

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

**TOWN OF NORTH ATTLEBOROUGH,
MASSACHUSETTS**

Basic Financial Statements
and
Additional Information

Year Ended June 30, 2023



TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

Honorable Town Council
Town of North Attleborough, Massachusetts

Opinions

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

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

We did not audit the financial statements of North Attleborough Electric Department, which represents approximately 37%, 46% and 72%, respectively, of the total assets, net position and revenues of the Town's business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the North Attleborough Electric 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 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers these to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2024 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
February 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The Town's assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by over \$53.4 million (total net position) at June 30, 2023. The Town's total net position decreased by nearly \$15.0 million in fiscal year 2023.
- The Town continues to report a deficit in its unrestricted net position in its governmental activities. This deficit exceeded \$178.8 million at June 30, 2023. This deficit is due primarily to the recording of liabilities associated with the net OPEB and pension liabilities, which totaled nearly \$196.7 million at June 30, 2023 in the aggregate. These liabilities are applied to the Town's unrestricted net position and represent actuarial estimates of future postemployment benefits payable by the Town for retiree medical insurance and pensions.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$52.0 million, which was approximately \$3.8 million higher than the prior year. The Town reported a decrease in fund balance in its general fund of approximately \$3.2 million and increases of approximately \$5.5 million and \$1.5 million, respectively, in its capital projects fund and nonmajor governmental funds in fiscal year 2023.
- Of the ending fund balance in the governmental funds at June 30, 2023, approximately \$15.5 million is available for spending at the government's discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.
- At June 30, 2023, unassigned fund balance for the general fund represented approximately 15% percent of total fiscal year 2023 general fund expenditures.
- The Town's total combined long-term debt in its governmental activities and business-type activities increased approximately \$0.7 million in fiscal year 2023. The Town issued approximately \$7.2 million in general obligation bonds in fiscal year 2023. The Town's total long-term debt was approximately \$58.6 million at June 30, 2023.
- The Town reports nearly \$6.1 million in unearned revenues related to advanced receipts of federal awards under the Corona Virus State & Local Fiscal Recover Funds of the American Rescue Plan Act. Based on current guidance, these amounts must be formally obligated by December 31, 2024 and expended by December 31, 2026.

Overview of the Financial Statements

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

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, fringe benefits and debt service. The business-type activities of the Town include sewer, water, solid waste and electric light enterprise funds.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

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

Reconciliations are provided in the basic financial statements to help the reader understand the differences.

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

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

Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town utilizes the proprietary funds to report activities of its enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, solid waste and electric department activities.

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

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

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

Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Assets:						
Current and other assets	\$ 67,580,847	\$ 64,469,114	\$ 75,213,351	\$ 83,235,976	\$ 142,794,198	\$ 147,705,090
Capital assets, net	83,611,872	81,052,525	113,535,001	110,044,415	197,146,873	191,096,940
Total Assets	151,192,719	145,521,639	188,748,352	193,280,391	339,941,071	338,802,030
Deferred Outflows of Resources	32,424,429	35,215,399	6,323,120	3,641,813	38,747,549	38,857,212
Liabilities:						
Long-term liabilities	216,247,145	185,076,066	47,304,583	44,391,121	263,551,728	229,467,187
Other liabilities	15,829,376	16,397,323	10,624,089	8,362,116	26,453,465	24,759,439
Total Liabilities	232,076,521	201,473,389	57,928,672	52,753,237	290,005,193	254,226,626
Deferred Inflows of Resources	20,494,518	36,638,300	14,748,186	18,395,088	35,242,704	55,033,388
Net Position:						
Net investment in capital assets	70,360,987	68,153,980	79,467,096	75,798,652	149,828,083	143,952,632
Restricted	39,516,452	32,749,182	22,868,711	25,954,306	62,385,163	58,703,488
Unrestricted	(178,831,330)	(158,277,813)	20,058,807	24,020,921	(158,772,523)	(134,256,892)
Total Net Position	\$ (68,953,891)	\$ (57,374,651)	\$ 122,394,614	\$ 125,773,879	\$ 53,440,723	\$ 68,399,228

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's total net position decreased nearly \$15.0 million in fiscal year 2023. The net position in governmental activities decreased approximately \$11.6 million, while the net position in business-type activities decreased nearly \$3.4 million.

