



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

TOWN OF GEORGETOWN, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2023

TOWN OF GEORGETOWN, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Georgetown, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Georgetown, Massachusetts, as of and for the year ended June 30, 2023 (except for the Georgetown Electric Light Department which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the Town of Georgetown, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Georgetown, Massachusetts, as of June 30, 2023 (except for the Georgetown Electric Light Department which is as of and for the year ended December 31, 2022), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Georgetown Electric Light Department, which represents 48.1 percent, 56.6 percent, and 74.0 percent, respectively, of the assets, net position, and revenues of the business-type activities as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Georgetown Electric Light Department, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

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



March 11, 2024

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Georgetown (Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The Town maintains one type of proprietary fund.

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, ambulance, and electric light departments.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town uses fiduciary funds to account for its other postemployment benefit trust fund and private purpose trust funds.

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

Government-wide Financial Analysis

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$6.2 million at the close of 2023.

	2023	2022
Assets:		
Current assets.....	\$ 18,864,704	\$ 17,299,242
Noncurrent assets (excluding capital).....	134,563	112,116
Capital assets, nondepreciable.....	5,624,271	5,181,351
Capital assets, net of accumulated depreciation....	65,893,702	68,037,368
Total assets.....	90,517,240	90,630,077
Deferred outflows of resources.....	13,204,027	15,650,141
Liabilities:		
Current liabilities (excluding debt).....	4,285,734	3,627,143
Noncurrent liabilities (excluding debt).....	56,195,171	56,431,578
Current debt.....	1,756,973	1,864,334
Noncurrent debt.....	19,021,769	20,778,742
Total liabilities.....	81,259,647	82,701,797
Deferred inflows of resources.....	16,303,454	16,647,197
Net position:		
Net investment in capital assets.....	50,739,231	50,575,643
Restricted.....	5,593,495	5,650,563
Unrestricted.....	(50,174,560)	(49,294,982)
Total net position.....	\$ 6,158,166	\$ 6,931,224

	2023	2022
Program Revenues:		
Charges for services..... \$	1,399,627	\$ 1,463,005
Operating grants and contributions.....	12,579,788	12,341,556
Capital grants and contributions.....	1,170,734	839,799
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	23,378,962	22,843,490
Tax and other liens.....	59,251	86,186
Motor vehicle excise taxes.....	1,627,900	1,460,619
Meals tax.....	100,757	82,625
Cannabis excise tax.....	476,906	481,494
Cannabis impact fee.....	580,116	960,593
Community preservation tax.....	571,909	552,764
Penalties and interest on taxes.....	110,407	67,392
Payments in lieu of taxes.....	85,780	212,057
Grants and contributions not restricted to specific programs.....	1,109,879	1,038,614
Unrestricted investment income.....	517,489	25,455
Gain on sale of capital assets.....	-	623,263
Miscellaneous.....	596,969	596,310
Total revenues.....	44,366,474	43,675,222
Expenses:		
General government.....	2,935,461	3,014,693
Public safety.....	4,447,035	4,375,766
Education.....	33,036,974	31,697,353
Public works.....	1,840,515	1,769,509
Human services.....	1,090,834	688,149
Culture and recreation.....	1,059,232	986,690
Community preservation.....	32,816	31,296
Interest.....	543,473	810,814
Total expenses.....	44,986,340	43,374,270
Excess (Deficiency) before transfers.....	(619,866)	300,952
Transfers.....	(153,192)	(172)
Change in net position.....	(773,058)	300,780
Net position, beginning of year.....	6,931,224	6,630,444
Net position, end of year..... \$	6,158,166	\$ 6,931,224

The Town is required to report its proportionate share of the net pension liability and related deferred inflows/outflows of resources of the Essex Regional Retirement System (ERRS). Accordingly, the Town recorded a governmental net pension liability totaling \$19.7 million as of year-end. The Town is also required to report its net other postemployment benefit liability net of the deferred inflows/outflows of resources. The governmental net other postemployment benefit liability of \$36.3 million was recorded as of year-end.

Governmental net position of \$50.7 million 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 investment in its capital assets is reported net of its related debt, it should be noted

that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$5.6 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$50.2 million. This deficit is the result of the Town obligation to record its net pension liability of \$19.7 million along with the net other postemployment benefits (OPEB) liability of \$36.3 million, respectively. These are long-term unfunded liabilities that will not require significant short-term resources.

The Town's governmental activities net position decreased by \$773,000 in 2023. The key contributors were an increase of \$644,000 in the net pension liability, net of deferred outflows and inflows of resources and \$1.2 million in the net OPEB liability, net of deferred outflows and inflows of resources. This was offset by capital grant revenue of \$1.2 million mainly for the American Relief Plan Act (ARPA) funding, state funded highway projects and the state's match of community preservation funds.

Operating grant revenue came in higher from the previous year due to the state on-behalf payments for the Massachusetts Teachers' Retirement System, which increased revenue and the corresponding expense by \$410,000 over the prior year.

Capital grant revenue came in higher than the previous year due to an increase in COVID-19 related federal grant funding recognized in the current year.

The Town implemented a cannabis excise tax in fiscal year 2021 and a cannabis impact fee in fiscal year 2020. In fiscal year 2023, the Town collected \$477,000 and \$580,000, respectively in cannabis excise tax and cannabis impact fee revenue.

Education saw the largest increase in expenses. This was due to the increased state on-behalf payments for the Massachusetts Teachers' Retirement System totaling \$410,000 along with education's portion of the net OPEB liability net deferred outflows/(inflows) of resources related to OPEB totaling \$1.4 million. This was offset a decrease in the net pension liability net deferred outflows/(inflows) of resources related to pensions totaling \$298,000.

Human services saw the second largest increase in expenses. This was due to the Town's purchase of property being held for resale for affordable housing.

Debt service expenditures saw the largest decrease in expenses. This was due to the first-year amortization of the \$1.4 million debt premium related to the Town's 2022 bond issuance.

Business-type Activities

For the Town's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17.9 million at the close of 2023.

	2023	2022
Assets:		
Current assets.....	\$ 11,765,903	\$ 11,047,494
Noncurrent assets (excluding capital).....	344,143	893,804
Capital assets, nondepreciable.....	1,000,655	501,097
Capital assets, net of accumulated depreciation....	14,587,494	14,496,951
Total assets.....	27,698,195	26,939,346
Deferred outflows of resources.....	1,873,209	1,236,282
Liabilities:		
Current liabilities (excluding debt).....	1,703,704	1,887,148
Noncurrent liabilities (excluding debt).....	5,020,402	4,985,515
Current debt.....	1,237,893	200,687
Noncurrent debt.....	2,539,901	2,657,899
Total liabilities.....	10,501,900	9,731,249
Deferred inflows of resources.....	1,190,607	1,309,345
Net position:		
Net investment in capital assets.....	13,643,957	12,574,068
Unrestricted.....	4,234,940	4,560,966
Total net position.....	\$ 17,878,897	\$ 17,135,034
	2023	2022
Program Revenues:		
Charges for services.....	\$ 11,723,475	\$ 11,054,972
General Revenues:		
Unrestricted investment income (loss).....	29,537	439,106
Total revenues.....	11,753,012	11,494,078
Expenses:		
Water.....	2,273,678	1,969,000
Ambulance.....	195,042	596,978
Electric Light.....	8,693,621	8,469,464
Total expenses.....	11,162,341	11,035,442
Excess (Deficiency) before transfers.....	590,671	458,636
Transfers.....	153,192	172
Change in net position.....	743,863	458,808
Net position, beginning of year.....	17,135,034	16,676,226
Net position, end of year.....	\$ 17,878,897	\$ 17,135,034

Business-type net position of \$13.6 million (76%) represents net investment in capital assets. The remaining \$4.2 million (24%) is available to be used for the ongoing operation of the Town's water, ambulance and electric light departments.

Net position of the business-type activities increased by \$744,000. This consisted of a \$388,000 increase in the water enterprise, a \$491,000 increase in the ambulance enterprise, and a \$136,000 decrease in net position of Electric Light Department.

Water charges for services were up by \$236,000 due to an increase in usage while expenses were up due to the increase in repairs and maintenance and the net other postemployment liability net of deferred outflows/(inflows) of resources related to OPEB when compared to the prior year.

The Town's ambulance enterprise fund expended \$195,000 and collected \$563,000 during fiscal year 2023. Revenues were higher than the prior year. Expenses were lower due to the decrease in the net pension liability net of deferred outflows/(inflows) of resources related to pension.

The Electric Light Department has transferred funds to the Other Postemployment Benefits (OPEB) Trust Fund to prefund its OPEB liability. This contribution totaled approximately \$12,000 for 2022. The Electric Light Department's financial position is reported as of December 31, 2022.

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$13.8 million, an increase of \$759,000 from the prior year. This consists of an increase in the general fund of \$263,000, a decrease in the Community Preservation fund of \$977,000, a decrease in the Town gifts and grants of \$49,000, and an increase in the nonmajor governmental funds of \$1.5 million.

The general fund is the chief operating fund. At the end of the current year, the unassigned fund balance of the general fund totaled \$3.8 million and the total fund balance equaled \$5.1 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 10.2% of general fund expenditures while total fund balance represents approximately 13.6% of that same amount. The Town's assigned fund balance consists of \$63,000 in encumbrances and \$1.2 million of free cash voted for the subsequent year operating budget. The unassigned balance of the general fund includes \$2.3 million in stabilization funds, an increase of \$301,000 from the prior year. Overall, the general fund increased by \$263,000 from the prior year.

The Town has adopted the Community Preservation Act (CPA) which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The CPA requires that the Town spend or set aside for later spending a minimum of ten percent of annual revenues for open space, a minimum of ten percent of annual revenues for historic resources and a minimum of ten percent of annual revenues for community housing. As of June 30, 2023, the Town has a balance of \$3.9 million in unspent CPA funds which are classified as a major governmental fund. During 2023, the Town's CPA

fund reported revenue of \$996,000, including \$572,000 in surcharges, \$299,000 in state matching funds and \$124,000 in investment income. Expenditures in 2023 totaled \$470,000. Additionally, \$1.5 million was transferred from the CPA fund to the general fund for debt service and the Town's affordable housing trust fund. In total, the fund reported a \$977,000 decrease from the prior year.

The Town gifts and grants fund is made up of the federal, state and local grants along with gift funds for the Town. The fund had an ending balance of \$118,000. Activity during the year included \$1.5 million in revenue offset by \$1.4 million in expenditures. This fund reported unearned revenue of \$899,000 due to the receipt of the federal American Rescue Plan Act (ARPA) grant funds that were not fully expended as of year-end.

There was a \$1.5 million increase in the nonmajor governmental funds, which reported \$4.3 million in revenues, \$4.3 million in expenditures and \$1.5 million in net transfers from (to) other funds.

The Town maintains general, capital, and compensated absence stabilization funds which are classified within the general fund. These stabilization funds had a cumulative year-end balance of \$2.3 million. These funds can be used for general or capital purposes upon Town Meeting approval. Please refer to Note 8 for additional information on the Town's stabilization funds.

