)</u>	<u>\$ 18,098,422</u>

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Transfer Station	Totals
Operating Revenues:				
Charges for services	\$ 4,931,660	\$ 2,330,107	\$ 419,662	\$ 7,681,429
Other operating income	168,818	179,975	-	348,793
Total Operating Revenues	5,100,478	2,510,082	419,662	8,030,222
Operating Expenses:				
Operating costs	2,581,022	1,678,509	382,379	4,641,910
Depreciation/amortization	617,480	553,720	1,645	1,172,845
Total Operating Expenses	3,198,502	2,232,229	384,024	5,814,755
Operating Income (Loss)	1,901,976	277,853	35,638	2,215,467
Nonoperating Revenues (Expenses)				
Betterments	-	9,315	-	9,315
Intergovernmental	1,364,058	-	-	1,364,058
Interest expense	(189,340)	(41,965)	-	(231,305)
Total Nonoperating Revenues (Expenses), net	1,174,718	(32,650)	-	1,142,068
Income (Loss) Before Transfers	3,076,694	245,203	35,638	3,357,535
Transfers in	196,750	-	-	196,750
Transfers out	(283,499)	(371,785)	(35,613)	(690,897)
Change in Net Position	2,989,945	(126,582)	25	2,863,388
Net Position - Beginning, as restated (See Note IV)	7,889,649	7,503,366	(157,981)	15,235,034
Net Position - Ending	\$ 10,879,594	\$ 7,376,784	\$ (157,956)	\$ 18,098,422

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Transfer Station	Totals
Cash Flows from Operating Activities:				
Receipts from users	\$ 4,550,959	\$ 2,299,842	\$ 419,662	\$ 7,270,463
Other receipts	168,818	179,975	-	348,793
Payments to employees	(954,410)	(753,272)	(63,163)	(1,770,845)
Payments to vendors	(2,213,149)	(849,302)	(319,162)	(3,381,613)
Net Cash Provided by (Used For) Operating Activities	<u>1,552,218</u>	<u>877,243</u>	<u>37,337</u>	<u>2,466,798</u>
Cash Flows from Noncapital Related Financing Activities:				
Transfers in	196,750	-	-	196,750
Transfers out	(283,499)	(371,785)	(35,613)	(690,897)
Net Cash Provided by (Used For) Noncapital Related Financing Activities	<u>(86,749)</u>	<u>(371,785)</u>	<u>(35,613)</u>	<u>(494,147)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital grants	1,364,058	-	-	1,364,058
Proceeds from betterment principal	-	81,897	-	81,897
Proceeds from issuance of bond and note debt	3,204,879	6,751,399	-	9,956,278
Acquisition and construction of capital assets	(1,421,446)	(7,392,970)	-	(8,814,416)
Principal payments on bonds and notes	(2,795,641)	(758,562)	-	(3,554,203)
Interest expense	(220,877)	(43,163)	-	(264,040)
Net Cash (Used For) Capital and Related Financing Activities	<u>130,973</u>	<u>(1,361,399)</u>	<u>-</u>	<u>(1,230,426)</u>
Net Change in Cash and Cash Equivalents	<u>1,596,442</u>	<u>(855,941)</u>	<u>1,724</u>	<u>742,225</u>
Cash and Cash Equivalents:				
Beginning of year	<u>860,164</u>	<u>3,976,182</u>	<u>139,752</u>	<u>4,976,098</u>
End of year	<u>\$ 2,456,606</u>	<u>\$ 3,120,241</u>	<u>\$ 141,476</u>	<u>\$ 5,718,323</u>
Reconciliation of Operating Income to Net Cash Provided By (Used For) for Operating Activities:				
Operating income (loss)	\$ 1,901,976	\$ 277,853	\$ 35,638	\$ 2,215,467
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	617,480	553,720	1,645	1,172,845
Changes in assets and liabilities:				
Receivables	(380,701)	(30,265)	-	(410,966)
Deferred outflows related to benefit liabilities	(108,610)	(101,565)	(12,388)	(222,563)
Accounts payable and accrued expenses	(613,191)	52,880	(1,469)	(561,780)
Compensated absences	(24,247)	(1,048)	-	(25,295)
Net other postemployment benefits liability	246,114	158,743	15,056	419,913
Net pension liability	382,847	377,368	47,198	807,413
Deferred inflows related to benefit liabilities	(469,450)	(410,443)	(48,343)	(928,236)
Net Cash Provided By (Used For) Operating Activities	<u>\$ 1,552,218</u>	<u>\$ 877,243</u>	<u>\$ 37,337</u>	<u>\$ 2,466,798</u>

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ -	\$ 91,446
Investments:		
Common stock	-	49,576
Pooled investment fund	1,011,159	
Total Assets	<u>1,011,159</u>	<u>141,022</u>
Liabilities:		
Warrants and accounts payable	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position:		
Restricted for other postemployment benefits	1,011,159	-
Held in trust for other purposes	-	141,022
Total Net Position	<u><u>\$ 1,011,159</u></u>	<u><u>\$ 141,022</u></u>

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Investment income (loss)	\$ 102,702	\$ (2,463)
Employer contributions	1,585,743	-
Total Additions	<u>1,688,445</u>	<u>(2,463)</u>
Deductions:		
Retiree benefits	1,475,743	-
Scholarships	-	3,000
Total Deductions	<u>1,475,743</u>	<u>3,000</u>
Change in Net Position	212,702	(5,463)
Net Position - Beginning	<u>798,457</u>	<u>146,485</u>
Net Position - Ending	<u><u>\$ 1,011,159</u></u>	<u><u>\$ 141,022</u></u>

See accompanying notes to basic financial statements.

TOWN OF BRIDGEWATER, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

I. Summary of Significant Accounting Policies

The basic financial statements of 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 governmental entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town of Bridgewater is located in Plymouth County and was incorporated as a town in 1656. An elected nine-member Town Council governs the Town with an appointed Town Manager. Each Town Council member serves three-year terms. The Town provides governmental services for the territory within its boundaries, including police and fire protection, highway services, water and sewer, waste management through a transfer station, street maintenance, parks and recreational facilities. Water, sewer and transfer station services are funded almost entirely with user charges.

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

The Town is a member community of the Bridgewater-Raynham Regional School District that provides educational services to the two member communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2023, the Town's share of the operating and debt service expenses was \$35,707,545. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District's administrative office located at 166 Mt. Prospect Street, Bridgewater, MA 02324.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when payment is 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 collected within 60 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 government reports the following major governmental funds:

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

Community Preservation Act Fund – is used to account for funds received in accordance with the Massachusetts Community Preservation Act. Funds are used to acquire or develop open space, recreational facilities, historic resources and affordable housing.

Title V Program Fund – is used to account for specific activities related to providing financial assistance in the form of loans and betterments to individuals in the community who are required to maintain septic systems in compliance with statutory Title V regulations.

Capital Project Fund – is a legislatively created fund used by the Town to accumulate funds appropriated from any available source including funds received by the Town from the Commonwealth for mitigation of prison expansion. Accumulated funds may be appropriated, by a special or annual Town meeting vote, for any purpose for which the Town would be authorized to borrow money under section 7 or 8 of chapter 44 of the general laws of Massachusetts.

The *Nonmajor Governmental Funds* consist of other special revenue and permanent funds that are aggregated and presented in the Nonmajor Governmental Funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Permanent Funds – are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary funds:

Water Enterprise Fund – is used to account for user charges collected to finance costs associated with operating and maintaining the Town’s water utility.