The largest portion the Town's overall net position (over \$149.8 million) reflects its investment in capital assets, less any related debt and liabilities used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, 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 significant portion of the Town's total net position (nearly \$62.4 million) represents resources that are subject to external restrictions on how they may be used.

The remaining category represents unrestricted net position, which currently has a deficit balance of approximately \$158.8 million. This deficit balance is primarily the result of the reporting of over \$206.0 million in net OPEB and pension liabilities in the Town's governmental and business-type activities. The Town expects that its deficit in unrestricted net position will continue to increase for the foreseeable future primarily due to OPEB.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 7,755,166	\$ 6,880,436	\$ 48,533,972	\$ 42,886,152	\$ 56,289,138	\$ 49,766,588
Operating grants and contributions	41,876,353	38,499,910	779,717	841,088	42,656,070	39,340,998
Capital grants and contributions	1,436,713	1,393,371	-	-	1,436,713	1,393,371
General revenues:						
Property taxes	67,261,752	64,585,884	-	-	67,261,752	64,585,884
Excise taxes	5,985,192	5,683,361	-	-	5,985,192	5,683,361
Intergovernmental	3,332,701	3,161,955	-	-	3,332,701	3,161,955
Interest income (loss), net and other	1,176,426	(64,943)	(2,860,599)	(475,589)	(1,684,173)	(540,532)
Total Revenues	128,824,303	120,139,974	46,453,090	43,251,651	175,277,393	163,391,625
Expenses:						
General government	8,452,207	7,681,758	-	-	8,452,207	7,681,758
Public safety	23,641,792	19,463,183	-	-	23,641,792	19,463,183
Education	96,390,024	85,724,012	-	-	96,390,024	85,724,012
Public works	6,461,507	4,151,504	-	-	6,461,507	4,151,504
Health and human services	1,906,748	1,874,050	-	-	1,906,748	1,874,050
Culture and recreation	2,683,581	2,686,970	-	-	2,683,581	2,686,970
Interest expense	629,319	633,378	-	-	629,319	633,378
Utility services	-	-	50,070,720	42,646,713	50,070,720	42,646,713
Total Expenses	140,165,178	122,214,855	50,070,720	42,646,713	190,235,898	164,861,568
Change in Net Position Before Transfers	(11,340,875)	(2,074,881)	(3,617,630)	604,938	(14,958,505)	(1,469,943)
Transfers	(238,365)	173,012	238,365	(173,012)	-	-
Change in Net Position	(11,579,240)	(1,901,869)	(3,379,265)	431,926	(14,958,505)	(1,469,943)
Net Position:						
Beginning of year	(57,374,651)	(55,472,782)	125,773,879	125,341,953	68,399,228	69,869,171
End of year	\$ (68,953,891)	\$ (57,374,651)	\$ 122,394,614	\$ 125,773,879	\$ 53,440,723	\$ 68,399,228

Governmental Activities – Total revenues in fiscal year 2023 in the Town’s governmental activities increased nearly \$8.7 million, or 7.2%, from the prior fiscal year. The largest contributors to this increase included:

- a nearly \$3.4 million increase in operating grants and contributions, for which ARPA grant revenues of over \$2.1 million represented the majority of this increase;
- a nearly \$2.7 million increase in property tax revenues, which was due primarily to the normal property tax increases available to the Town under Proposition 2 ½ together with significant new growth; and
- an over \$1.2 million increase in investment income,

The Town’s largest revenue source is property taxes, which represented approximately 52% and 54% of total fiscal year 2023 and 2022 revenues, respectively. Operating grants and contributions represented approximately 33% and 32% of total fiscal year 2023 and 2022 revenues, respectively. No other revenue sources were greater than 10% of total revenues in fiscal years 2023 or 2022.