General Fund Budgetary Highlights

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The Town's original budget totaled \$34.5 million and included \$57,000 in amounts carried over from 2022. During 2023, the budget increased by \$335,000 funded by free cash appropriations of which \$172,000 was for snow and ice, \$50,000 was for town hall windows and \$50,000 was for a transfer to fund the accrued liabilities stabilization fund. Actual revenues came in higher than budgeted by \$516,000. The contributing revenues were investment income and departmental and other. Total expenditures plus encumbrances were under budget by \$123,000. On a budgetary basis, the Town's fund balance decreased by \$122,000.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town's Capital Improvement Committee (CIP Committee) has requested a 5-year Capital Improvement Plan from each department. The CIP Committee submits annual recommendations to the Finance Committee for capital items that are put on the Town Warrant for the Annual Town Meeting.

During 2023 the Town expended \$1.9 million on governmental activities capital assets consisting mainly of infrastructure, construction in progress, buildings and building improvements, and equipment and furniture. The Town's primary capital asset additions consisted of \$613,000 for road repairs classified as infrastructure and \$248,000 for town hall windows in construction in progress.

The business type activities had capital assets additions of \$1.4 million of which \$526,000 related to the light plant, \$500,000 related to the water fund filter refurbishment project and \$311,000 related to a new ambulance in the ambulance enterprise fund.

Outstanding long-term debt of the general government, as of June 30, 2023, totaled \$20.8 million, of which \$17.0 million is related to school projects; \$240,000 is related to the library addition; \$825,000 is related to the ESCO projects, \$1.0 million is for the Elm Street project, leaving a balance of \$1.8 million for premiums and other capital projects.

The Water enterprise fund has \$2.7 million of debt outstanding, including unamortized premiums, all of which is fully supported by the rates and is not reliant on a general fund subsidy. The water enterprise fund also had \$1.0 million in outstanding BANs related to the water treatment plant.

The ambulance enterprise fund has \$120,000 of capital financing debt.

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Georgetown's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant at Memorial Town Hall, One Library Street, Georgetown, Massachusetts 01833-2086.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 17,485,805	\$ 4,830,382	\$ 22,316,187
Restricted cash and cash equivalents.....	-	159,875	159,875
Investments.....	-	2,698,816	2,698,816
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	413,862	-	413,862
Tax liens.....	347,483	-	347,483
Community preservation fund surtax.....	8,716	-	8,716
Motor vehicle excise taxes.....	69,795	-	69,795
User charges.....	-	2,300,145	2,300,145
Intergovernmental - other.....	93,731	-	93,731
Community preservation state share.....	217,002	-	217,002
Loans.....	15,000	-	15,000
Tax foreclosures.....	213,310	-	213,310
Inventory.....	-	29,771	29,771
Purchased power advanced deposits.....	-	1,746,914	1,746,914
Total current assets.....	18,864,704	11,765,903	30,630,607
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Loans.....	134,563	-	134,563
Other postemployment benefits asset.....	-	344,143	344,143
Capital assets, nondepreciable.....	5,624,271	1,000,655	6,624,926
Capital assets, net of accumulated depreciation.....	65,893,702	14,587,494	80,481,196
Total noncurrent assets.....	71,652,536	15,932,292	87,584,828
TOTAL ASSETS.....	90,517,240	27,698,195	118,215,435
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	3,297,293	832,584	4,129,877
Deferred outflows related to other postemployment benefits.....	9,906,734	1,040,625	10,947,359
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	13,204,027	1,873,209	15,077,236
LIABILITIES			
CURRENT:			
Warrants payable.....	1,403,244	1,391,486	2,794,730
Accrued payroll.....	1,218,286	22,703	1,240,989
Accrued interest.....	164,186	39,224	203,410
Liabilities due depositors.....	-	159,875	159,875
Other liabilities.....	510,293	-	510,293
Unearned revenue.....	899,225	-	899,225
Compensated absences.....	90,500	90,416	180,916
Notes payable.....	-	1,000,000	1,000,000
Long-term debt.....	1,756,973	237,893	1,994,866
Total current liabilities.....	6,042,707	2,941,597	8,984,304
NONCURRENT:			
Compensated absences.....	210,900	132,572	343,472
Net pension liability.....	19,702,968	3,798,464	23,501,432
Net other postemployment benefits liability.....	36,281,303	1,089,366	37,370,669
Long-term debt.....	19,021,769	2,539,901	21,561,670
Total noncurrent liabilities.....	75,216,940	7,560,303	82,777,243
TOTAL LIABILITIES.....	81,259,647	10,501,900	91,761,547
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	339,222	583,383	922,605
Deferred inflows related to other postemployment benefits.....	15,964,232	607,224	16,571,456
TOTAL DEFERRED INFLOWS OF RESOURCES.....	16,303,454	1,190,607	17,494,061
NET POSITION			
Net investment in capital assets.....	50,739,231	13,643,957	64,383,188
Restricted for:			
Permanent funds:			
Expendable.....	1,384,090	-	1,384,090
Nonexpendable.....	5,000	-	5,000
Gifts and grants.....	267,977	-	267,977
Community preservation.....	3,936,428	-	3,936,428
Unrestricted.....	(50,174,560)	4,234,940	(45,939,620)
TOTAL NET POSITION.....	\$ 6,158,166	\$ 17,878,897	\$ 24,037,063

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 2,935,461	\$ 241,036	\$ 586,669	\$ 562,974	\$ (1,544,782)	
Public safety.....	4,447,035	355,666	152,885	-	(3,938,484)	
Education.....	33,036,974	522,542	11,730,112	-	(20,784,320)	
Public works.....	1,840,515	43,644	488	305,862	(1,490,521)	
Human services.....	1,090,834	166,933	28,764	-	(895,137)	
Culture and recreation.....	1,059,232	69,806	80,870	-	(908,556)	
Community preservation.....	32,816	-	-	301,898	269,082	
Interest.....	543,473	-	-	-	(543,473)	
Total Governmental Activities.....	44,986,340	1,399,627	12,579,788	1,170,734	(29,836,191)	
Business-Type Activities:						
Water.....	2,273,678	2,482,349	-	-	208,671	
Ambulance.....	195,042	563,300	-	-	368,258	
Electric Light.....	8,693,621	8,677,826	-	-	(15,795)	
Total Business-Type Activities.....	11,162,341	11,723,475	-	-	561,134	
Total Primary Government.....	\$ 56,148,681	\$ 13,123,102	\$ 12,579,788	\$ 1,170,734	\$ (29,275,057)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (29,836,191)	\$ 561,134	\$ (29,275,057)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	23,378,962	-	23,378,962
Tax and other liens.....	59,251	-	59,251
Motor vehicle excise taxes.....	1,627,900	-	1,627,900
Meals tax.....	100,757	-	100,757
Cannabis excise tax.....	476,906	-	476,906
Cannabis impact fee.....	580,116	-	580,116
Community preservation tax.....	571,909	-	571,909
Penalties and interest on taxes.....	110,407	-	110,407
Payments in lieu of taxes.....	85,780	-	85,780
Grants and contributions not restricted to specific programs.....	1,109,879	-	1,109,879
Unrestricted investment income.....	517,489	29,537	547,026
Miscellaneous.....	596,969	-	596,969
<i>Transfers, net</i>	(153,192)	153,192	-
Total general revenues and transfers.....	29,063,133	182,729	29,245,862
Change in net position.....	(773,058)	743,863	(29,195)
<i>Net position:</i>			
Beginning of year.....	6,931,224	17,135,034	24,066,258
End of year.....	\$ 6,158,166	\$ 17,878,897	\$ 24,037,063

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	Community Preservation Fund	Town Gifts and Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 7,245,413	\$ 3,822,598	\$ 1,261,312	\$ 5,156,482	\$ 17,485,805
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	413,862	-	-	-	413,862
Tax liens.....	344,108	3,375	-	-	347,483
Community preservation fund surtax.....	-	8,716	-	-	8,716
Motor vehicle excise taxes.....	69,795	-	-	-	69,795
Intergovernmental.....	-	-	-	93,731	93,731
Community preservation state share.....	-	217,002	-	-	217,002
Loans.....	-	-	149,563	-	149,563
Tax foreclosures.....	213,310	-	-	-	213,310
Due from other funds.....	35,110	-	-	-	35,110
TOTAL ASSETS.....	\$ 8,321,598	\$ 4,051,691	\$ 1,410,875	\$ 5,250,213	\$ 19,034,377
LIABILITIES					
Warrants payable.....	\$ 856,268	\$ 115,263	\$ 243,673	\$ 188,040	\$ 1,403,244
Accrued payroll.....	1,214,133	-	-	4,153	1,218,286
Due to other funds.....	-	-	-	35,110	35,110
Other liabilities.....	232,289	-	-	278,004	510,293
Unearned revenue.....	-	-	899,225	-	899,225
TOTAL LIABILITIES.....	2,302,690	115,263	1,142,898	505,307	4,066,158
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	940,283	12,091	149,563	30,774	1,132,711
FUND BALANCES					
Nonspendable.....	-	-	-	5,000	5,000
Restricted.....	-	3,924,337	118,414	4,709,132	8,751,883
Assigned.....	1,286,620	-	-	-	1,286,620
Unassigned.....	3,792,005	-	-	-	3,792,005
TOTAL FUND BALANCES.....	5,078,625	3,924,337	118,414	4,714,132	13,835,508
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 8,321,598	\$ 4,051,691	\$ 1,410,875	\$ 5,250,213	\$ 19,034,377