Sewer Enterprise Fund – is used to account for user charges collected to finance costs associated with operating and maintaining the Town’s sewer utility.

Transfer Station Enterprise Fund – is used to account for user fees collected to finance the operations of the Town’s “pay-as-you-throw” waste disposal activities.

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

The government reports the following fiduciary funds:

Other Postemployment Benefits Trust Fund – is used to accumulate funds for future payments of other postemployment benefits for retirees such as health and life insurance.

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

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

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the Town are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are due in four installments on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. The Town is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand of delinquent taxes. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes, Title V loans, and water and sewer user fees and betterments may be secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts for these receivables is not reported. All personal property tax and excise tax receivables are shown net of an allowance for uncollectible accounts comprised of those outstanding amounts greater than five years old. Departmental and other receivables are shown net of an allowance for uncollectible accounts comprised of those outstanding amounts greater than ninety days old.

The Town’s lease receivable is measured at the present value of lease payments expected to be received during the lease terms. The payments are recorded as an inflow of resources in the period the payments are received. Deferred inflows are recorded at the initiation of the leases in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized using the effective interest method over the terms of the leases.

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 are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles, library materials and infrastructure (e.g. roads, water mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, 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. Net interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

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

Capital assets (excluding land and construction-in-process) are depreciated or amortized using the straight line method over the following estimated useful lives:

Buildings and improvements	40 years
Machinery, equipment and vehicles	5-10 years
Infrastructure	40 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 is retained in the respective funds.

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

Long-term Obligations – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability and the other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four items that are reported as deferred inflows of resources. The first arises under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, excise taxes, leases and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are reported on the government-wide statement of net position and relate to inflows from leases, changes in the net pension liability and changes in the other postemployment benefit liability. The deferred lease revenues will be recognized in charges for services and investment income in future years as more fully described in Note II, subsection B. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

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

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

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

Expendable permanent funds represent amounts held in trust whereby expenditures are subject to various trust agreements.

Community preservation represents assets that are restricted by state law for the purposes of acquiring or developing open space, recreational facilities, historic resources and affordable housing associated with the Massachusetts Community Preservation Act.

Title V represents assets that are restricted by the state for the purposes of providing financial assistance in the form of loans and betterments to individuals in the community who are required to maintain septic systems in compliance with statutory Title V regulations.

Other purposes represent assets that are restricted by grantors, donors and state laws for specific governmental programs and uses.

Fund Balance – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – 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) 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 constraints imposed by formal action of the Town's highest level of decision making authority, which consists of the Town Council members through Town Council Orders. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (through Town Council Orders) it employed previously to commit those amounts.

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town has by ordinance authorized the Town Manager to assign fund balance. The Town Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed. The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

Stabilization Fund – The Town maintains a general stabilization fund and a one-time revenue stabilization fund under MGL Chapter 40, Section 5B which may be used for any municipal purpose upon a two-thirds vote of the Town Council. The balance of the general and one-time stabilization funds total \$6,723,708 and \$60,418, respectively, at June 30, 2023 and are reported as unassigned fund balance in the General Fund.

The Town maintains a capital stabilization fund under MGL Chapter 40, Section 5B which may be used for any capital purpose upon a two-thirds vote of the Town Council. The balance of the fund totals \$1,063,547 at June 30, 2023 and is reported as unassigned fund balance in the General Fund.

Encumbrances - The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Manager and Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Council 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 \$206,345 of encumbrances from normal purchasing activity in the general fund as assigned and \$2,886,330 of encumbrances from Town Council Orders in the general fund as committed. There are no encumbrances reported in any other fund.

The following table reflects the Town's fund balance categorizations:

	General	Community Preservation	Title V Program	Capital Project Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Perpetual permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 113,385	\$ 113,385
Prepaid items	-	-	-	-	408,507	408,507
Restricted:						
General government	-	-	-	-	819,345	819,345
Ambulance	-	-	-	-	3,384,600	3,384,600
Other public safety	-	-	-	-	396,276	396,276
Public works	-	-	-	-	197,841	197,841
Health and human services	-	-	1,225,940	-	154,984	1,380,924
Culture and recreation	-	-	-	-	770,152	770,152
Community preservation	-	3,588,343	-	-	-	3,588,343
Capital outlay	-	-	-	241,956	1,402,980	1,644,936
Debt service	33,166	-	-	-	-	33,166
Committed:						
Capital outlay	2,886,330	-	-	-	-	2,886,330
Assigned:						
Purchase orders	206,345	-	-	-	-	206,345
Unassigned	11,866,616	-	-	(731,724)	-	11,134,892
	<u>\$14,992,457</u>	<u>\$3,588,343</u>	<u>\$1,225,940</u>	<u>\$ (489,768)</u>	<u>\$ 7,648,070</u>	<u>\$26,965,042</u>

D. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year ended, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$219,071. This over-expenditure will be funded through available funds during fiscal year 2024.

The Town's capital projects major fund incurred individual fund deficits totaling \$731,724 in the nonmajor governmental funds. These deficits will be funded through grants, bond proceeds and available funds in future fiscal years.

E. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool ("the Pool"). 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.

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

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings.

At year-end, the carrying amount of the Town's deposits was \$35,156,219 and the bank balance was \$35,435,384. Of the Town's bank balance, \$20,914,097 was covered by either federal depository insurance or by the depositors' insurance fund; and the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized. Bank certificates of deposit with maturities less than one year totaling \$6,686,052 are included in the carrying amount of Town's deposits and are covered by either federal depository insurance or by the depositors' insurance fund.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings.

The Town's investments in U.S. governmental obligations, corporate fixed income securities and exchange traded funds are exposed to custodial credit risk because the related securities are

uninsured, unregistered and held by the counterparty. The Town's common stock investments totaling are not exposed to custodial credit risk because they are held with the Town. The Town's investments in negotiable certificates of deposit are fully insured by federal depository insurance. The Town does not have a formal investment policy related to custodial credit risk.

Fair Value of Investments – The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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

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

The following table presents the Town's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2023:

		Fair Value Measurements Using		
	Fair value	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. Government obligations	\$ 816,601	\$ 680,863	\$ 135,738	\$ -
Corporate fixed income securities	1,095,308	-	1,095,308	-
Negotiable certificates of deposit	121,212	-	121,212	-
Fixed income ETF's	18,579	-	18,579	-
Total debt securities	2,051,700	680,863	1,370,837	-
Equity securities:				
Common stock	145,975	145,975	-	-
Total equity securities	145,975	145,975	-	-
Total investments by fair value level	\$ 2,197,675	\$ 826,838	\$ 1,370,837	\$ -
Investments measured at NAV:				
Plymouth County OPEB Trust (PCOT)	1,011,159			
Total investments at fair value	\$ 3,208,834			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. U.S. governmental obligations, corporate fixed income securities, negotiable

certificates of deposit and fixed income exchange traded (ETF) funds classified in Level 2 are valued using matrix pricing based on the securities' relationship to benchmark quoted prices.