Total expenses in fiscal year 2023 in the Town’s governmental activities increased nearly \$18.0 million. This increase was due primarily to an approximate \$7.0 million increase in non-cash pension expense, a \$1.3 million increase in personnel benefits, higher salaries and wages as well as budgeted increases in normal operating expenses.

Education represents the largest expense category for the Town. In total, education expenses represented approximately 69% and 70%, respectively, of total fiscal year 2023 and 2022 expenses. Public safety expenses represented approximately 17% and 16%, respectively, of total fiscal year 2023 and 2022 expenses. No other expense types were greater than 10% of total expenses in fiscal years 2023 or 2022.

Business-Type Activities – Total business-type activities revenues approached \$46.5 million in fiscal year 2023, which is over \$3.2 million greater than the prior year. Expenses in the business-type activities increased nearly \$7.4 million in fiscal year 2023, primarily as the result of higher noncash personnel-related expenses and higher general operating costs.

Government Funds Financial Analysis

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

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

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance surplus of over \$52.0 million, which was approximately \$3.8 million greater than the prior year. The Town reported a decrease in fund balance in its general fund of approximately \$3.2 million and increases of approximately \$5.5 million and \$1.5 million, respectively, in its capital projects fund and nonmajor governmental funds in fiscal year 2023. The decrease in the fund balance in the general fund was due primarily to the transfer of nearly \$8.5 million in free cash and capital stabilization funds to the Town’s capital projects fund. Of the ending fund balances, approximately \$15.5 million is available for spending at the government’s discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was over \$15.7 million, while total general fund balance approached \$18.8 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at year end represents approximately 15% of total fiscal year 2023 general fund expenditures, while total fund balance represents approximately 18% of that same amount.

The Town began reporting its ARPA grant fund as a major governmental fund in fiscal year 2023. Revenues and expenses were each approximately \$2.1 million in fiscal year 2023. All unspent ARPA grant proceeds have been deferred and reported as unearned revenues in the ARPA grant fund at June 30, 2023. Based on current guidance, the unspent ARPA grant funds must be formally obligated by December 31, 2024 and expended by December 31, 2026.

The Town issued approximately \$4.8 million in general obligation bonds in fiscal year 2023, which together with a nearly \$0.5 million premium, is reported as other financing sources in the Town’s capital projects fund. Additionally, as previously noted, the general fund transferred nearly \$8.5 million in free cash and capital stabilization funds to the capital projects fund. These other financing sources, which totaled nearly \$13.8 million in fiscal year 2023, exceeded capital outlays of approximately \$8.2 million. As a result, the fund balance in the capital projects fund increased over \$5.5 million in fiscal year 2023 to approximately \$19.3 million.

The nonmajor governmental funds reported an increase in fund balance of nearly \$1.5 million in fiscal year 2023, which was primarily a function of timing of expenditures versus receipts.

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

Fiduciary Fund – The Town’s fiduciary fund is comprised of its pension and two OPEB trust funds and private purpose trust funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were primarily due to the Town’s use of approximately \$2.0 million in free cash to fund capital articles.

A reconciliation of these differences is found in the required supplementary information.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets, which includes land, buildings, infrastructure, machinery and equipment, for its governmental and business-type activities as of June 30, 2023 totaled approximately \$197.1 million, net of accumulated depreciation. This is an increase of over \$6.0 million from the prior year as fiscal year 2023 capital additions exceeded depreciation expense.

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

Long-Term Debt – The Town’s total general obligation bond and notes payable debt increased nearly \$0.7 million in fiscal year 2023 to approximately \$58.6 million at June 30, 2023. The Town issued approximately \$7.2 million in general obligation bonds in fiscal year 2023.