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$ 13,835,508
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	71,517,973
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	1,132,711
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	(3,099,427)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(164,186)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Long-term debt.....	(20,778,742)
Net pension liability.....	(19,702,968)
Net other postemployment benefits liability.....	(36,281,303)
Compensated absences.....	(301,400)
Net effect of reporting long-term liabilities.....	(77,064,413)
Net position of governmental activities.....	\$ <u>6,158,166</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Community Preservation Fund	Town Gifts and Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 23,332,347	\$ -	\$ -	\$ -	\$ 23,332,347
Tax liens.....	63,053	-	-	-	63,053
Motor vehicle excise taxes.....	1,605,914	-	-	-	1,605,914
Meals tax.....	100,757	-	-	-	100,757
Cannabis excise tax.....	476,906	-	-	-	476,906
Cannabis impact fee.....	580,116	-	-	-	580,116
Penalties and interest on taxes.....	108,691	1,716	-	-	110,407
Payments in lieu of taxes.....	2,769	-	-	83,011	85,780
Intergovernmental - state aid.....	6,749,637	-	-	-	6,749,637
Intergovernmental - Teachers Retirement.....	2,954,692	-	-	-	2,954,692
Intergovernmental - other.....	-	-	1,448,064	2,400,277	3,848,341
Departmental and other.....	1,235,624	-	5,319	1,720,387	2,961,330
Community preservation taxes.....	-	571,909	-	-	571,909
Community preservation state match.....	-	298,784	-	-	298,784
Contributions and donations.....	-	-	6,965	-	6,965
Investment income.....	332,077	123,942	3,866	57,604	517,489
TOTAL REVENUES.....	37,542,583	996,351	1,464,214	4,261,279	44,264,427
EXPENDITURES:					
Current:					
General government.....	2,006,741	-	984,468	23,206	3,014,415
Public safety.....	2,803,399	-	120,134	86,482	3,010,015
Education.....	18,206,870	-	-	3,106,642	21,313,512
Public works.....	1,168,069	-	149,734	332,069	1,649,872
Human services.....	407,191	-	21,040	531,398	959,629
Culture and recreation.....	553,956	-	84,803	181,184	819,943
Community preservation.....	-	469,850	-	-	469,850
Pension benefits.....	2,177,990	-	-	-	2,177,990
Pension benefits - Teachers Retirement.....	2,954,692	-	-	-	2,954,692
Property and liability insurance.....	363,512	-	-	-	363,512
Employee benefits.....	3,765,218	-	-	-	3,765,218
State and county charges.....	407,609	-	-	-	407,609
Debt service:					
Principal.....	1,595,000	-	-	-	1,595,000
Interest.....	851,282	-	-	-	851,282
TOTAL EXPENDITURES.....	37,261,529	469,850	1,360,179	4,260,981	43,352,539
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	281,054	526,501	104,035	298	911,888
OTHER FINANCING SOURCES (USES):					
Transfers in.....	232,060	-	-	1,595,000	1,827,060
Transfers out.....	(250,000)	(1,503,800)	(153,192)	(73,260)	(1,980,252)
TOTAL OTHER FINANCING SOURCES (USES).....	(17,940)	(1,503,800)	(153,192)	1,521,740	(153,192)
NET CHANGE IN FUND BALANCES.....	263,114	(977,299)	(49,157)	1,522,038	758,696
FUND BALANCES AT BEGINNING OF YEAR.....	4,815,511	4,901,636	167,571	3,192,094	13,076,812
FUND BALANCES AT END OF YEAR.....	\$ 5,078,625	\$ 3,924,337	\$ 118,414	\$ 4,714,132	\$ 13,835,508

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....		\$ 758,696
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay.....	1,889,072	
Depreciation expense.....	<u>(3,589,818)</u>	
Net effect of reporting capital assets.....		(1,700,746)
Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....		
		102,047
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.		
Net amortization of premium from issuance of bonds.....	269,334	
Debt service principal payments.....	<u>1,595,000</u>	
Net effect of reporting long-term debt.....		1,864,334
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences accrual.....	35,700	
Net change in accrued interest on long-term debt.....	38,475	
Net change in deferred outflow/(inflow) of resources related to pensions.....	4,648,440	
Net change in net pension liability.....	(5,292,862)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(6,750,811)	
Net change in net other postemployment benefits liability.....	<u>5,523,669</u>	
Net effect of recording long-term liabilities.....		<u>(1,797,389)</u>
Change in net position of governmental activities.....		<u>\$ (773,058)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

Business-type Activities - Enterprise Funds				
	Water	Ambulance	Electric Light December 31, 2022	Total
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 3,990,110	\$ 408,868	\$ 431,404	\$ 4,830,382
Restricted cash and cash equivalents.....	-	-	159,875	159,875
Investments.....	-	-	2,698,816	2,698,816
Receivables, net of allowance for uncollectibles:				
User charges.....	891,447	134,524	1,274,174	2,300,145
Inventory.....	-	-	29,771	29,771
Purchased power advanced deposits.....	-	-	1,746,914	1,746,914
Total current assets.....	4,881,557	543,392	6,340,954	11,765,903
NONCURRENT:				
Other postemployment benefits asset.....	-	-	344,143	344,143
Capital assets, nondepreciable.....	700,484	-	300,171	1,000,655
Capital assets, net of accumulated depreciation.....	7,858,422	398,141	6,330,931	14,587,494
Total noncurrent assets.....	8,558,906	398,141	6,975,245	15,932,292
TOTAL ASSETS.....	13,440,463	941,533	13,316,199	27,698,195
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	242,800	40,255	549,529	832,584
Deferred outflows related to other postemployment benefits.....	286,139	11,316	743,170	1,040,625
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	528,939	51,571	1,292,699	1,873,209
LIABILITIES				
CURRENT:				
Warrants payable.....	38,794	8,781	1,343,911	1,391,486
Accrued payroll.....	10,343	12,360	-	22,703
Liabilities due depositors.....	-	-	159,875	159,875
Accrued interest.....	39,224	-	-	39,224
Compensated absences.....	33,600	-	56,816	90,416
Notes payable.....	1,000,000	-	-	1,000,000
Bonds payable.....	199,367	38,526	-	237,893
Total current liabilities.....	1,321,328	59,667	1,560,602	2,941,597
NONCURRENT:				
Compensated absences.....	-	-	132,572	132,572
Net pension liability.....	1,450,849	240,544	2,107,071	3,798,464
Net other postemployment benefits liability.....	1,047,921	41,445	-	1,089,366
Bonds payable.....	2,458,532	81,369	-	2,539,901
Total noncurrent liabilities.....	4,957,302	363,358	2,239,643	7,560,303
TOTAL LIABILITIES.....	6,278,630	423,025	3,800,245	10,501,900
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	24,979	4,141	554,263	583,383
Deferred inflows related to other postemployment benefits.....	461,099	18,236	127,889	607,224
TOTAL DEFERRED INFLOWS OF RESOURCES.....	486,078	22,377	682,152	1,190,607
NET POSITION				
Net investment in capital assets.....	6,734,609	278,246	6,631,102	13,643,957
Unrestricted.....	470,085	269,456	3,495,399	4,234,940
TOTAL NET POSITION.....	\$ 7,204,694	\$ 547,702	\$ 10,126,501	\$ 17,878,897

See notes to basic financial statements.

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

	Business-type Activities - Enterprise Funds			
	Water	Ambulance	Electric Light December 31, 2022	Total
<u>OPERATING REVENUES:</u>				
Charges for services.....	\$ 2,482,349	\$ 563,300	\$ 8,221,842	\$ 11,267,491
Other operating revenues.....	-	-	455,984	455,984
TOTAL OPERATING REVENUES	2,482,349	563,300	8,677,826	11,723,475
<u>OPERATING EXPENSES:</u>				
Cost of services and administration.....	1,888,739	156,027	8,186,009	10,230,775
Depreciation.....	311,546	33,220	458,345	803,111
TOTAL OPERATING EXPENSES.....	2,200,285	189,247	8,644,354	11,033,886
OPERATING INCOME (LOSS).....	282,064	374,053	33,472	689,589
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Investment income (loss).....	137,866	11,837	(120,166)	29,537
Interest expense.....	(73,393)	(5,795)	-	(79,188)
Payment in lieu of taxes.....	-	-	(49,267)	(49,267)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	64,473	6,042	(169,433)	(98,918)
INCOME (LOSS) BEFORE TRANSFERS.....	346,537	380,095	(135,961)	590,671
<u>TRANSFERS:</u>				
Transfers in.....	41,850	111,342	-	153,192
CHANGE IN NET POSITION.....	388,387	491,437	(135,961)	743,863
NET POSITION AT BEGINNING OF YEAR.....	6,816,307	56,265	10,262,462	17,135,034
NET POSITION AT END OF YEAR.....	\$ 7,204,694	\$ 547,702	\$ 10,126,501	\$ 17,878,897

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds			
	Water	Ambulance	Electric Light December 31, 2022	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from customers and users.....	\$ 2,430,242	\$ 536,046	\$ 8,513,861	\$ 11,480,149
Payments to vendors.....	(939,640)	(150,597)	(7,706,027)	(8,796,264)
Payments to employees.....	(580,027)	(271,764)	(1,009,564)	(1,861,355)
NET CASH FROM OPERATING ACTIVITIES.....	910,575	113,685	(201,730)	822,530
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Transfers in.....	41,850	111,342	-	153,192
Payments in lieu of taxes.....	-	-	(49,267)	(49,267)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	41,850	111,342	(49,267)	103,925
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Proceeds from the issuance of bonds and notes.....	1,000,000	311,342	-	1,311,342
Acquisition and construction of capital assets.....	(556,942)	(311,342)	(526,272)	(1,394,556)
Principal payments on bonds and notes.....	(185,000)	(191,447)	-	(376,447)
Interest expense.....	(92,575)	(5,795)	-	(98,370)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	165,483	(197,242)	(526,272)	(558,031)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Purchase of investments.....	-	-	33,173	33,173
Investment income.....	137,866	11,837	(120,166)	29,537
NET CASH FROM INVESTING ACTIVITIES.....	137,866	11,837	(86,993)	62,710
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,255,774	39,622	(864,262)	431,134
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,734,336	369,246	1,455,541	4,559,123
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 3,990,110	\$ 408,868	\$ 591,279	\$ 4,990,257
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>				
<u>FROM OPERATING ACTIVITIES:</u>				
Operating income (loss).....	\$ 282,064	\$ 374,053	\$ 33,472	\$ 689,589
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	311,546	33,220	458,345	803,111
Deferred (outflows)/inflows related to pensions.....	(332,224)	(89,394)	277,406	(144,212)
Deferred (outflows)/inflows related to other postemployment benefits.....	191,626	7,270	(810,349)	(611,453)
Changes in assets and liabilities:				
User charges.....	(52,107)	(27,254)	(168,915)	(248,276)
Purchased power advanced deposits.....	-	-	(72,172)	(72,172)
Net other postemployment benefits asset.....	-	-	549,661	549,661
Warrants payable.....	10,744	1,621	(188,612)	(176,247)
Accrued payroll.....	(21,339)	7,497	-	(13,842)
Liabilities due depositors.....	-	-	4,950	4,950
Compensated absences.....	1,700	-	16,116	17,816
Net pension liability.....	475,580	(213,660)	(301,632)	(39,712)
Net other postemployment benefits liability.....	42,985	20,332	-	63,317
Total adjustments.....	628,511	(260,368)	(235,202)	132,941
NET CASH FROM OPERATING ACTIVITIES.....	\$ 910,575	\$ 113,685	\$ (201,730)	\$ 822,530

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 14,834	\$ 308
Investments:		
Equity mutual funds.....	1,861,157	-
Fixed income mutual funds.....	673,316	-
TOTAL ASSETS.....	2,549,307	308
NET POSITION		
Restricted for other postemployment benefits.....	2,549,307	-
Held in trust for other purposes.....	-	308
TOTAL NET POSITION.....	\$ 2,549,307	\$ 308

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 87,000	\$ -
Employer contributions for other postemployment benefit payments....	1,567,578	-
Private donations.....	-	80
	<hr/>	<hr/>
Total contributions.....	1,654,578	80
Net investment income:		
Investment income.....	193,322	10
	<hr/>	<hr/>
TOTAL ADDITIONS.....	1,847,900	90
DEDUCTIONS:		
Other postemployment benefit payments.....	1,638,976	-
Educational scholarships.....	-	-
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN NET POSITION.....	208,924	90
NET POSITION AT BEGINNING OF YEAR.....	2,340,383	218
	<hr/>	<hr/>
NET POSITION AT END OF YEAR.....	\$ 2,549,307	\$ 308
	<hr/>	<hr/>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions, and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town did not identify any component units requiring inclusion in the basic financial statements.