The Plymouth County OPEB Trust Fund (PCOT) investment is sponsored and coordinated by the Plymouth County Commissioners. PCOT is administered by Public Agency Retirement Services (PARS) and U.S. Bank is the trustee, custodian and investment manager. The determination of the fair value of these investments is subjective and the period-end values are reported as NAV. The Town may liquidate its investments in the PCOT funds at any time with less than thirty days' notice

Interest Rate Risk – The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

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

Investments	Fair value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
U.S. Government obligations	\$ 816,601	\$ 191,713	\$ 624,888	\$ -
Corporate fixed income securities	1,095,308	312,362	782,946	-
Negotiable certificates of deposit	121,212	44,971	76,241	-
Fixed income ETF's	18,579	-	-	18,579
Total investments with maturities	<u>\$ 2,051,700</u>	<u>\$ 549,046</u>	<u>\$ 1,484,075</u>	<u>\$ 18,579</u>

Concentration of Credit Risk – The Town does not place a limit on the amount that may be invested in any one issuer.

Credit Risk – The Town has not adopted a formal policy related to credit risk.

At June 30, 2023, the credit quality ratings of investments were as follows:

Quality Ratings (Moody's)	U.S. Government Obligations	Corporate Fixed Income	Totals
AAA	\$ 816,601	\$ 105,285	\$ 921,886
A1	-	248,311	248,311
A2	-	210,776	210,776
A3	-	122,651	122,651
BAA1	-	167,182	167,182
BAA2	-	241,103	241,103
Totals - All	<u>\$ 816,601</u>	<u>\$ 1,095,308</u>	<u>\$ 1,911,909</u>

The Town's investments in negotiable certificates of deposit and exchange traded funds are not rated.

B. Receivables

Receivables as of year-end for the Town's individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 483,012	\$ -	\$ 483,012
Community preservation surcharges	12,289	-	12,289
Excise	662,682	-	662,682
Tax liens and deferrals	1,612,160	-	1,612,160
Title V loans	552,799	-	552,799
Ambulance fees	2,140,528	(1,529,989)	610,539
Departmental and other	54,703	-	54,703
Betterments/assessments	391,515	-	391,515
Leases	719,424	-	719,424
Intergovernmental	1,092,198	-	1,092,198
Total	<u>\$ 7,721,310</u>	<u>\$ (1,529,989)</u>	<u>\$ 6,191,321</u>

Receivables as of year-end for Town's proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water - user fees	\$ 1,479,086	\$ -	\$ 1,479,086
Water - liens	13,883	-	13,883
Water - other	20,000	-	20,000
Sewer - user fees	585,708	-	585,708
Sewer - liens	15,467	-	15,467
Sewer - other	5,669	-	5,669
Sewer - betterments	113,816	-	113,816
Sewer - intergovernmental	3,537,979	-	3,537,979
Total	<u>\$ 5,771,608</u>	<u>\$ -</u>	<u>\$ 5,771,608</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental Funds	Total
Receivable and other asset type:			
Real estate and personal property taxes	\$ 240,465	\$ -	\$ 240,465
Community preservation surcharges	-	12,289	12,289
Excise	662,682	-	662,682
Tax liens and deferrals	1,612,160	-	1,612,160
Title V loans	-	552,799	552,799
Betterments/assessments	-	391,515	391,515
Ambulance fees	-	610,539	610,539
Leases	-	719,424	719,424
Foreclosures	620,970	-	620,970
Total	<u>\$ 3,136,277</u>	<u>\$ 2,286,566</u>	<u>\$ 5,422,843</u>

Massachusetts Clean Water Trust (MCWT) – The Town is eligible for capital financing from the MCWT for sewer capital purposes. At year-end, \$3,537,979 has been spent on sewer capital projects but not yet received. As a result, this amount has been reflected as an intergovernmental receivable in the sewer enterprise fund.

Leases – In fiscal year 2022, the Town entered into two agreements for the operations of the Town’s golf course and a food and beverage establishment at that location. Under the agreements, the operators/lessees pay the Town annual base fees and an additional percentage of the gross income generated. The lease receivable is measured as the present values of the future minimum payments expected to be received during the lease terms at a discount rate of 2.52%. In fiscal year 2023, the Town recognized \$72,207 of lease revenue and \$19,722 of interest revenue under the leases. In addition, the Town recognized \$219,335 of variable revenue payments not included in the measurement of the lease receivable.

Future minimum lease payments as of June 30, 2023, are as follows:

Year Ending			
June 30	Principal	Interest	Total
2024	\$ 140,264	\$ 17,049	\$ 157,313
2025	144,480	13,480	157,960
2026	148,815	9,804	158,619
2027	90,775	6,016	96,791
2028	30,488	4,489	34,977
2029-2033	164,602	9,872	174,474
Total	<u>\$ 719,424</u>	<u>\$ 60,710</u>	<u>\$ 780,134</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Project Fund	\$ 707,642
		<u>\$ 707,642</u>

The outstanding balances between funds result mainly from the timing difference between the dates that (1) reimburseable expenditures occur, (2) the intergovernmental reimbursements are received and (3) the payments to the general fund are made.

Interfund transfers for the fiscal year ended June 30, 2023, are summarized as follows:

Transfers Out	Transfers In					Total	
	General Fund	Title V Program Fund	Capital Project Fund	Nonmajor Governmental Funds	Water Enterprise Fund		
General Fund	\$ -	\$ 20,000	\$ 195,000	\$ 1,480,379	\$ -	\$ 1,695,379	(1)
Community Preservation Act Fund	-	-	95,000	-	-	95,000	(2)
Title V Program Fund	136,245	-	-	-	-	136,245	(2)
Nonmajor Governmental Funds	3,435,457	-	50,954	-	-	3,486,411	(2)
Water Enterprise Fund	283,499	-	-	-	-	283,499	(3)
Sewer Enterprise Fund	175,035	-	-	-	196,750	371,785	(3)
Transfer Station Enterprise Fund	35,613	-	-	-	-	35,613	(3)
Total	<u>\$4,065,849</u>	<u>\$ 20,000</u>	<u>\$ 340,954</u>	<u>\$ 1,480,379</u>	<u>\$ 196,750</u>	<u>\$ 6,103,932</u>	