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

In connection with the Town’s fiscal year 2023 general obligation bond issuance, Standard & Poor’s Financial Services affirmed the Town’s credit rating to AA+, which is its second highest credit rating for long-term debt.

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

Economic Factors and Next Year's Budgets

- Net state aid for fiscal year 2024 is expected to approach \$19.6 million.
- The Town enters fiscal year 2023 with the following financial reserves:
 - Certified free cash of over \$5.5 million;
 - General stabilization funds of approximately \$7.3 million; and
 - Capital stabilization funds of approximately \$0.9 million.
- Inflation is expected to continue affecting the Town in a number of ways including higher energy costs, increased capital acquisition costs and operating expenses.
- The Town's real estate tax base is made up predominantly of residential taxes, which in setting the 2024 tax rate was approximately 82% of the entire property tax levy. The Town also relies to a moderate degree on its commercial, industrial and personal property real estate tax base which comprise the remainder of the levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than 2 ½% of the previous year's tax levy. The Town typically taxes at or near its levy limit.
- Property values within the Town have been steadily increasing. Many neighborhoods' property values are at all-time highs.

The above items were considered when the Town Council approved its fiscal year 2024 budget in a June 2023 Town Council meeting. The Town set its fiscal year 2024 property tax rate on December 1, 2023.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, Town of North Attleborough, Massachusetts, 43 South Washington Street, North Attleborough, Massachusetts 02760.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 50,841,471	\$ 19,396,087	\$ 70,237,558
Investments	11,929,183	41,403,721	53,332,904
Receivables, net of allowances:			
Property taxes	2,110,078	-	2,110,078
Departmental, user charges and other	1,206,924	6,859,176	8,066,100
Intergovernmental	1,225,950	4,849,871	6,075,821
Leases	232,272	-	232,272
Prepaid items	-	553,734	553,734
Inventories	34,969	1,243,014	1,277,983
Net other postemployment benefits asset	-	907,748	907,748
Land	9,469,307	258,957	9,728,264
Construction in-progress	-	286,315	286,315
Depreciable capital assets, net	<u>74,142,565</u>	<u>112,989,729</u>	<u>187,132,294</u>
Total Assets	<u>151,192,719</u>	<u>188,748,352</u>	<u>339,941,071</u>
Deferred Outflows of Resources:			
Other postemployment benefits	15,897,840	2,171,204	18,069,044
Pensions	<u>16,526,589</u>	<u>4,151,916</u>	<u>20,678,505</u>
Total Deferred Outflows of Resources	<u>32,424,429</u>	<u>6,323,120</u>	<u>38,747,549</u>

(continued)

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Warrants and accounts payable	\$ 1,674,526	\$ 3,394,574	\$ 5,069,100
Accrued payroll and withholdings	3,873,305	-	3,873,305
Refunds payable	200,000	32,672	232,672
Accrued interest	171,131	129,465	300,596
Deposits and escrows	185,118	-	185,118
Unearned revenues	6,138,977	-	6,138,977
Other liabilities	384,136	-	384,136
Short-term note payable	-	3,472,735	3,472,735
Noncurrent liabilities:			
Due within one year	3,202,183	3,594,643	6,796,826
Due in more than one year	216,247,145	47,304,583	263,551,728
Total Liabilities	<u>232,076,521</u>	<u>57,928,672</u>	<u>290,005,193</u>
Deferred Inflows of Resources:			
Unavailable revenues - Town of Plainville	-	4,823,098	4,823,098
Unavailable revenues - rate stabilization reserve	-	6,992,532	6,992,532
Leased property	232,272	-	232,272
Other postemployment benefits	20,164,606	371,938	20,536,544
Pensions	97,640	2,560,618	2,658,258
Total Deferred Inflows of Resources	<u>20,494,518</u>	<u>14,748,186</u>	<u>35,242,704</u>
Net Position:			
Net investment in capital assets	70,360,987	79,467,096	149,828,083
Restricted for:			
Nonexpendable permanent funds	2,489,186	-	2,489,186
Expendable permanent funds	528,986	-	528,986
Capital projects	19,282,823	-	19,282,823
Depreciation fund	-	22,319,793	22,319,793
Insurance fund	-	548,918	548,918
Other purposes	17,215,457	-	17,215,457
Unrestricted	(178,831,330)	20,058,807	(158,772,523)
Total Net Position	<u>\$ (68,953,891)</u>	<u>\$ 122,394,614</u>	<u>\$ 53,440,723</u>