The Georgetown Municipal Electric Light Department (GMELD) was established to generate and distribute electricity for municipal and residential use within the Town. The GMELD is governed by an elected three-member board and is operated by a manager appointed by the GMELD's elected board. It is not a separate legal entity and therefore the condensed financial statements of the GMELD are reported as an enterprise fund. A complete audited financial statement for the GMELD can be obtained directly from their office at 94 Searle Street, Georgetown, Massachusetts 01833.

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

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

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

Fund Financial Statements

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

Major Fund Criteria

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities

and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported for the year ended June 30, 2023:

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

The *community preservation fund* is a special revenue fund used to account for the accumulation of resources for the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

The *Town gifts and grants fund* is a special revenue fund used to account for other non-school related funds designated for specific programs, this fund consists primarily of state and federal grants and gifts and other special revenue funds.

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

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

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

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

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

The following proprietary funds are reported:

The *water enterprise fund* is used to account for the Town's water activities.

The *ambulance enterprise fund* is used to account for the Town's ambulance activities.

The *electric light fund* is used to account for the Town's electric light activities.

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

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

The *private purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported. Real estate tax liens are processed by the last day in September following the last billing cycle.

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

Motor Vehicle Excise Taxes

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

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

User Charges

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

Since the Town disconnects water service for nonpayment, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Ambulance user charges are billed as services are provided. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

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

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

Loans

Loans receivable represent Title V loans provided through the Massachusetts Clean Water Trust to qualifying residential septic system projects.

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

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

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

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in service concession agreements are recorded at acquisition value.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	40
Equipment and furniture.....	5-10
Other improvements.....	10-30
Infrastructure.....	40-50
Vehicles.....	5-15

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows of resources related to pensions and other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents amounts that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Unearned and Unavailable Revenue

Unearned revenue at the government-wide and fund financial statement level represents resources that have been received, but not yet earned.

Fund Financial Statements

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the availability criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the entity-wide (full accrual) financial statements.

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

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

Net position has been “restricted for” the following:

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts.

“Gifts and grants” represents restrictions placed on assets from outside parties and primarily consists of federal and state grants.

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

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption

must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

"Assigned" fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The Town's by-laws authorize the Town Accountant to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

"Unassigned" fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

N. Pensions

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

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

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

S. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents." The deposits and investments of the Trust Funds are held separately from those of other Town funds.

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

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares. In addition, there are various restrictions limiting the amount and length of deposits and investments.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town has not formally adopted a policy for custodial credit risk of deposits. At year-end, the carrying amount of deposits (excluding GMELD) totaled \$3,925,902 and the bank balance totaled \$6,923,574. Of the bank balance, \$1,017,172 was covered by Federal Depository Insurance, \$328,634 was covered by Depositor's Insurance Fund, and \$5,577,768 was exposed to custodial credit risk because it was uninsured and uncollateralized.

As of December 31, 2022, GMELD's carrying amount of deposits totaled \$591,279.

Investments

As of June 30, 2023, the OPEB Trust had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
<u>Other investments:</u>	
Equity mutual funds (OPEB Trust).....	\$ 1,861,157
Fixed income mutual funds (OPEB Trust).....	673,316
Money market mutual funds.....	14,834
MMDT - Cash portfolio.....	17,959,189
Total investments.....	\$ <u>20,508,496</u>

At June 30, 2023, MMDT's cash portfolio had a weighted average maturity of 33 days.

At December 31, 2022, GMELD's investments totaled \$2,698,816.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of the outside party. The Town's policy related to custodial credit risk is to apply the guidelines established by Massachusetts General Law and to invest in institutions which are financially strong. The Town and the OPEB Trust do not have any custodial credit risk exposure for its investments since external investment pools and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical for book-entry form.

Interest Rate Risk

The Town's interest rate risk policy was set up to minimize interest rate risk by structuring the Town's investment portfolio so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Town also invests operating funds in shorter-term securities of one year or less such as money market mutual funds or similar investment pools which limits the average maturity of the portfolio which limits the risk of changes in interest rates.

Credit Risk

The Town's investment in equity mutual funds, fixed income mutual funds, money market mutual funds and MMDT are unrated.

Fair Value Measurement

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

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

The Town has the following recurring fair value measurements as of June 30, 2023:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Type	June 30, 2023			
Investments measured at fair value:				
Equity mutual funds.....	\$ 1,861,157	\$ 1,861,157	\$ -	\$ -
Fixed income mutual funds.....	673,316	673,316	-	-
Money market mutual funds.....	14,834	14,834	-	-
Total investments.....	\$ 2,549,307	\$ 2,549,307	\$ -	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	17,959,189			
Total investments.....	\$ 20,508,496			

Equity mutual funds, fixed income mutual funds and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 are valued using significant unobservable inputs. The Town does not have any investments in categories 2 or 3.

The GMELD's fair value of investments can be found in their separately issued financial statements. The GMELD is governed by a separate legal board that issues yearly financial statements which can be obtained by contacting them directly at 94 Searle Street, Georgetown, Massachusetts 01833.

NOTE 3 – RECEIVABLES

At June 30, 2023, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 437,000	\$ (23,138)	\$ 413,862
Tax liens.....	347,483	-	347,483
Community preservation fund surtax.....	8,716	-	8,716
Motor vehicle excise taxes.....	147,864	(78,069)	69,795
Intergovernmental - other.....	93,731	-	93,731
Community preservation state share.....	217,002	-	217,002
Loans.....	149,563	-	149,563
Total.....	\$ 1,401,359	\$ (101,207)	\$ 1,300,152

At June 30, 2023, receivables for the Town's water and ambulance enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 891,447	\$ -	\$ 891,447
Ambulance fees.....	225,790	(91,266)	134,524
Total.....	<u>\$ 1,117,237</u>	<u>\$ (91,266)</u>	<u>\$ 1,025,971</u>

At December 31, 2022, receivables for the electric light enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Electric light user charges.....	\$ 1,277,434	\$ (3,260)	\$ 1,274,174

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

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 313,070	\$ -	\$ 313,070
Tax liens.....	344,108	3,375	347,483
Community preservation fund surtax.....	-	8,716	8,716
Motor vehicle excise taxes.....	69,795	-	69,795
Intergovernmental - other.....	-	30,774	30,774
Loans.....	-	149,563	149,563
Tax foreclosures.....	213,310	-	213,310
Total.....	<u>\$ 940,283</u>	<u>\$ 192,428</u>	<u>\$ 1,132,711</u>

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 4,816,967	\$ -	\$ -	\$ 4,816,967
Construction in progress.....	364,384	442,920	-	807,304
Total capital assets not being depreciated....	5,181,351	442,920	-	5,624,271
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	91,046,424	360,875	-	91,407,299
Equipment and furniture.....	1,596,362	243,181	-	1,839,543
Other improvements.....	4,038,924	-	-	4,038,924
Infrastructure.....	16,197,402	612,808	(182,857)	16,627,353
Vehicles.....	3,668,228	229,288	-	3,897,516
Total capital assets being depreciated.....	116,547,340	1,446,152	(182,857)	117,810,635
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(36,061,324)	(2,650,804)	-	(38,712,128)
Equipment and furniture.....	(1,388,095)	(95,407)	-	(1,483,502)
Other improvements.....	(2,462,803)	(241,127)	-	(2,703,930)
Infrastructure.....	(5,754,359)	(440,178)	182,857	(6,011,680)
Vehicles.....	(2,843,391)	(162,302)	-	(3,005,693)
Total accumulated depreciation.....	(48,509,972)	(3,589,818)	182,857	(51,916,933)
Total capital assets being depreciated, net.....	68,037,368	(2,143,666)	-	65,893,702
Total governmental activities capital assets, net.....	\$ 73,218,719	\$ (1,700,746)	\$ -	\$ 71,517,973
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 200,926	\$ -	\$ -	\$ 200,926
Construction in progress.....	-	499,558	-	499,558
Total capital assets not being depreciated....	200,926	499,558	-	700,484
<u>Capital assets being depreciated:</u>				
Equipment and furniture.....	149,032	-	-	149,032
Other improvements.....	81,070	-	-	81,070
Infrastructure.....	13,663,419	-	-	13,663,419
Vehicles.....	151,851	56,040	-	207,891
Total capital assets being depreciated.....	14,045,372	56,040	-	14,101,412
<u>Less accumulated depreciation for:</u>				
Equipment and furniture.....	(149,032)	-	-	(149,032)
Other improvements.....	(74,430)	(886)	-	(75,316)
Infrastructure.....	(5,582,521)	(295,926)	-	(5,878,447)
Vehicles.....	(125,461)	(14,734)	-	(140,195)
Total accumulated depreciation.....	(5,931,444)	(311,546)	-	(6,242,990)
Total capital assets being depreciated, net.....	8,113,928	(255,506)	-	7,858,422
Total water activities capital assets, net.....	\$ 8,314,854	\$ 244,052	\$ -	\$ 8,558,906

	Beginning Balance	Increases	Decreases	Ending Balance
Ambulance:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 61,858	\$ -	\$ -	\$ 61,858
Vehicles.....	172,000	311,342	-	483,342
Total capital assets being depreciated.....	233,858	311,342	-	545,200
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(27,837)	(6,186)	-	(34,023)
Vehicles.....	(86,002)	(27,034)	-	(113,036)
Total accumulated depreciation.....	(113,839)	(33,220)	-	(147,059)
Total ambulance activities capital assets, net.....	\$ 120,019	\$ 278,122	\$ -	\$ 398,141
Electric Light:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 300,171	\$ -	\$ -	\$ 300,171
<u>Capital assets being depreciated:</u>				
Buildings.....	844,579	-	-	844,579
Infrastructure.....	12,791,502	515,840	(49,000)	13,258,342
Vehicles, machinery and equipment.....	1,642,175	10,432	-	1,652,607
Total capital assets being depreciated.....	15,278,256	526,272	(49,000)	15,755,528
<u>Less accumulated depreciation for:</u>				
Buildings.....	(347,058)	(22,149)	-	(369,207)
Infrastructure.....	(7,786,408)	(335,462)	49,000	(8,072,870)
Vehicles, machinery and equipment.....	(881,786)	(100,734)	-	(982,520)
Total accumulated depreciation.....	(9,015,252)	(458,345)	49,000	(9,424,597)
Total capital assets being depreciated, net.....	6,263,004	67,927	-	6,330,931
Total electric light activities capital assets, net.....	\$ 6,563,175	\$ 67,927	\$ -	\$ 6,631,102

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

Governmental Activities:

General government.....	\$ 165,221
Public safety.....	177,500
Education.....	2,582,604
Public works.....	511,305
Culture and recreation.....	153,188

Total depreciation expense - governmental activities..... \$ 3,589,818

Business-Type Activities:

Water.....	\$ 311,546
Ambulance.....	33,220
Electric Light.....	458,345

Total depreciation expense - business-type activities..... \$ 803,111

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2023, the Town had an interfund receivable/payable totaling \$35,110 between the general fund and the highway improvements fund. The purpose of this balance is to cover short-term needs that will be funded by future grant proceeds.