- (1) Transfer to capital project fund for capital outlays, transfers to nonmajor funds for reserves, prior year deficits and capital outlays, transfers to, Title V fund related to debt service funds.
- (2) Transfers to general fund to supplement operating budgets and capital purposes and transfers to capital project fund for capital outlays.
- (3) Transfers to general fund for indirect costs and transfers to water enterprise for debt service.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated/amortized:				
Land	\$ 11,735,833	\$ 440,900	\$ -	\$ 12,176,733
Construction in process	<u>1,734,700</u>	<u>3,456,870</u>	<u>-</u>	<u>5,191,570</u>
Total capital assets not being depreciated/amortized	<u>13,470,533</u>	<u>3,897,770</u>	<u>-</u>	<u>17,368,303</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	37,987,887	-	-	37,987,887
Improvements other than buildings	2,508,509	-	-	2,508,509
Infrastructure	49,440,863	1,833,747	-	51,274,610
Machinery, equipment and vehicles	<u>21,781,294</u>	<u>384,883</u>	<u>(377,265)</u>	<u>21,788,912</u>
Total capital assets being depreciated/amortized	<u>111,718,553</u>	<u>2,218,630</u>	<u>(377,265)</u>	<u>113,559,918</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(19,008,077)	(664,022)	-	(19,672,099)
Improvements other than buildings	(1,784,399)	(43,437)	-	(1,827,836)
Infrastructure	(26,349,297)	(1,056,194)	-	(27,405,491)
Machinery, equipment and vehicles	<u>(16,653,755)</u>	<u>(970,262)</u>	<u>377,265</u>	<u>(17,246,752)</u>
Total accumulated depreciation/amortization	<u>(63,795,528)</u>	<u>(2,733,915)</u>	<u>377,265</u>	<u>(66,152,178)</u>
Total capital assets being depreciated/amortized, net	<u>47,923,025</u>	<u>(515,285)</u>	<u>-</u>	<u>47,407,740</u>
Total governmental activities capital assets, net	<u>\$ 61,393,558</u>	<u>\$ 3,382,485</u>	<u>\$ -</u>	<u>\$ 64,776,043</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-Type Activities:</u></i>				
Capital assets not being depreciated/amortized:				
Construction in process	\$ 18,370,542	\$ 12,202,222	\$ -	\$ 30,572,764
Total capital assets not being depreciated/amortized	<u>18,370,542</u>	<u>12,202,222</u>	<u>-</u>	<u>30,572,764</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	\$ 5,020,200	\$ -	\$ -	\$ 5,020,200
Infrastructure	32,488,948	-	-	32,488,948
Machinery, equipment and vehicles	10,001,652	150,173	-	10,151,825
Total capital assets being depreciated/amortized	<u>47,510,800</u>	<u>150,173</u>	<u>-</u>	<u>47,660,973</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(4,198,706)	(103,759)	-	(4,302,465)
Infrastructure	(20,151,412)	(742,892)	-	(20,894,304)
Machinery, equipment and vehicles	(6,231,874)	(326,194)	-	(6,558,068)
Total accumulated depreciation/amortization	<u>(30,581,992)</u>	<u>(1,172,845)</u>	<u>-</u>	<u>(31,754,837)</u>
Total capital assets being depreciated/amortized, net	<u>16,928,808</u>	<u>(1,022,672)</u>	<u>-</u>	<u>15,906,136</u>
Total business-type activities capital assets, net	<u>\$ 35,299,350</u>	<u>\$ 11,179,550</u>	<u>\$ -</u>	<u>\$ 46,478,900</u>
<i><u>Business-type Activities: Water</u></i>				
Capital assets not being depreciated/amortized:				
Construction in process	\$ 16,200,229	\$ 1,319,446	\$ -	\$ 17,519,675
Total capital assets not being depreciated/amortized	<u>16,200,229</u>	<u>1,319,446</u>	<u>-</u>	<u>17,519,675</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	\$ 1,624,400	\$ -	\$ -	\$ 1,624,400
Infrastructure	22,470,762	-	-	22,470,762
Machinery, equipment and vehicles	5,547,974	102,000	-	5,649,974
Total capital assets being depreciated/amortized	<u>29,643,136</u>	<u>102,000</u>	<u>-</u>	<u>29,745,136</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,333,794)	(19,062)	-	(1,352,856)
Infrastructure	(15,351,663)	(357,184)	-	(15,708,847)
Machinery, equipment and vehicles	(2,209,619)	(241,234)	-	(2,450,853)
Total accumulated depreciation/amortization	<u>(18,895,076)</u>	<u>(617,480)</u>	<u>-</u>	<u>(19,512,556)</u>
Total capital assets being depreciated/amortized, net	<u>10,748,060</u>	<u>(515,480)</u>	<u>-</u>	<u>10,232,580</u>
Total Water capital assets, net	<u>\$ 26,948,289</u>	<u>\$ 803,966</u>	<u>\$ -</u>	<u>\$ 27,752,255</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u><i>Business-type Activities: Sewer</i></u>				
Capital assets not being depreciated/amortized:				
Construction in process	\$ 2,170,313	\$ 10,882,776	\$ -	\$ 13,053,089
Total capital assets not being depreciated/amortized	<u>2,170,313</u>	<u>10,882,776</u>	<u>-</u>	<u>13,053,089</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	\$ 3,387,900	\$ -	\$ -	\$ 3,387,900
Infrastructure	9,952,367	-	-	9,952,367
Machinery, equipment and vehicles	4,349,078	48,173	-	4,397,251
Total capital assets being depreciated/amortized	<u>17,689,345</u>	<u>48,173</u>	<u>-</u>	<u>17,737,518</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,857,012)	(84,697)	-	(2,941,709)
Infrastructure	(4,771,776)	(384,063)	-	(5,155,839)
Machinery, equipment and vehicles	(3,917,655)	(84,960)	-	(4,002,615)
Total accumulated depreciation/amortization	<u>(11,546,443)</u>	<u>(553,720)</u>	<u>-</u>	<u>(12,100,163)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 6,142,902</u>	<u>\$ (505,547)</u>	<u>\$ -</u>	<u>\$ 5,637,355</u>
Total Sewer capital assets, net	<u>\$ 8,313,215</u>	<u>\$ 10,377,229</u>	<u>\$ -</u>	<u>\$ 18,690,444</u>
<u><i>Business-type Activities: Transfer Station</i></u>				
Capital assets being depreciated/amortized:				
Buildings and improvements	\$ 7,900	\$ -	\$ -	\$ 7,900
Infrastructure	65,819	-	-	65,819
Machinery, equipment and vehicles	104,600	-	-	104,600
Total capital assets being depreciated/amortized	<u>178,319</u>	<u>-</u>	<u>-</u>	<u>178,319</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(7,900)	-	-	(7,900)
Infrastructure	(27,973)	(1,645)	-	(29,618)
Machinery, equipment and vehicles	(104,600)	-	-	(104,600)
Total accumulated depreciation/amortization	<u>(140,473)</u>	<u>(1,645)</u>	<u>-</u>	<u>(142,118)</u>
Total Transfer Station capital assets, net	<u>\$ 37,846</u>	<u>\$ (1,645)</u>	<u>\$ -</u>	<u>\$ 36,201</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 369,258
Public safety	704,573
Education	215,289
Public works	1,180,049
Health and human services	28,546
Culture and recreation	236,200
	<u>\$ 2,733,915</u>

Business-Type Activities:

Water	\$ 617,480
Sewer	553,720
Transfer station	1,645
	<u>\$ 1,172,845</u>

E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary debt are accounted for in the general fund and enterprise funds, respectively.

Temporary notes outstanding at June 30, 2023, are payable as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
BAN	2.10%	Matured	\$ 2,446,000	\$ -	\$ (2,446,000)	\$ -
MCWT	0.00%	12/31/23	-	10,289,378	-	10,289,378
Total Business-Type Notes			<u>2,446,000</u>	<u>10,289,378</u>	<u>(2,446,000)</u>	<u>10,289,378</u>
Total Temporary Notes Payable			<u>\$ 2,446,000</u>	<u>\$ 10,289,378</u>	<u>\$ (2,446,000)</u>	<u>\$ 10,289,378</u>