(concluded)

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 8,452,207	\$ 2,314,527	\$ 804,773	\$ -	\$ (5,332,907)		\$ (5,332,907)
Public safety	23,641,792	3,639,880	632,405	-	(19,369,507)		(19,369,507)
Education	96,390,024	1,291,508	39,438,105	-	(55,660,411)		(55,660,411)
Public works	6,461,507	47,175	21,019	1,436,713	(4,956,600)		(4,956,600)
Health and human services	1,906,748	109,878	810,788	-	(986,082)		(986,082)
Culture and recreation	2,683,581	352,198	156,760	-	(2,174,623)		(2,174,623)
Interest expense	629,319	-	12,503	-	(616,816)		(616,816)
Total Governmental Activities	140,165,178	7,755,166	41,876,353	1,436,713	(89,096,946)		(89,096,946)
Business-Type Activities:							
Sewer	6,228,397	5,465,546	764,189	-		1,338	1,338
Water	5,260,361	4,779,689	15,528	-		(465,144)	(465,144)
Solid Waste	3,515,472	3,122,430	-	-		(393,042)	(393,042)
Electric Light	35,066,490	35,166,307	-	-		99,817	99,817
Total Business-Type Activities	50,070,720	48,533,972	779,717	-		(757,031)	(757,031)
Total Primary Government	\$ 190,235,898	\$ 56,289,138	\$ 42,656,070	\$ 1,436,713		(757,031)	(89,853,977)
General Revenues:							
Property taxes					67,261,752	-	67,261,752
Motor vehicle and other excise taxes					5,985,192	-	5,985,192
Grants and contributions not restricted to to specific programs					3,332,701	-	3,332,701
Penalties and interest on taxes					368,696	-	368,696
Unrestricted investment income (loss), net					807,730	(2,860,599)	(2,052,869)
Transfers, net					(238,365)	238,365	-
Total General Revenues and Transfers					77,517,706	(2,622,234)	74,895,472
Change in Net Position					(11,579,240)	(3,379,265)	(14,958,505)
Net Position:							
Beginning of year					(57,374,651)	125,773,879	68,399,228
End of year					\$ (68,953,891)	\$ 122,394,614	\$ 53,440,723