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

	Transfers In:					
	General fund	Nonmajor governmental funds	Water Enterprise fund	Ambulance enterprise fund	Total	
Transfers Out:						
General fund.....	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000	(1)
Community preservation fund.....	158,800	1,345,000	-	-	1,503,800	(2)
Nonmajor governmental funds.....	73,260	-	41,850	111,342	226,452	(3)
Total.....	\$ 232,060	\$ 1,595,000	\$ 41,850	\$ 111,342	\$ 1,980,252	

- (1) Represents a budgeted transfer out of the general fund and a transfer out of the capital stabilization fund to fund nonmajor capital projects.
- (2) Represents a budgeted transfer from the community preservation fund to the general fund for debt service. Also represents a transfer from the community preservation fund to the affordable housing trust nonmajor governmental fund.
- (3) Represents budgeted transfers from the affordable housing trust and receipts reserved for appropriation to the general fund. Also represents a transfer to the water and ambulance enterprise funds from the American Rescue Plan Act (ARPA) grant funds.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2023, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
Water Enterprise Fund:							
BAN	Bond Anticipation Note.....	4.25%	11/15/23	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000 (1)

- (1) On November 15, 2023, the Town rolled the \$1,000,000 BAN into a new BAN with a maturity date of November 15, 2024, and an interest rate of 4.96%.

NOTE 7 – LONG-TERM DEBT

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

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

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
General Obligation Bonds:				
Library Addition (2005).....	2025	\$ 2,400,000	4.25	\$ 240,000
ESCO (2013)	2028	2,199,000	0.04-3.00	825,000
Field/ School (2015).....	2036	3,400,000	3.00-4.00	2,210,000
Middle/High School (2019).....	2040	410,000	2.00-5.00	340,000
Penn Brook School (2019).....	2040	1,300,000	2.00-5.00	1,105,000
Elm Street (2019).....	2032	1,345,000	2.00-5.00	1,000,000
School (2022) - Refunding.....	2039	14,105,000	3.00-5.00	13,305,000
Total Bonds Payable.....				19,025,000
Add: Unamortized premium on bonds.....				1,753,742
Total Bonds Payable, net.....				\$ 20,778,742

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2024.....	\$ 1,525,000	\$ 719,967	\$ 2,244,967
2025.....	1,530,000	650,569	2,180,569
2026.....	1,420,000	584,156	2,004,156
2027.....	1,425,000	519,446	1,944,446
2028.....	1,430,000	454,576	1,884,576
2029.....	1,255,000	395,351	1,650,351
2030.....	1,195,000	341,363	1,536,363
2031.....	1,190,000	289,888	1,479,888
2032.....	1,190,000	246,701	1,436,701
2033.....	1,080,000	204,463	1,284,463
2034.....	1,065,000	171,638	1,236,638
2035.....	1,055,000	139,050	1,194,050
2036.....	1,045,000	106,550	1,151,550
2037.....	855,000	77,325	932,325
2038.....	845,000	51,675	896,675
2039.....	835,000	26,325	861,325
2040.....	85,000	1,275	86,275
Total.....	\$ 19,025,000	\$ 4,980,318	\$ 24,005,318

Bonds Payable Schedule – Water Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
General Obligation Bonds:				
General Obligation Water Bonds (2005)....	2025	\$ 500,000	4.25	\$ 70,000
Water Tank.....	2040	2,925,000	2.00-5.00	2,475,000
Total Bonds Payable.....				2,545,000
Add: Unamortized premium on bonds.....				112,899
Total Bonds Payable, net.....				\$ 2,657,899

Debt service requirements for principal and interest for water enterprise fund general obligation bonds payable in future years are as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2024.....	\$ 185,000	\$ 83,674	\$ 268,674
2025.....	185,000	74,774	259,774
2026.....	145,000	66,701	211,701
2027.....	145,000	59,451	204,451
2028.....	145,000	52,201	197,201
2029.....	145,000	47,126	192,126
2030.....	145,000	43,863	188,863
2031.....	145,000	40,238	185,238
2032.....	145,000	36,613	181,613
2033.....	145,000	32,625	177,625
2034.....	145,000	28,275	173,275
2035.....	145,000	23,925	168,925
2036.....	145,000	19,575	164,575
2037.....	145,000	15,225	160,225
2038.....	145,000	10,875	155,875
2039.....	145,000	6,525	151,525
2040.....	145,000	2,175	147,175
Total.....	\$ 2,545,000	\$ 643,841	\$ 3,188,841

Bonds Payable Schedule – Ambulance Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Direct Borrowings Payable:				
Capital purchase financing.....	2026	\$ 311,342	4.25	\$ 119,895

Debt service requirements for principal and interest for ambulance enterprise fund direct borrowings payable in future years are as follows:

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2024.....	\$ 38,526	\$ 4,424	\$ 42,950
2025.....	39,947	3,003	42,950
2026.....	41,422	1,528	42,950
Total.....	\$ 119,895	\$ 8,955	\$ 128,850

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

Purpose	Amount
Energy Services Performance.....	\$ 1,801,000
Dump Truck.....	398
Total.....	<u>\$ 1,801,398</u>

Changes in Long-term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable....	\$ 20,620,000	\$ -	\$ (1,595,000)	\$ -	\$ -	\$ 19,025,000	\$ 1,525,000
Add: Unamortized premium on bonds.....	2,023,076	-	(269,334)	-	-	1,753,742	231,973
Total long-term debt.....	22,643,076	-	(1,864,334)	-	-	20,778,742	1,756,973
Compensated absences.....	337,100	-	-	84,900	(120,600)	301,400	90,500
Net pension liability.....	14,410,106	-	-	6,309,942	(1,017,080)	19,702,968	-
Net other postemployment benefits liability....	41,804,972	-	-	2,802,964	(8,326,633)	36,281,303	-
Total governmental activity long-term liabilities.....	<u>\$ 79,195,254</u>	<u>\$ -</u>	<u>\$ (1,864,334)</u>	<u>\$ 9,197,806</u>	<u>\$ (9,464,313)</u>	<u>\$ 77,064,413</u>	<u>\$ 1,847,473</u>
Business-Type Activities:							
Long-term general obligation bonds payable....	\$ 2,730,000	\$ -	\$ (185,000)	\$ -	\$ -	\$ 2,545,000	\$ 185,000
Capital financing purchase.....	-	311,342	(191,447)	-	-	119,895	38,526
Add: Unamortized premium on bonds.....	128,586	-	(15,687)	-	-	112,899	14,367
Total long-term debt.....	2,858,586	311,342	(392,134)	-	-	2,777,794	237,893
Compensated absences.....	205,172	-	-	101,698	(83,882)	222,988	90,416
Net pension liability.....	3,838,176	-	-	122,484	(162,196)	3,798,464	-
Net other postemployment benefits liability....	132,245	-	-	696,750	(83,772)	745,223	(344,143)
Total business-type activity long-term liabilities.....	<u>\$ 7,034,179</u>	<u>\$ 311,342</u>	<u>\$ (392,134)</u>	<u>\$ 920,932</u>	<u>\$ (329,850)</u>	<u>\$ 7,544,469</u>	<u>\$ (15,834)</u>

The governmental activities long-term liabilities are generally liquidated by the general fund.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to constraints imposed on the uses of those resources.

There are two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

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

	General	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted for:				
Community preservation fund.....	-	3,924,337	-	3,924,337
Town capital projects.....	-	-	265,059	265,059
Town revolving.....	-	-	506,893	506,893
Town gifts and grants.....	-	-	118,414	118,414
Town receipts reserved for appropriation.....	-	-	217,999	217,999
School lunch.....	-	-	285,508	285,508
School revolving.....	-	-	1,913,474	1,913,474
Other special revenue.....	-	-	136,109	136,109
Expendable permanent fund.....	-	-	1,384,090	1,384,090
Assigned to:				
General government.....	28,790	-	-	28,790
Public safety.....	3,312	-	-	3,312
Public works.....	26,884	-	-	26,884
Culture and recreation.....	3,634	-	-	3,634
Free cash used for subsequent year budget....	1,224,000	-	-	1,224,000
Unassigned.....	3,792,005	-	-	3,792,005
Total Fund Balances.....	\$ 5,078,625	\$ 3,924,337	\$ 4,832,546	\$ 13,835,508

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. In accordance with Massachusetts General Law, the Town has established a general stabilization fund, a capital stabilization fund, and a compensated absences stabilization fund.

At year end, the Town's general fund's unassigned fund balance included \$1,684,349 in the general stabilization fund, \$485,608 in the capital stabilization fund, \$50,000 in the compensated absence stabilization fund and \$60,444 in the opioid settlement stabilization fund.

NOTE 9 – COMMUNITY PRESERVATION FUNDS

The Town approved the Community Preservation Act (CPA) which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation, and support of open space, historic resources, land for recreational use and community housing. The CPA requires that the Town spend or set aside for later spending a minimum of ten percent of annual revenues for open space, a minimum of ten percent of annual revenues for historic resources and a minimum of ten percent of annual revenues for community housing.

In accordance with the CPA, the Town has approved a bylaw establishing a Community Preservation Committee (CPC) to study the needs, possibilities and resources of the Town regarding community preservation and to make recommendations for Town Meeting approval to fund eligible projects using CPA funds.

As of June 30, 2023, the CPA fund has a balance of \$3.9 million and is reported as a major fund in the governmental fund financial statements.

NOTE 10 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

The Town participates in a premium-based health care plan for its active employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

NOTE 11 – ELECTRIC LIGHT DEPARTMENT

The Town of Georgetown, acting through its Electric Light Department, is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in and to issue revenue bonds to finance electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and Stony Brook Peaking Project, both fossil-fueled power Departments. MMWEC has the Nuclear Mix One project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for Millstone Unit 3 extends to November 25, 2045.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other Utilities (Project Participants) under Power Sales Agreements (PSAs). The Department has entered into PSAs with MMWEC. Under the PSAs, the Department is required to make certain payments to MMWEC solely from Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project. In addition, should a Project Participant fail to make payment when due, other Projects Participants may be required to increase (step-up) their payments and correspondingly their Participants' share of Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make

payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension and interruption of the output of the Project(s).

Pursuant to the PSAs, the MMWEC Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. The Millstone and Seabrook Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act through the end of 2025.

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses discussed above), and amount of required debt service payments (if applicable) under the PSAs associated with the Department's Project Capability of the Projects in which it participates was \$11,201,739 for the year ended December 31, 2022.

The Department purchases its power through contracts with various power suppliers, including MMWEC. These contracts are subject to certain market factors. Based on current market conditions, the Department anticipates some stability to its power cost expenses over the next few years.

NOTE 12 – PENSION PLAN

Plan Descriptions

The Town is a member of the Essex Regional Retirement System (ERRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 46 member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The ERRS issues a publicly available audited financial report. That report may be obtained by contacting the ERRS located at 491 Maple Street, Danvers, Massachusetts, 01923 or by visiting www.essexregional.com or www.mass.gov/perac.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of

employers in MTRS as of the measurement date of June 30, 2022. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$2,954,692 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$35,919,048 as of the measurement date.