F. Long-Term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 10,486,000	\$ -	\$ (556,000)	\$ 9,930,000	\$ 780,000
Unamortized bond premium	629,694	-	(81,194)	548,500	77,903
Notes from direct borrowings and placements	2,679,711	-	(594,229)	2,085,482	506,683
Compensated absences	3,038,399	-	(316,665)	2,721,734	272,173
Net pension liability	21,619,153	11,328,394	(4,057,582)	28,889,965	-
Net other postemployment benefits liability	33,097,186	10,274,101	(6,793,935)	36,577,352	-
Total Governmental Activities	<u>\$ 71,550,143</u>	<u>\$ 21,602,495</u>	<u>\$ (12,399,605)</u>	<u>\$ 80,753,033</u>	<u>\$ 1,636,759</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities: Water</u>					
General obligation bonds	\$ 4,441,000	\$ -	\$ (796,000)	\$ 3,645,000	\$ 680,000
Unamortized bond premium	492,669	-	(115,493)	377,176	97,938
Notes from direct borrowings and placements	12,781,738	-	(53,641)	12,728,097	664,702
Compensated absences	36,166	-	(24,247)	11,919	1,192
Net pension liability	1,138,363	596,501	(213,654)	1,521,210	-
Net other postemployment benefits liability	2,340,605	726,576	(480,462)	2,586,719	-
Total Business-type Activities: Water	21,230,541	1,323,077	(1,683,497)	20,870,121	1,443,832
<u>Business-type Activities: Sewer</u>					
General obligation bonds	148,000	-	(148,000)	-	-
Notes from direct borrowings and placements	1,936,131	-	(110,562)	1,825,569	112,965
Compensated absences	30,035	1,955	(3,003)	28,987	2,899
Net pension liability	1,122,072	587,964	(210,596)	1,499,440	-
Net other postemployment benefits liability	1,509,685	468,640	(309,897)	1,668,428	-
Total Business-type Activities: Sewer	4,745,923	1,058,559	(782,058)	5,022,424	115,864
<u>Business-type Activities: Transfer Station</u>					
Net pension liability	140,338	73,536	(26,338)	187,536	-
Net other postemployment benefits liability	143,190	44,449	(29,393)	158,246	-
Total Business-type Activities: Transfer	283,528	117,985	(55,731)	345,782	-
Total Business-type Activities	\$ 26,259,992	\$ 2,499,621	\$ (2,521,286)	\$ 26,238,327	\$ 1,559,696

The governmental activities liabilities will be liquidated by the general fund. The remaining business-type activities liabilities will be liquidated by the water, sewer and transfer station enterprise funds.

G. Long-Term Debt

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

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

Project	Amount
Fire stations	\$ 23,000,000
Wastewater treatment facility	36,248,601
MCWT water projects	3,801,187
Total authorized and unissued	<u>\$ 63,049,788</u>

The following is a summary of outstanding long-term debt obligations as of June 30, 2023:

Description of Issue	Interest Rate	Beginning Balance	Issuances	Maturities	Ending Balance
<u><i>Governmental Activities:</i></u>					
General Obligation Bonds	2.00 - 5.00%	\$ 10,486,000	\$ -	\$ (556,000)	\$ 9,930,000
Total General Obligation Bonds		10,486,000	-	(556,000)	9,930,000
Add: Unamortized bond premium		629,694	-	(81,194)	548,500
Total General Obligation Bonds, net		11,115,694	-	(637,194)	10,478,500
Massachusetts Clean Water Trust	0.00%	1,259,688	-	(110,824)	1,148,864
State House Note	6.50%	130,000	-	(26,000)	104,000
Capital financing	1.50% - 4.29%	1,290,023	-	(457,405)	832,618
Total notes from direct borrowings and placements		2,679,711	-	(594,229)	2,085,482
Total Governmental Activities debt		\$ 13,795,405	\$ -	\$ (1,231,423)	\$ 12,563,982
<u><i>Business-Type Activities - Water</i></u>					
General Obligation Bonds	2.00 - 5.00%	\$ 4,441,000	\$ -	\$ (796,000)	\$ 3,645,000
Total General Obligation Bonds		4,441,000	-	(796,000)	3,645,000
Add: Unamortized bond premium		492,669	-	(115,493)	377,176
Total General Obligation Bonds, net		4,933,669	-	(911,493)	4,022,176
Massachusetts Clean Water Trust	1.50 - 2.00%	12,781,738	-	(53,641)	12,728,097
Total notes from direct borrowings and placements		12,781,738	-	(53,641)	12,728,097
Total Water debt		\$ 17,715,407	\$ -	\$ (965,134)	\$ 16,750,273
<u><i>Business-Type Activities - Sewer</i></u>					
General Obligation Bonds	2.00 - 3.00%	\$ 33,000	\$ -	\$ (33,000)	\$ -
Refunding Bonds	2.00 - 3.00%	115,000	-	(115,000)	-
Total General Obligation Bonds		148,000	-	(148,000)	-
Massachusetts Clean Water Trust	2.00%	1,936,131	-	(110,562)	1,825,569
Total notes from direct borrowings and placements		1,936,131	-	(110,562)	1,825,569
Total Sewer debt		\$ 2,084,131	\$ -	\$ (258,562)	\$ 1,825,569
Total Business-Type Activities		\$ 19,799,538	\$ -	\$ (1,223,696)	\$ 18,575,842

Payments on long-term debt due in future years consist of the following:

Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
<u><i>Governmental Activities</i></u>				
2024	\$ 780,000	\$ 315,413	\$ 506,683	\$ 43,769
2025	775,000	283,413	334,923	28,324
2026	745,000	256,250	338,449	20,049
2027	670,000	230,212	221,008	11,840
2028	665,000	205,112	101,187	6,400
2029-2033	3,325,000	668,810	343,232	26,000
2034-2038	2,470,000	203,064	140,000	16,000
2039-2043	500,000	15,938	100,000	6,000
Total	<u>\$ 9,930,000</u>	<u>\$ 2,178,212</u>	<u>\$ 2,085,482</u>	<u>\$ 158,382</u>

Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
<i>Business-Type Activities: Water</i>				
2024	\$ 680,000	\$ 163,480	\$ 664,702	\$ 208,778
2025	680,000	131,230	665,842	182,765
2026	680,000	98,980	667,009	172,485
2027	505,000	66,514	668,199	162,183
2028	500,000	41,262	669,414	151,857
2029-2033	250,000	59,814	3,293,528	604,957
2034-2038	250,000	26,061	3,049,703	365,963
2039-2043	100,000	3,187	3,049,700	137,237
	-	-	-	-
Total	<u>\$ 3,645,000</u>	<u>\$ 590,528</u>	<u>\$ 12,728,097</u>	<u>\$ 1,986,225</u>
<i>Business-Type Activities: Sewer</i>				
2024	\$ -	\$ -	\$ 112,965	\$ 36,511
2025	-	-	115,421	34,252
2026	-	-	117,929	31,944
2027	-	-	120,492	29,585
2028	-	-	123,111	27,175
2029-2033	-	-	656,869	97,855
2034-2038	-	-	578,782	32,238
2039-2041	-	-	-	8,964
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,825,569</u>	<u>\$ 298,524</u>
<i>All - Business Type Activities</i>				
2023	\$ 680,000	\$ 163,480	\$ 777,667	\$ 245,289
2024	680,000	131,230	781,263	217,017
2025	680,000	98,980	784,938	204,429
2026	505,000	66,514	788,691	191,768
2027	500,000	41,262	792,525	179,032
2028-2032	250,000	59,814	3,950,397	702,812
2033-2037	250,000	26,061	3,628,485	398,201
2036-2042	100,000	3,187	3,049,700	146,201
2043	-	-	-	-
	<u>\$ 3,645,000</u>	<u>\$ 590,528</u>	<u>\$ 14,553,666</u>	<u>\$ 2,284,749</u>

Massachusetts Clean Water Trust (MCWT)

The Town has seven outstanding notes from direct borrowings and placements issued to the MCWT reported in the governmental activities that are payable without interest in annual payments through January 15, 2037. These notes were issued for community septic loans. The Town has four outstanding notes from direct borrowings and placements issued to the MCWT reported in the business-type activities with interest payable at rates between 1.5% to 2.0% and annual payments through January 15, 2043. These notes were issued for various water and sewer projects.