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	General Fund	ARPA Grant Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Assets:					
Cash and cash equivalents	\$ 15,896,970	\$ 6,059,554	\$ 19,552,184	\$ 9,332,763	\$ 50,841,471
Investments	8,056,954	-	-	3,872,229	11,929,183
Receivables, net of allowances:					
Property taxes	2,110,078	-	-	-	2,110,078
Departmental, user charges and other	586,716	-	-	620,208	1,206,924
Intergovernmental	108,534	-	-	1,117,416	1,225,950
Leases	-	-	-	232,272	232,272
Inventories	34,969	-	-	-	34,969
Total Assets	<u>26,794,221</u>	<u>6,059,554</u>	<u>19,552,184</u>	<u>15,174,888</u>	<u>67,580,847</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 26,794,221</u>	<u>\$ 6,059,554</u>	<u>\$ 19,552,184</u>	<u>\$ 15,174,888</u>	<u>\$ 67,580,847</u>
Liabilities:					
Warrants and accounts payable	\$ 933,457	\$ -	\$ 269,361	\$ 471,708	\$ 1,674,526
Accrued payroll and withholdings	3,873,305	-	-	-	3,873,305
Refunds payable	200,000	-	-	-	200,000
Deposits and escrows	185,118	-	-	-	185,118
Unearned revenues	79,423	6,059,554	-	-	6,138,977
Other liabilities	384,136	-	-	-	384,136
Total Liabilities	<u>5,655,439</u>	<u>6,059,554</u>	<u>269,361</u>	<u>471,708</u>	<u>12,456,062</u>
Deferred Inflows of Resources:					
Leased properties	-	-	-	232,272	232,272
Unavailable revenues - property taxes	1,776,848	-	-	-	1,776,848
Unavailable revenues - other	586,716	-	-	526,627	1,113,343
Total Deferred Inflows of Resources	<u>2,363,564</u>	<u>-</u>	<u>-</u>	<u>758,899</u>	<u>3,122,463</u>
Fund Balances:					
Nonspendable	34,969	-	-	2,489,186	2,524,155
Restricted	-	-	19,282,823	11,715,717	30,998,540
Assigned	2,996,879	-	-	-	2,996,879
Unassigned	15,743,370	-	-	(260,622)	15,482,748
Total Fund Balances	<u>18,775,218</u>	<u>-</u>	<u>19,282,823</u>	<u>13,944,281</u>	<u>52,002,322</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,794,221</u>	<u>\$ 6,059,554</u>	<u>\$ 19,552,184</u>	<u>\$ 15,174,888</u>	<u>\$ 67,580,847</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

Total Governmental Fund Balances	\$ 52,002,322
Capital assets used in governmental activities in the statement of net position are not financial resources and, therefore, are not reported in the funds.	83,611,872
Certain receivables and revenues are deferred in the governmental funds as they are not current financial resources. These revenues are accrued under the economic resources basis of accounting.	2,890,191
Deferred outflows and inflows of resources to be recognized in future expense are not available resources and, therefore, are not reported in the funds:	
Deferred outflows of resources - other postemployment benefits	15,897,840
Deferred outflows of resources - pensions	16,526,589
Deferred inflows of resources - other postemployment benefits	(20,164,606)
Deferred inflows of resources - pensions	<u>(97,640)</u>
Net effect of reporting deferred outflows and inflows of resources	12,162,183
Interest is accrued on outstanding long-term debt in the statement of net position but not in the funds until due.	(171,131)
Long-term liabilities not currently due and payable are reported in the statement of net position and not in the funds:	
Net other postemployment benefits liability	(149,379,821)
Net pension liability	(47,271,266)
Compensated absences	(343,651)
Bonds and notes payable	<u>(22,454,590)</u>
Net effect of reporting long-term liabilities	<u>(219,449,328)</u>
Net Position — Governmental Activities	<u>\$ (68,953,891)</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	General Fund	ARPA Grant Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes, net of tax refunds	\$ 67,311,568	\$ -	\$ -	\$ -	\$ 67,311,568
Intergovernmental	33,141,694	2,144,303	-	10,975,337	46,261,334
Motor vehicle and other excise taxes	6,175,177	-	-	-	6,175,177
Licenses and permits	614,708	-	-	-	614,708
Penalties and interest on taxes	368,696	-	-	-	368,696
Fines and forfeitures	13,479	-	-	-	13,479
Departmental and other revenues	1,702,485	-	-	5,489,055	7,191,540
Contributions and donations	-	-	-	384,433	384,433
Investment income, net	719,926	-	-	87,804	807,730
Total Revenues	<u>110,047,733</u>	<u>2,144,303</u>	<u>-</u>	<u>16,936,629</u>	<u>129,128,665</u>
Expenditures:					
Current:					
General government	4,631,195	87,974	952,887	586,163	6,258,219
Public safety	13,222,642	-	2,243,995	1,931,093	17,397,730
Education	59,317,907	2,056,329	1,957,606	8,833,715	72,165,557
Public works	1,506,680	-	2,161,421	1,410,404	5,078,505
Health and human services	914,741	-	-	514,238	1,428,979
Culture and recreation	1,416,679	-	907,927	396,923	2,721,529
Pension and fringe benefits	15,616,146	-	-	-	15,616,146
State and county charges	5,691,485	-	-	-	5,691,485
Debt service:					
Principal	3,265,000	-	-	-	3,265,000
Interest	713,051	-	-	-	713,051
Total Expenditures	<u>106,295,526</u>	<u>2,144,303</u>	<u>8,223,836</u>	<u>13,672,536</u>	<u>130,336,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,752,207</u>	<u>-</u>	<u>(8,223,836)</u>	<u>3,264,093</u>	<u>(1,207,536)</u>
Other Financing Sources (Uses):					
Proceeds from general obligation bonds	-	-	4,825,000	-	4,825,000
Premium from issuance of general obligation bonds	-	-	467,281	-	467,281
Transfers in	1,729,402	-	8,465,000	-	10,194,402
Transfers out	(8,648,240)	-	-	(1,784,527)	(10,432,767)
Total Other Financing Sources (Uses)	<u>(6,918,838)</u>	<u>-</u>	<u>13,757,281</u>	<u>(1,784,527)</u>	<u>5,053,916</u>
Change in Fund Balances	(3,166,631)	-	5,533,445	1,479,566	3,846,380
Fund Balances:					
Beginning of the year	21,941,849	-	13,749,378	12,464,715	48,155,942
End of the year	<u>\$ 18,775,218</u>	<u>\$ -</u>	<u>\$ 19,282,823</u>	<u>\$ 13,944,281</u>	<u>\$ 52,002,322</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