Benefits Provided

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the ERRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution, exclusive of the Electric Light Department, equaled its actual contribution for the year ended December 31, 2022, was \$2,051,610 and 27.45% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2023, the Town reported a liability of \$21,394,361 for its proportionate share of the net pension liability. At December 31, 2022, the Electric Light Department reported a liability of \$2,107,071 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, for the Town and December 31, 2021, for the Electric Light Department, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, for the Town and for the Electric Light Department. Accordingly, update procedures were used to roll the total pension liability to the measurement dates. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2022, the Town's proportion was 4.611%, exclusive of the Electric Light Department; the Electric Light Department's proportion was 0.607%. The Town's proportion increased from the proportion measured at December 31, 2021, by 0.050%.

Pension Expense

For the year ended June 30, 2023, the Town, excluding the Electric Light Department, recognized a pension expense of \$2,421,399 and reported deferred outflows of resources related to pensions of \$3,580,348 and deferred inflows of resources related to pensions of \$368,342.

The balances of deferred outflows/ (inflows) of resources related to pensions for the Town, excluding the Electric Light Department; at June 30, 2023, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 745	\$ (367,422)	\$ (366,677)
Difference between projected and actual earnings, net.....	1,983,796	-	1,983,796
Changes in assumptions.....	1,167,486	-	1,167,486
Changes in proportion and proportionate share of contributions...	428,321	(920)	427,401
Total deferred outflows/(inflows) of resources.....	\$ 3,580,348	\$ (368,342)	\$ 3,212,006

The deferred outflows/ (inflows) of resources related to pensions for the Town, excluding the Electric Light Department, will be recognized in pension expense as follows:

Year ended June 30:

2024.....	\$ 653,727
2025.....	663,081
2026.....	695,846
2027.....	1,199,352
Total.....	\$ 3,212,006

The balances of deferred outflows/ (inflows) of resources related to pensions for the Electric Light Department at December 31, 2022, consists of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 176	\$ (64,474)	\$ (64,298)
Difference between projected and actual earnings, net.....	-	(467,081)	(467,081)
Changes in assumptions.....	233,403	-	233,403
Changes in proportion and proportionate share of contributions.....	73,515	(22,708)	50,807
Contributions made subsequent to the measurement date.....	242,435	-	242,435
Total deferred outflows/(inflows) of resources.....	\$ 549,529	\$ (554,263)	\$ (4,734)

The deferred outflows/ (inflows) of resources related to pensions for the Electric Light Department will be recognized in pension expense as follows:

Year ended December 31:

2023.....	\$	203,686
2024.....		(71,695)
2025.....		(70,468)
2026.....		<u>(66,257)</u>
Total.....	\$	<u><u>(4,734)</u></u>

Actuarial Assumptions

The total pension liability in the January 1, 2022, actuarial valuation for the Town, exclusive of the Electric Light Department, was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled to December 31, 2022:

Valuation date.....	January 1, 2022
Interest on employee contributions.....	3.50%
Salary increases.....	Based on years of service, ranging from 7.50% at 0 years of service decreasing to 3.75% after 5 years of service.
Net investment return/Discount rate.....	7.00%
Mortality rates:	
Pre-retirement.....	RP-2014 Employee Mortality Table projected generationally with Scale MP-2021.
Healthy retiree.....	RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
Disabled retiree.....	RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP-2021.

The total pension liability in the January 1, 2022, actuarial valuation, for the Electric Light Department, was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled to December 31, 2022.

Valuation date.....	January 1, 2022
Net investment return/Discount rate.....	7.00% (previously 7.30%).
Salary increases.....	7.50% decreasing to 3.75% after 5 years of service.
Inflation rate.....	3.50%
Cost of living adjustments.....	3% of first \$16,000 in 2021 and thereafter.
Mortality rates:	
Pre-retirement.....	RP-2014 Employee Mortality Table projected generationally with Scale MP-2021.
Healthy retiree.....	RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
Disabled retiree.....	RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP-2021.

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of returns (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deduction inflation, but before investment expense, used in the derivation of the long-term investment rate of return assumption as of December 31, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	21.20%	7.10%
International developed markets equity.....	12.20%	6.90%
International emerging markets equity.....	4.70%	9.60%
Core fixed income.....	13.80%	4.70%
High-yield fixed income.....	7.00%	3.80%
Private equity.....	17.70%	10.20%
Real estate.....	11.20%	5.70%
Timberland.....	3.20%	7.00%
Hedge fund, PCS.....	9.00%	6.50%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability for the Town was 7.00% for December 31, 2022, and December 31, 2021. The discount rate used to measure the total pension liability for the Electric Light Department was 7.00% for December 31, 2022, and 7.30% for December 31, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following information presents the net pension liability, calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
December 31, 2022 Measurement Date			
The Town's proportionate share of the net pension liability.....	\$ 27,176,480	\$ 21,394,361	\$ 16,538,457
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
December 31, 2022 Measurement Date			
The Electric Light Department's proportionate share of the net pension liability.....	\$ 2,849,541	\$ 2,107,071	\$ 1,483,574

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Essex Regional Retirement System financial report.

Changes in Assumptions

None.

Changes in Plan Provisions

None.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town administers a single-employer defined benefit healthcare plan (Plan), which the Electric Light Department participates in. The Plan provides lifetime healthcare, prescription drug, dental, vision and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members, including teachers. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town and the Electric Light Department are required to contribute 50-69 percent of the cost of current-year premiums for health insurance and 50 percent of the cost of current year dental and life insurance premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 31-50 percent of their premium costs. The Town and the Electric Light Department may contribute additional amounts to pre-fund benefits. The Town contributed \$75,000 during 2023, and the Electric Light Department contributed \$12,000.

OPEB Employer Financial Reporting for the Town, Exclusive of the Electric Light Department

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at June 30, 2023:

Active members.....	291
Inactive members currently receiving benefits.....	197
	<hr/>
Total.....	488
	<hr/>

Components of the Town's OPEB Liability

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

Total OPEB liability.....	\$	37,848,380
Less: OPEB plan's fiduciary net position.....		<u>(477,711)</u>
Net OPEB liability.....	\$	<u>37,370,669</u>
The OPEB plan's fiduciary net position		
as a percentage of the total OPEB liability.....		1.26%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2023:

Valuation date.....	July 1, 2022
Actuarial cost method.....	Individual entry age normal.
Asset valuation method.....	Market value of assets as of the measurement date, June 30, 2023.
Investment rate of return.....	5.38%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG).
Single equivalent discount rate.....	4.33%, net of OPEB plan investment expense, including inflation.
Inflation.....	2.50% as of June 30, 2023 and for future periods.
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 one 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 one 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 one year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce 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 and subtracting expected investment expenses and a risk margin. The target allocation as of June 30, 2023, and projected geometric real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap.....	27.75%	4.10%
Domestic equity - small/mid cap.....	12.50%	4.55%
International equity - developed market.....	11.75%	4.64%
International equity - emerging market.....	7.00%	5.45%
Domestic fixed income.....	31.25%	1.05%
International fixed income.....	7.25%	0.96%
Alternatives.....	1.75%	5.95%
Real estate.....	0.00%	6.25%
Cash & cash equivalents.....	0.75%	0.00%
Total.....	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.33% as of June 30, 2023, and 4.24% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to the initial periods where the assets are expected to be sufficient to provide benefit payments and the 4.13% municipal bond rate, based on the Municipal Bond 20-Year High Grade Index – SAPIHG, was applied to all periods thereafter to determine the total OPEB liability.

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

The table on the following page presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 4.33%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (3.33%) or 1-percentage-point higher (5.33%) than the current rate.

	1% Decrease (3.33%)	Current Discount Rate (4.33%)	1% Increase (5.33%)
Net OPEB liability.....	\$ 43,740,376	\$ 37,370,669	\$ 32,326,137

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 31,777,588	\$ 37,370,669	\$ 44,569,345

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 43,205,775	\$ 374,754	\$ 42,831,021
Changes for the year:			
Service cost.....	1,296,048	-	1,296,048
Interest.....	1,853,990	-	1,853,990
Differences between expected and actual experience...	(7,658,144)	-	(7,658,144)
Changes in assumptions and other inputs.....	718,289	-	718,289
Benefit payments.....	(1,567,578)	(1,567,578)	-
Net investment income.....	-	27,957	(27,957)
Contributions - employer.....	-	1,642,578	(1,642,578)
Net change.....	(5,357,395)	102,957	(5,460,352)
Balances at June 30, 2023.....	\$ 37,848,380	\$ 477,711	\$ 37,370,669

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

As of June 30, 2023, the Town recognized OPEB expense of \$3,131,933. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 807,599	\$ (6,805,826)	\$ (5,998,227)
Difference between projected and actual earnings, net.....	25,412	-	25,412
Changes in assumptions.....	9,371,178	(9,637,741)	(266,563)
Total deferred outflows/(inflows) of resources.....	\$ 10,204,189	\$ (16,443,567)	\$ (6,239,378)

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

Year ended June 30:

2024.....	\$ 196,007
2025.....	44,367
2026.....	(1,956,764)
2027.....	(2,561,508)
2028.....	(995,675)
Thereafter.....	(965,805)
Total.....	\$ (6,239,378)

Changes of Assumptions

- The discount rate has been changed from 4.24% to 4.33%.

Changes in Plan Provisions

None.

OPEB Employer Financial Reporting for the Georgetown Municipal Electric Light Department*Summary of Significant Accounting Policies*

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position related to the Georgetown Municipal Electric Light Department (GMELD) have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost, whenever applicable.

Measurement Date

GASB Statement #75 requires the net OPEB liability (asset) to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability (asset) for the GMELD was measured as of December 31, 2022, and the total OPEB liability for the GMELD used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022.

Employees Covered by Benefit Terms

The following table represents the Plan's membership related to the GMELD at December 31, 2022:

Active members.....	8
Inactive members currently receiving benefits.....	<u>9</u>
Total.....	<u><u>17</u></u>

Components of the GMELD's OPEB Liability (Asset)

The following table represents the components of the Plan's net OPEB liability (asset) related to the GMELD as of December 31, 2022:

Total OPEB liability.....	\$ 1,559,691
Less: OPEB plan's fiduciary net position.....	<u>(1,903,834)</u>
Net OPEB liability (asset).....	<u><u>\$ (344,143)</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	122.06%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual entry age normal.
Inflation.....	2.40% annually.
Investment rate of return.....	6.50%, compounded annually, net of fees.
Municipal Bond Rate.....	3.72%
Single Equivalent Discount Rate.....	6.50%
Salary increases.....	3.50% annually.