The financing agreements with the MCWT contain a provision that in the event of default, outstanding amounts due and payable shall be paid from any undisbursed proceeds on account or be deducted from any state local aid distributions owed to the Town. This provision also allows the MCWT to declare the entire outstanding principal amounts due immediately.

State House Notes

The Town has issued debt for Golf clubhouse construction costs through the Commonwealth's State House Notes program reported in the business-type activities with interest payable at 6.5% and semi-annual payments through January 25, 2027. State house notes are certified by the Director of Accounts of the state Department of Revenue's Division of Local Services. They are in the form of a series of notes that have the same date of issue with each note maturing in a consecutive year.

Capital Financing

The Town has issued direct capital financing for public works equipment, a fire truck, dispatch equipment and a tractor at rates ranging from 1.5% to 4.29%. The amounts are payable through fiscal year 2027.

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Plymouth County Retirement Association (the System), a cost-sharing multiple-employer defined benefit pension plan. The System was established under Chapter 32 of Massachusetts General Laws. The System is administered by the Plymouth County Retirement Association Board of Directors (the "Retirement Board"). Stand-alone audited financial statements for the year ended December 31, 2022 were issued and are available by submitting a request to the System at 10 Cordage Park Circle, Suite 234, Plymouth, MA 02360.

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

Retirees and beneficiaries receiving benefits	4,711
Active plan members	5,957
Inactive plan members	2,044
Total	<u>12,712</u>

Benefit Terms – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. 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 of Massachusetts. Members of the System do not participate in the Federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation,

depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the 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 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 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 System.

Contributions Requirements – The Town has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The Town contributed \$4,452,802 to the System in fiscal year 2023, which equaled the actuarially-determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 29% in fiscal year 2023.

Net Pension Liability – At June 30, 2023, the Town reported a liability of \$32,098,151 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all employers. The Town's proportion was approximately 5.13% at December 31, 2022.

Fiduciary Net Position – The elements of the System's basic financial statements (that is, all information about the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the 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 System's fiduciary net position was determined using the accrual basis of accounting. The 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 \$3,912,189 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,299,608	\$ -
Net differences between projected and actual earnings on pension plan investments	3,682,747	-
Changes of assumptions	-	-
Changes in proportion and differences between employers' contributions and proportionate share of contributions	620,936	55,369
Total	<u>\$ 5,603,291</u>	<u>\$ 55,369</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town's pension expense as follows:

<u>Year ended June 30,</u>	
2024	\$ 529,538
2025	1,311,271
2026	1,422,545
2027	<u>2,284,568</u>
Total	<u>\$ 5,547,922</u>

Actuarial Valuation – The measurement of the System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2022. The significant actuarial assumptions used in the January 1, 2022 actuarial valuation included:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value. The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Investment rate of return	7.875% nominal rate, net of investment expenses
Projected salary increases	3.75% per year
Cost of living adjustments	3.0% of the first \$16,000 of retirement income.
Mortality rates:	
Pre-retirement	RP-2014 Blue Collar Mortality Table with Scale MP-2016, fully generational
Post-retirement	For group 1 and 2, RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational For group 4, RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational
Disabled retiree	For group 1 and 2, RP-2000 Mortality Table set forward six years For group 4, RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016

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 System’s target allocation as of January 1, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	23.0%	6.8%
International developed equity	3.0%	7.5%
Emerging markets equity	9.0%	4.6%
Global equity	11.0%	7.2%
Core bonds	10.0%	2.4%
Value-added fixed income	7.0%	4.0%
Hedge funds	7.0%	4.4%
Real estate	10.0%	7.4%
Private equity	12.0%	7.3%
Real assets	6.0%	7.7%
Cash and cash equivalents	2.0%	1.7%

Discount Rate – The discount rate used to measure the total pension liability in the January 1, 2022 actuarial valuation report was 7.875%, which is unchanged from the prior actuarial valuation. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially-determined contribution rates and the member rate. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.875% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower (6.875%) or one percentage point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
Town's proportionate share of net pension liability	\$ 42,187,305	\$ 32,098,151	\$ 23,492,859

B. Other Postemployment Benefits (OPEB)

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

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.

With respect to OPEB plan reporting, GASB issued GASB Statement No.'s 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, and Statement No, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Reporting requirements for governments who administer an OPEB plan as defined under the accounting standard are required to present disclosures under both GASB 74 and GASB 75.

GASB 74 requires specific disclosures and required supplementary information that relate directly to the fiduciary fund in which the OPEB Plan is recorded. GASB 75 address disclosures related to the net OPEB liability required to be recorded by the government in its applicable financial statements. A number of these disclosures are identical, especially if measurement date used for GASB 75 is the same as the plan year-end date. When the measurement date and plan year-end date are different, differences in assumptions and calculations will result.

This footnote disclosure separately presents the required disclosures into two sections:

GASB Statement No. 75

OPEB Plan disclosures that impact the Town's net OPEB liability using a measurement date of June 30, 2023 are summarized as follows:

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

Active employees	178
Inactive employees	<u>223</u>
Total	<u><u>401</u></u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 10 - 25% of the set premium for medical, dental and life insurance plans. The remainder of the cost is funded by general revenues of the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. 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 10.0% of covered-employee payroll.

Net OPEB Liability – The Town's net OPEB liability was measured as of June 30, 2023 using an actuarial valuation as of July 1, 2022. The components of the net OPEB liability of the Town at June 30, 2023 were as follows:

Total OPEB Liability	\$ 42,001,904
Plan fiduciary net position	<u>(1,011,159)</u>
Net OPEB liability	<u><u>\$ 40,990,745</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.41%

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:

Investment rate of return	6.01%, net of OPEB plan investment expense, including inflation.
Municipal bond rate	4.13% as of June 30, 2023
Discount Rate	4.97%, net of OPEB plan investment expense including inflation.
Inflation	2.50% annually as of June 30, 2023 and for future periods
Health Care Trend Rate	9.00% trending to an ultimate rate of 3.63%
Salary Increases	3.00% annually as of June 30, 2023 and for future periods
Pre-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-Retirement Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Disabled Mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Actuarial Cost Method	Individual Entry Age Normal

Key assumption changes effective Fiscal Year ending June 30, 2023

Investment Rate of Return	6.01% previously 6.19%
Single Equivalent Discount Rate	4.97% previously 4.95%
Healthcare Cost Trend Rates	9.00% trending to 3.63% previously 4.50%

Long Term Expected Rate of Return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic Equity - Large Cap	30.00%	4.10%
Domestic Equity - Small/Mid Cap	20.00%	4.55%
International Equity - Developed Market	16.00%	4.64%
International Equity - Emerging Market	7.00%	5.45%
Domestic Fixed Income	23.00%	1.05%
Real Estate	4.00%	6.25%
Cash	0.00%	0.00%
	<u>100.00%</u>	
Real rate of return		3.76%
Inflation assumption		2.50%
Total nominal rate of return		6.26%
Investment expense		-0.25%
Net investment return		<u>6.01%</u>

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

	Discount Rate			
	Current Rate	1% Decrease	At Current Rate	1% Increase
Net OPEB liability	4.97%	\$47,436,986	\$ 40,990,745	\$ 35,847,192

	Health Care Trend Rate			
	9.00%>3.63%	\$35,377,187	\$ 40,990,745	\$ 48,111,014
Net 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:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 37,889,123	\$ 798,457	\$ 37,090,666
Changes for the year:			
Service cost	903,526	-	903,526
Interest	1,884,153	-	1,884,153
Change in assumptions	2,789,639	-	2,789,639
Difference between expected and actual experience	11,206	-	11,206
Net investment income (loss)	-	102,702	(102,702)
Employer contributions	-	1,585,743	(1,585,743)
Benefit payments withdrawn from trust	-	(1,475,743)	1,475,743
Benefit payments	(1,475,743)	-	(1,475,743)
Net changes	4,112,781	212,702	3,900,079
Balances at June 30, 2023	\$ 42,001,904	\$ 1,011,159	\$ 40,990,745

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the Town recognized OPEB expense of \$2,798,377. Deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2023 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,645,079	\$ 5,321,483
Differences between expected and actual earnings	50,637	-
Differences between actual and expected experience	9,180	706,460
	\$ 5,704,896	\$ 6,027,943

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

June 30	
2024	\$ 352,165
2025	(139,724)
2026	(592,946)
2027	(210,982)
2028	268,440
	<u>\$ (323,047)</u>

GASB Statement No. 74

OPEB Plan disclosures that impact the Town's net OPEB liability using a measurement date of June 30, 2023 are summarized in this section except disclosures under GASB 74 that are identical to GASB 75 are not repeated.

Investment Custody – In accordance with Massachusetts General Laws, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

Investment Rate of Return – For the year ended June 30, 2023 the annual money-weighted rate of return on investments, net of investment expense, was 11.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Risk Financing

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town participates in a health insurance risk pool administered by the Mayflower Municipal Health Group (the Group). The Group offers a variety of premium based health plans to its members with each participating governmental unit charged a premium for coverage based on rates established by the Group. In the event the Group is terminated, the Town would be obligated to pay its proportionate share of a deficit, should one exist.

The Town also participates in a public-entity risk-pool administered by the Massachusetts Inter-local Insurance Association, Inc. (MIIA). Through this pool, the Town participates in two insurance programs; the Worker's compensation group that provides coverage for worker's compensation to Town employees who are not police officers or fire fighters, and the Property and Casualty Group that provides the Town with property and casualty insurance.

The Town is self-insured for workers' compensation claims for its police and firefighters and unemployment insurance compensation. Claim expenses are recorded in the general fund when incurred. Estimated liabilities for these risks are not included in the general fund as the liabilities were not material at June 30, 2023.

D. Commitments and Contingencies

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, if any, at June 30, 2023, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2023.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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 amount of penalties, if any, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

E. Implementation of GASB Pronouncements

Current Year Implementations –

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

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

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

Future Implementations –

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

In June 2022, the GASB issued GASB Statement No. 101, *Compensate 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.

IV. Restatement of Prior Year Balances

On May 10, 2022, the Town Council accepted the provisions of MGL c.40 Section F and authorized the Town Manager to create a Receipts Reserved for Appropriation fund to reserve Olde Scotland Links Golf Course revenues and to rescind the golf enterprise fund. The following are the prior period restatements because of this action:

	Governmental Activities	Business-type Activities	Golf Course
Prior year as presented	\$ 12,430,159	\$ 16,520,629	\$ 1,285,595
Reclass golf course to governmental fund	330,246	(330,246)	(330,246)
Reclass golf course capital assets	2,566,164	(2,566,164)	(2,566,164)
Reclass golf course unearned revenue	(95,374)	95,374	95,374
Reclass golf course debt	(210,582)	210,582	210,582
Reclass golf course net OPEB liability	(722,941)	722,941	722,941
Reclass golf course net pension liability	(581,918)	581,918	581,918
As restated	<u>\$ 13,715,754</u>	<u>\$ 15,235,034</u>	<u>\$ -</u>

	Nonmajor Governmental
Prior year as presented	\$ 4,900,238
Reclass golf course fund	330,246
As restated	<u>\$ 5,230,484</u>

V. Subsequent Event

On September 6, 2023, the Town issued a BAN totaling \$3,000,000, paying interest at 5.0% per annum. The BAN is due and payable on January 19, 2024 and was issued for fire station construction.

TOWN OF BRIDGEWATER, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEARS ENDED JUNE 30, 2023

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

<u>Year Ended December 31,</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2022	5.13%	\$ 32,098,151	\$ 15,593,676	205.84%	67.8%
2021	5.14%	24,019,926	15,593,676	154.04%	75.5%
2020	4.81%	28,178,738	13,856,777	203.36%	67.9%
2019	4.84%	32,997,164	14,210,709	232.20%	61.6%
2018	4.88%	35,916,053	13,505,950	265.93%	56.1%
2017	4.83%	25,974,816	12,843,061	202.25%	65.6%
2016	4.94%	31,316,202	12,349,097	253.59%	58.3%
2015	4.89%	31,006,920	10,271,685	301.87%	56.8%
2014	4.89%	28,498,004	9,900,419	287.85%	58.9%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN

<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2023	\$ 4,452,802	\$ 4,452,802	\$ -	\$ 15,593,676	28.6%
2022	4,115,684	4,115,684	-	15,593,676	26.4%
2021	3,864,267	3,864,267	-	13,856,777	27.9%
2020	3,569,333	3,569,333	-	14,210,709	25.1%
2019	3,550,969	3,550,969	-	13,505,950	26.3%
2018	3,301,134	3,301,134	-	12,843,061	25.7%
2017	3,187,198	3,187,198	-	12,349,097	25.8%
2016	3,115,204	3,115,204	-	10,271,685	30.3%
2015	2,939,875	2,939,875	-	9,900,419	29.7%

This schedule is presented to illustrate the requirement to show information for ten years.

However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditors' report.

TOWN OF BRIDGEWATER, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB

YEAR ENDED JUNE 30, 2023

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

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	\$ 903,526	\$ 1,337,448	\$ 1,160,030	\$ 1,129,713	\$ 960,320	\$ 956,016	\$ 1,336,757
Interest	1,884,153	1,588,698	1,468,122	1,503,915	1,592,077	1,858,273	1,304,934
Difference between expected and actual plan experience	11,206	-	(1,553,338)	(33,016)	(3,015,240)	-	-
Changes of assumptions	2,789,639	(8,397,483)	6,360,695	2,470,422	1,569,350	(7,548,219)	-
Benefit payments	(1,475,743)	(1,375,090)	(1,367,093)	(1,307,265)	(1,231,077)	(1,141,665)	(1,097,641)
Net change in total OPEB liability	4,112,781	(6,846,427)	6,068,416	3,763,769	(124,570)	(5,875,595)	1,544,050
Total OPEB liability - beginning of year	37,889,123	44,735,550	38,667,134	34,903,365	35,027,935	40,903,530	39,359,480
Total OPEB liability - end of year (a)	<u>\$ 42,001,904</u>	<u>\$ 37,889,123</u>	<u>\$ 44,735,550</u>	<u>\$ 38,667,134</u>	<u>\$ 34,903,365</u>	<u>\$ 35,027,935</u>	<u>\$ 40,903,530</u>
Plan fiduciary net position:							
Contributions - employer	\$ 1,585,743	\$ 1,485,090	\$ 1,477,093	\$ 1,417,265	\$ 1,346,077	\$ 1,241,665	\$ 1,197,641
Net investment income (loss)	102,702	(161,771)	150,908	12,942	23,616	1,197	-
Benefit payments	(1,475,743)	(1,375,090)	(1,367,093)	(1,307,265)	(1,231,077)	(1,141,665)	(1,097,641)
Net change in Plan fiduciary net position	212,702	(51,771)	260,908	122,942	138,616	101,197	100,000
Plan fiduciary net position - beginning of year	798,457	850,228	589,320	466,378	327,762	226,565	126,565
Plan fiduciary net position - end of year (b)	<u>\$ 1,011,159</u>	<u>\$ 798,457</u>	<u>\$ 850,228</u>	<u>\$ 589,320</u>	<u>\$ 466,378</u>	<u>\$ 327,762</u>	<u>\$ 226,565</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 40,990,745</u>	<u>\$ 37,090,666</u>	<u>\$ 43,885,322</u>	<u>\$ 38,077,814</u>	<u>\$ 34,436,987</u>	<u>\$ 34,700,173</u>	<u>\$ 40,676,965</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.41%	2.11%	1.90%	1.52%	1.34%	0.94%	0.55%
Covered-employee payroll	\$ 15,911,010	\$ 15,292,856	\$ 14,847,433	\$ 13,981,407	\$ 13,574,182	\$ 13,334,197	\$ 12,945,822
Net OPEB liability as a percentage of covered-employee payroll	257.63%	242.54%	295.58%	272.35%	253.69%	260.23%	314.21%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditors' report.