Health cost trend rates.....	7.50% for 2022, decreasing 0.6% per year to 5.7%, then grading down to an ultimate trend rate of 3.9%.
Pre-Retirement Mortality.....	Based on RP-2014 Employees Mortality Table, projected with generational mortality improvement using scale MP-2021.
Healthy Retiree Mortality.....	Based on RP-2014 Healthy Annuitant Mortality Table, projected with generational mortality improvement using scale MP-2021.
Disabled Retiree Mortality.....	Based on RP-2014 Blue Collar Mortality Table, set forward 1 year with full generational mortality improvement using scale MP-2021.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -17.73%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policy

The plan's policy in regard to the allocation of invested assets is approved and may be amended by the Treasurer with the approval of the Electric Commissioners. The policy pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations and best estimates of arithmetic real rates of return for each major asset class summarized in the target asset allocation as of December 31, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	34.00%	4.66%
International equity.....	22.00%	5.88%
Domestic fixed income.....	20.00%	5.28%
International fixed income.....	4.00%	1.33%
Alternatives.....	20.00%	1.30%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% at December 31, 2022, and December 31, 2021. The projection of cash flows used to determine the discount rate assumed that Department contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of

current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability (asset) and service cost, calculated using the discount rate of 6.50%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate.

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability (asset)...	\$ (131,887)	\$ (344,143)	\$ (517,583)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Trend

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability (asset).....	\$ (548,138)	\$ (344,143)	\$ (89,518)

Changes in Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances December 31, 2021.....	\$ 1,486,856	\$ 2,380,660	\$ (893,804)
Changes for the year:			
Service cost.....	53,124	-	53,124
Interest.....	97,778	-	97,778
Changes of benefit terms.....	(369,064)	-	(369,064)
Differences between expected and actual experience...	353,824	-	353,824
Changes in assumptions and other inputs.....	8,571	-	8,571
Benefit payments.....	(71,398)	(71,398)	-
Net investment income.....	-	(417,495)	417,495
Contributions - employer.....	-	12,067	(12,067)
Net change.....	72,835	(476,826)	549,661
Balances December 31, 2022.....	\$ 1,559,691	\$ 1,903,834	\$ (344,143)

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

As of December 31, 2022, the GMELD recognized OPEB income of \$248,621. At December 31, 2022, the GMELD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources as follows:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 394,527	\$ (127,889)	\$ 266,638
Difference between projected and actual earnings, net.....	293,709	-	293,709
Changes in assumptions.....	54,934	-	54,934
Total deferred outflows/(inflows) of resources.....	\$ 743,170	\$ (127,889)	\$ 615,281

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

Year ended December 31:

2023.....	\$ 89,613
2024.....	121,164
2025.....	140,528
2026.....	168,046
2027.....	53,293
Thereafter.....	42,637
Total.....	\$ 615,281

Changes of Assumptions

The GMELD changed their actuarial mortality tables for pre-retirement, healthy retiree, and disabled retiree mortality and updated their scale from MP-2019 to MP-2021 for the measurement date of December 31, 2022.

Changes in Plan Provisions

None.

NOTE 14 – COMMITMENTS

In 2023, the Town has authorized but not yet issued debt of \$1.8 million. Of this amount, \$1.8 million relates to energy updates and \$398 relates to a dump truck.

The general fund has various commitments for goods and services related to encumbrances totaling \$62,620.

NOTE 15 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2023, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 11, 2024, which is the date the financial statements were available to be issued.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all of the Town's financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts						
	Amounts	Current Year			Actual	Amounts	Variance
	Carried Forward	Initial	Original	Final	Budgetary	Carried Forward	to Final
	From Prior Year	Budget	Budget	Budget	Amounts	To Next Year	Budget
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 23,500,002	\$ 23,500,002	\$ 23,500,002	\$ 23,248,424	\$ -	\$ (251,578)
Tax liens.....	-	-	-	-	63,053	-	63,053
Motor vehicle excise taxes.....	-	1,600,000	1,600,000	1,600,000	1,605,914	-	5,914
Meals tax.....	-	85,000	85,000	85,000	100,757	-	15,757
Cannabis excise tax.....	-	100,000	100,000	100,000	143,072	-	43,072
Cannabis impact fee.....	-	500,000	500,000	500,000	580,116	-	80,116
Penalties and interest on taxes.....	-	38,950	38,950	38,950	108,691	-	69,741
Payments in lieu of taxes.....	-	48,000	48,000	48,000	2,769	-	(45,231)
Intergovernmental - state aid.....	-	6,674,119	6,674,119	6,674,119	6,749,637	-	75,518
Departmental and other.....	-	973,427	973,427	973,427	1,175,438	-	202,011
Investment income.....	-	6,000	6,000	6,000	263,952	-	257,952
TOTAL REVENUES.....	-	33,525,498	33,525,498	33,525,498	34,041,823	-	516,325
EXPENDITURES:							
Current:							
General government.....	21,247	2,149,776	2,171,023	2,103,362	2,038,891	28,790	35,681
Public safety.....	-	2,802,559	2,802,559	2,812,371	2,803,399	3,312	5,660
Education.....	-	18,198,341	18,198,341	18,206,870	18,206,870	-	-
Public works.....	35,437	999,908	1,035,345	1,216,763	1,168,069	26,884	21,810
Human services.....	-	450,725	450,725	446,988	407,191	-	39,797
Culture and recreation.....	-	538,015	538,015	570,015	553,956	3,634	12,425
Pension benefits.....	-	2,294,045	2,294,045	2,294,045	2,294,045	-	-
Property and liability insurance.....	-	381,035	381,035	381,035	386,139	-	(5,104)
Employee benefits.....	-	3,819,215	3,819,215	3,894,215	3,881,536	-	12,679
State and county charges.....	-	405,474	405,474	407,609	407,609	-	-
Debt service:							
Principal.....	-	1,595,000	1,595,000	1,595,000	1,595,000	-	-
Interest.....	-	853,890	853,890	851,755	851,282	-	473
TOTAL EXPENDITURES.....	56,684	34,487,983	34,544,667	34,780,028	34,593,987	62,620	123,421
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(56,684)	(962,485)	(1,019,169)	(1,254,530)	(552,164)	(62,620)	639,746
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	522,610	522,610	522,610	530,662	-	8,052
Transfers out.....	-	-	-	(100,000)	(100,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	522,610	522,610	422,610	430,662	-	8,052
NET CHANGE IN FUND BALANCE.....	(56,684)	(439,875)	(496,559)	(831,920)	(121,502)	(62,620)	647,798
BUDGETARY FUND BALANCE, Beginning of year..	-	2,818,932	2,818,932	2,818,932	2,818,932	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (56,684)	\$ 2,379,057	\$ 2,322,373	\$ 1,987,012	\$ 2,697,430	\$ (62,620)	\$ 647,798

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

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

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

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

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
ESSEX REGIONAL RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	5.155%	\$ 23,922,491	\$ 8,257,108	289.72%	57.57%
December 31, 2021.....	5.134%	17,826,335	7,871,378	226.47%	67.01%
December 31, 2020.....	5.134%	20,378,214	7,958,644	256.05%	59.73%
December 31, 2019.....	4.878%	20,553,835	7,668,229	268.04%	55.46%
December 31, 2018.....	4.871%	20,577,898	6,599,842	311.79%	51.89%
December 31, 2017.....	5.144%	19,358,316	6,333,757	305.64%	55.40%
December 31, 2016.....	5.165%	19,901,512	6,776,013	293.71%	51.12%
December 31, 2015.....	4.979%	18,092,138	6,505,666	278.10%	51.01%
December 31, 2014.....	4.986%	16,916,706	6,238,036	271.19%	52.27%

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

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

Amounts presented include the Electric Light Department.

See notes to required supplementary information.

**SCHEDULE OF THE ELECTRIC LIGHT DEPARTMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
ESSEX REGIONAL RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	0.607%	\$ 2,107,071	\$ 930,396	226.47%	67.01%
December 31, 2021.....	0.607%	2,408,703	940,711	256.05%	59.73%
December 31, 2020.....	0.572%	2,271,511	887,389	255.98%	59.73%
December 31, 2019.....	0.514%	2,166,061	808,114	268.04%	55.46%
December 31, 2018.....	0.547%	2,311,584	741,382	311.79%	51.87%
December 31, 2017.....	0.578%	2,174,584	711,410	305.67%	55.40%
December 31, 2016.....	0.571%	2,199,342	748,824	293.71%	51.12%
December 31, 2015.....	0.499%	1,693,150	624,427	271.15%	52.27%

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

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
ESSEX REGIONAL RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 2,051,610	\$ (2,051,610)	\$ -	\$ 7,473,246	27.45%
June 30, 2022.....	1,890,260	(1,890,260)	-	7,079,802	26.70%
June 30, 2021.....	1,747,935	(1,747,935)	-	7,158,292	24.42%
June 30, 2020.....	1,551,058	(1,551,058)	-	6,916,457	22.43%
June 30, 2019.....	1,517,223	(1,517,223)	-	5,907,563	25.68%
June 30, 2018.....	1,480,511	(1,480,511)	-	5,704,223	25.95%
June 30, 2017.....	1,374,343	(1,374,343)	-	6,185,895	22.22%
June 30, 2016.....	1,255,958	(1,255,958)	-	5,871,979	21.39%
June 30, 2015.....	1,223,526	(1,223,526)	-	5,725,881	21.37%

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

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

Amounts presented exclude the Electric Light Department.

See notes to required supplementary information.

SCHEDULE OF THE ELECTRIC LIGHT DEPARTMENT'S CONTRIBUTIONS
ESSEX REGIONAL RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2022.....	\$ 237,095	\$ (237,095)	\$ -	\$ 930,396	25.48%
December 31, 2021.....	234,300	(234,300)	-	940,711	24.91%
December 31, 2020.....	220,955	(220,955)	-	887,389	24.90%
December 31, 2019.....	186,743	(186,743)	-	808,114	23.11%
December 31, 2018.....	191,412	(191,412)	-	741,382	25.82%
December 31, 2017.....	187,813	(187,813)	-	711,410	26.40%
December 31, 2016.....	172,636	(172,636)	-	748,824	23.05%
December 31, 2015.....	133,204	(133,204)	-	624,427	21.33%

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

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 35,919,048	\$ 2,954,692	57.75%
2022.....	31,713,823	2,544,902	62.03%
2021.....	40,537,309	5,006,938	50.67%
2020.....	36,272,723	4,398,697	53.95%
2019.....	34,031,869	3,448,637	54.84%
2018.....	33,428,724	3,489,053	54.25%
2017.....	33,374,232	3,404,390	52.73%
2016.....	30,049,273	2,437,263	55.38%
2015.....	23,474,527	1,630,888	61.64%

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

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

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

Town of Georgetown, exclusive of the Georgetown Municipal Electric Light Department

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

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

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

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

Georgetown Municipal Electric Light Department

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 1,290,113	\$ 1,338,305	\$ 962,600	\$ 1,646,775
Interest.....	1,247,847	1,446,799	1,543,488	1,460,774
Differences between expected and actual experience....	-	-	(1,988,444)	(101,053)
Changes of assumptions.....	-	74	(1,944,768)	7,511,277
Benefit payments.....	(779,704)	(908,153)	(950,754)	(1,101,730)
Net change in total OPEB liability.....	1,758,256	1,877,025	(2,377,878)	9,416,043
Total OPEB liability - beginning.....	28,328,932	30,087,188	31,964,213	29,586,335
Total OPEB liability - ending (a).....	\$ 30,087,188	\$ 31,964,213	\$ 29,586,335	\$ 39,002,378
Plan fiduciary net position				
Employer contributions.....	\$ -	\$ -	\$ -	\$ 175,000
Employer contributions for OPEB payments.....	779,704	908,153	950,754	1,101,730
Net investment income (loss).....	3,420	2,475	3,534	2,683
Benefit payments.....	(779,704)	(908,153)	(950,754)	(1,101,730)
Net change in plan fiduciary net position.....	3,420	2,475	3,534	177,683
Plan fiduciary net position - beginning of year.....	56,531	59,951	62,426	65,960
Plan fiduciary net position - end of year (b).....	\$ 59,951	\$ 62,426	\$ 65,960	\$ 243,643
Net OPEB liability - ending (a)-(b).....	\$ 30,027,237	\$ 31,901,787	\$ 29,520,375	\$ 38,758,735
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.20%	0.20%	0.22%	0.62%
Covered-employee payroll.....	\$ 18,611,959	\$ 19,745,428	\$ 19,724,990	\$ 20,316,740
Net OPEB liability as a percentage of covered-employee payroll.....	161.33%	161.57%	149.66%	190.77%

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

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

Amounts presented exclude the Electric Light Department.