TOWN OF BRIDGEWATER, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2023

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 2,677,906	\$ 2,939,003	\$ 2,727,907	\$ 3,188,213	\$ 2,929,034	\$ 3,345,700	\$ 3,338,554
Contributions in relation to the actuarially-determined contribution	(1,585,743)	(1,485,090)	(1,477,093)	(1,417,265)	(1,346,077)	(1,241,665)	(1,197,641)
Contribution deficiency (excess)	<u>\$ 1,092,163</u>	<u>\$ 1,453,913</u>	<u>\$ 1,250,814</u>	<u>\$ 1,770,948</u>	<u>\$ 1,582,957</u>	<u>\$ 2,104,035</u>	<u>\$ 2,140,913</u>
Covered-employee payroll	\$ 15,911,010	\$ 15,292,856	\$ 14,847,433	\$ 13,981,407	\$ 13,574,182	\$ 13,334,197	\$ 12,945,822
Contribution as a percentage of covered-employee payroll	10.0%	9.7%	9.9%	10.1%	9.9%	9.3%	9.3%
Valuation Date	July 1, 2022	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016
Amortization Period	30 years	30 years	30 years	30 years	30 years	30 years	30 years
Investment rate of return	6.01%	6.19%	6.18%	6.72%	6.82%	6.87%	2.75%
Municipal Bond Rate	4.13%	4.09%	2.18%	2.66%	2.79%	3.45%	3.13%
Single Equivalent Discount Rate	4.97%	4.95%	3.50%	3.75%	4.25%	4.50%	3.25%
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Healthcare cost trend rates	9.00%>3.63%	4.50%	4.50%	4.50%	4.50%	5.00%	5.00%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Actuarial Cost Method	Individual Entry / Individual Entry Age Normal (for all years presented)						
Asset Valuation Method	Market Value of / Market Value of Assets as of Reporting Date (for all years presented)						

SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	11.77%	-17.43%	23.07%	2.43%	5.85%	0.43%	0.00%

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditors' report.

TOWN OF BRIDGEWATER, MASSACHUSETTS

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

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Postive
	Budget	Budget	Amounts		Adjusted	(Negative)
Revenues						
Real estate and personal property taxes, net	\$ 55,781,321	\$ 55,781,321	\$ 55,749,750	\$ -	\$ 55,749,750	\$ (31,571)
Intergovernmental	4,964,369	4,964,369	4,989,019	-	4,989,019	24,650
Motor vehicle and other excises	3,975,000	3,975,000	4,910,839	-	4,910,839	935,839
Departmental and other revenue	542,209	542,209	1,273,651	-	1,273,651	731,442
Licenses and permits	683,437	683,437	1,200,627	-	1,200,627	517,190
Penalties and interest on taxes	250,000	250,000	263,077	-	263,077	13,077
Fines and forfeitures	32,000	32,000	49,877	-	49,877	17,877
Investment income	30,000	30,000	402,755	-	402,755	372,755
Total Revenues	66,258,336	66,258,336	68,839,595	-	68,839,595	2,581,259
Expenditures						
General government	6,108,215	5,944,782	4,576,707	1,145,206	5,721,913	222,869
Public safety	15,029,044	15,801,242	14,463,668	1,061,883	15,525,551	275,691
Education	37,864,387	37,946,194	37,876,193	70,000	37,946,193	1
Public works	2,556,755	2,458,642	2,036,876	374,517	2,411,393	47,249
Health and human services	612,795	628,826	597,759	20,305	618,064	10,762
Culture and recreation	1,680,012	1,748,368	1,136,900	541,764	1,678,664	69,704
Pensions and fringe benefits	7,984,059	8,030,469	7,910,840	6,000	7,916,840	113,629
State and county tax assessments	431,136	431,137	428,311	-	428,311	2,826
Debt service	666,813	646,814	641,392	-	641,392	5,422
Total Expenditures	72,933,216	73,636,474	69,668,646	\$ 3,219,675	72,888,321	748,153
Other Financing Sources (Uses)						
Transfers in	4,065,750	6,415,744	6,428,513		6,428,513	12,769
Transfers out	(2,540,695)	(4,187,431)	(4,187,431)		(4,187,431)	-
Total Other Financing Sources (Uses)	1,525,055	2,228,313	2,241,082		2,241,082	12,769
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
Of Prior Year Budgetary Fund Balance	(5,149,825)	(5,149,825)	\$ 1,412,031		\$ (1,807,644)	\$ 3,342,181
Other Budgetary Items						
Use of free cash (unassigned fund balance)	3,084,814	3,084,814				
Prior year encumbrances	2,579,372	2,579,372				
Prior year appropriation deficits	(515,986)	(515,986)				
Other items	1,625	1,625				
	\$ -	\$ -				

See notes to the required supplementary information of this schedule.

TOWN OF BRIDGEWATER, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2023

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Town Manager and approved by the Town Council. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town Council approval, appropriation balances from one expenditure account to another within their department or budget. Town Council, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unassigned fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2023, Town Council approved subsequent changes between appropriations that increased the total budget by approximately \$0.7 million, which were primarily utilized for public safety purposes. The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted by Town Council. Budgetary control is exercised through the Town's accounting system.

Budgetary-to-GAAP Reconciliation – The Town's general fund is prepared on a basis of accounting other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2023, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 68,839,595
Stabilization revenues	\$ -	\$ 313,414	313,414
60 day accrual	5,462	-	5,462
Revenues on a GAAP basis	<u>\$ 5,462</u>	<u>\$ 313,414</u>	<u>\$ 69,158,471</u>
Expenditures on a budgetary basis			\$ 69,668,646
OPEB transfer	\$ -	\$ 100,000	100,000
Expenditure accruals	57,000	-	57,000
Expenditures on a GAAP basis	<u>\$ 57,000</u>	<u>\$ 100,000</u>	<u>\$ 69,825,646</u>
Net other financing sources (uses) on a budgetary basis			\$ 2,241,082
Stabilization transfers	\$ -	\$ 29,388	29,388
OPEB transfer	-	100,000	100,000
Net other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 129,388</u>	<u>\$ 2,370,470</u>

Excess of Expenditures Over Appropriations – During the fiscal year ended, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$219,071. This over-expenditure will be funded through available funds during fiscal year 2024.