See notes to required supplementary information.

	June 30, 2021	June 30, 2022	June 30, 2023
\$	1,712,313	\$ 2,186,569	\$ 1,296,048
	1,204,313	1,288,100	1,853,990
	1,735,871	-	(7,658,144)
	13,277,913	(14,603,027)	718,289
	<u>(1,150,365)</u>	<u>(1,448,290)</u>	<u>(1,567,578)</u>
	16,780,045	(12,576,648)	(5,357,395)
	<u>39,002,378</u>	<u>55,782,423</u>	<u>43,205,775</u>
\$	<u>55,782,423</u>	\$ <u>43,205,775</u>	\$ <u>37,848,380</u>
\$	50,000	\$ 75,000	\$ 87,000
	1,150,365	1,448,290	1,567,578
	59,047	(52,936)	193,322
	<u>(1,150,365)</u>	<u>(1,448,290)</u>	<u>(1,567,578)</u>
	109,047	22,064	280,322
	<u>243,643</u>	<u>352,690</u>	<u>374,754</u>
\$	<u>352,690</u>	\$ <u>374,754</u>	\$ <u>655,076</u>
\$	<u>55,429,733</u>	\$ <u>42,831,021</u>	\$ <u>37,193,304</u>
	0.63%	0.87%	1.73%
\$	17,406,139	\$ 17,928,383	\$ 19,045,876
	318.45%	238.90%	195.28%

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2023.....	\$ 2,787,224	\$ (1,642,578)	\$ 1,144,646	\$ 19,045,876	8.62%
June 30, 2022.....	3,875,722	(1,523,290)	2,352,432	17,928,383	8.50%
June 30, 2021.....	3,370,874	(1,200,365)	2,170,509	17,406,139	6.90%
June 30, 2020.....	3,566,622	(1,276,730)	2,289,892	20,316,740	6.28%
June 30, 2019.....	2,736,941	(1,169,907)	1,567,034	19,724,990	5.93%
June 30, 2018.....	3,103,709	(908,153)	2,195,556	19,745,428	4.60%
June 30, 2017.....	2,954,975	(983,045)	1,971,930	18,611,959	5.28%

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

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

Amounts presented exclude the Electric Light Department.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2023.....	6.31%
June 30, 2022.....	-14.73%
June 30, 2021.....	22.08%
June 30, 2020.....	1.54%
June 30, 2019.....	6.06%
June 30, 2018.....	5.54%
June 30, 2017.....	8.20%

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

Amounts presented exclude the Electric Light Department.

See notes to required supplementary information.

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

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Total OPEB Liability						
Service Cost.....	\$ 62,917	\$ 66,063	\$ 59,672	\$ 56,458	\$ 51,087	\$ 53,124
Interest.....	74,057	77,080	104,750	103,964	92,831	97,778
Changes of benefit terms.....	-	-	(80,568)	-	-	(369,064)
Differences between expected and actual experience...	-	277,471	-	(263,459)	-	353,824
Changes of assumptions.....	-	109,413	-	16,917	4,330	8,571
Benefit payments.....	(94,197)	(93,019)	(102,863)	(82,626)	(76,942)	(71,398)
Net change in total OPEB liability.....	42,777	437,008	(19,009)	(168,746)	71,306	72,835
Total OPEB liability - beginning.....	1,123,520	1,166,297	1,603,305	1,584,296	1,415,550	1,486,856
Total OPEB liability - ending (a).....	<u>\$ 1,166,297</u>	<u>\$ 1,603,305</u>	<u>\$ 1,584,296</u>	<u>\$ 1,415,550</u>	<u>\$ 1,486,856</u>	<u>\$ 1,559,691</u>
Plan fiduciary net position						
Employer contributions.....	\$ 232,293	\$ 231,115	\$ 240,959	\$ 256,042	\$ 12,000	\$ 12,067
Net investment income.....	133,387	(78,197)	249,095	306,385	236,019	(417,495)
Benefit payments.....	(94,197)	(93,019)	(102,863)	(82,626)	(76,942)	(71,398)
Net change in plan fiduciary net position.....	271,483	59,899	387,191	479,801	171,077	(476,826)
Plan fiduciary net position - beginning of year.....	1,011,209	1,282,692	1,342,591	1,729,782	2,209,583	2,380,660
Plan fiduciary net position - end of year (b).....	<u>\$ 1,282,692</u>	<u>\$ 1,342,591</u>	<u>\$ 1,729,782</u>	<u>\$ 2,209,583</u>	<u>\$ 2,380,660</u>	<u>\$ 1,903,834</u>
Net OPEB liability (asset) - ending (a)-(b).....	<u>\$ (116,395)</u>	<u>\$ 260,714</u>	<u>\$ (145,486)</u>	<u>\$ (794,033)</u>	<u>\$ (893,804)</u>	<u>\$ (344,143)</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	109.98%	83.74%	109.18%	156.09%	160.11%	122.06%
Covered-employee payroll.....	\$ 726,658	\$ 786,467	\$ 826,525	\$ 789,624	\$ 979,145	\$ 1,006,527
Net OPEB liability as a percentage of covered-employee payroll.....	-16.02%	33.15%	-17.60%	-100.56%	-91.28%	-34.19%

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

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

See notes to required supplementary information.

**SCHEDULE OF THE ELECTRIC LIGHT DEPARTMENT'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
December 31, 2022.....	\$ ***	\$ (12,067)	\$ (12,067)	\$ 1,006,527	1.20%
December 31, 2021.....	***	(12,000)	(12,000)	979,145	1.23%
December 31, 2020.....	***	(256,042)	(256,042)	789,624	32.43%
December 31, 2019.....	86,651	(240,959)	(154,308)	826,525	29.15%
December 31, 2018.....	***	(231,115)	(231,115)	786,467	29.39%
December 31, 2017.....	76,545	(232,293)	(155,748)	726,658	31.97%

*** An actuarially determined contribution was not required in these years because the OPEB trust was over funded in the prior valuation.

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

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

See notes to required supplementary information.

**SCHEDULE OF THE ELECTRIC LIGHT
DEPARTMENT'S INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2022.....	-17.73%
December 31, 2021.....	10.81%
December 31, 2020.....	16.71%
December 31, 2019.....	17.74%
December 31, 2018.....	-5.81%
December 31, 2017.....	12.43%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The Finance and Advisory Board present an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2023 budget includes \$34.5 million in appropriations and other amounts to be raised and \$57,000 in encumbrances and appropriations carried over from previous years. During 2023, Town Meeting approved supplemental appropriations totaling \$335,000. These included free cash appropriations for snow and ice, town hall windows, and the accrued liabilities stabilization fund.

The Town Accountant has the responsibility to ensure that budgetary control is maintained on an individual line-item appropriation account basis. Budgetary control is exercised through the Town's accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the General Fund for the year ended June 30, 2023, is as follows:

Net change in fund balance - budgetary basis.....	\$	(121,502)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		300,693
<u>Basis of accounting differences:</u>		
Net change in recording 60 day receipts.....		83,923
Recognition of revenue for on-behalf payments.....		2,954,692
Recognition of expenditures for on-behalf payments.....		<u>(2,954,692)</u>
Net change in fund balance - GAAP basis.....	\$	<u>263,114</u>

B. Appropriation Deficit

Expenditures exceeded appropriations for property and liability insurance. This will be funded with available funds during the subsequent fiscal year.

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

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of the Town's Contributions

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

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

D. Changes in Assumptions**Town**

None.

Electric Light Department

The discount rate has been changed from 7.30% to 7.00%.

E. Changes in Plan Provisions**Town**

None.

Electric Light Department

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“The Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit Plan

A. The Schedules of Changes in the Town’s and the Electric Light Department’s Net Other Postemployment Benefit Liability and Related Ratios

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

B. Schedules of the Town’s and the Electric Light Department’s Contributions

The Schedules of the Town’s and Electric Light Department’s Contributions includes the Town’s and Electric Light Department’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The Town and the Electric Light Department are not required to fully fund this contribution. It also demonstrates the contributions as a percentage of the covered-employee payroll. Actuarially determined contribution rates are calculated as of June 30 and December 31, two years prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine contribution rates are contained in the following tables for the Town as of June 30, 2023 and for the Electric Light Department as of December 31, 2022, as follows:

Town

Valuation date.....	July 1, 2022
Actuarial cost method.....	Individual entry age normal.
Asset valuation method.....	Market value of assets as of the measurement date, June 30, 2023.
Investment rate of return.....	5.38%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG).
Single equivalent discount rate.....	4.33%, net of OPEB plan investment expense, including inflation.

Inflation.....	2.50% as of June 30, 2023 and for future periods.
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 one 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 one 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 one year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.

Electric Light Department

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual entry age normal.
Inflation.....	2.40% annually.
Investment rate of return.....	6.50%, compounded annually, net of fees.
Municipal Bond Rate.....	3.72%
Single Equivalent Discount Rate.....	6.50%
Salary increases.....	3.50% annually.
Health cost trend rates.....	7.50% for 2022, decreasing 0.6% per year to 5.7%, then grading down to an ultimate trend rate of 3.9%.
Pre-Retirement Mortality.....	Based on RP-2014 Employees Mortality Table, projected with generational mortality improvement using scale MP-2021.
Healthy Retiree Mortality.....	Based on RP-2014 Healthy Annuitant Mortality Table, projected with generational mortality improvement using scale MP-2021.
Disabled Retiree Mortality.....	Based on RP-2014 Blue Collar Mortality Table, set forward 1 year with full generational mortality improvement using scale MP-2021.

C. Schedule of Investment Returns

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

D. Changes in Assumptions**Town**

The discount rate has been changed from 4.24% to 4.33%.

Electric Light Department

The GMELD changed their actuarial mortality tables for pre-retirement, healthy retiree, and disabled retiree mortality and updated their scale from MP-2019 to MP-2021 for the measurement date of December 31, 2022.

E. Changes in Plan Provisions**Town**

None.

Electric Light Department

None.