Change in Fund Balances — Total Governmental Funds \$ 3,846,380

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

Capital asset additions	7,723,031	
Depreciation expense	<u>(5,163,684)</u>	
Net effect of reporting capital activity		2,559,347

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (304,362)

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

Issuance of long-term debt	(4,825,000)	
Premiums received on long-term borrowings	(467,281)	
Repayments of long-term debt	3,265,000	
Amortization of bond premiums	<u>104,971</u>	
Net effect of reporting long-term debt activity		(1,922,310)

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

Net other postemployment benefits liability	(9,209,176)	
Net pension liability	(6,479,932)	
Compensated absences	(47,948)	
Accrued interest	<u>(21,239)</u>	
Net effect of reporting long-term liabilities		<u>(15,758,295)</u>

Change in Net Position — Governmental Activities \$ (11,579,240)

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (a)	Total
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 4,342,488	\$ 2,907,849	\$ 2,902,630	\$ 9,243,120	\$ 19,396,087
Investments	34,394	-	-	41,369,327	41,403,721
Receivables, net of allowances:					
User charges and other	2,049,139	2,210,527	546,711	2,052,799	6,859,176
Intergovernmental	10,722	-	-	9,733	20,455
Due from the Town of Plainville	309,265	-	-	-	309,265
Prepaid items	-	-	-	553,734	553,734
Inventories	-	-	-	1,243,014	1,243,014
Total Current Assets	6,746,008	5,118,376	3,449,341	54,471,727	69,785,452
Noncurrent Assets:					
Intergovernmental receivables	6,318	-	-	-	6,318
Due from the Town of Plainville	4,513,833	-	-	-	4,513,833
Net other postemployment benefits asset	907,748	-	-	-	907,748
Land	4,188	151,654	3,492	99,623	258,957
Construction in-progress	-	-	-	286,315	286,315
Depreciable capital assets, net	55,415,509	41,194,886	586,410	15,792,924	112,989,729
Total Noncurrent Assets	60,847,596	41,346,540	589,902	16,178,862	118,962,900
Total Assets	67,593,604	46,464,916	4,039,243	70,650,589	188,748,352
Deferred Outflows of Resources:					
Other postemployment benefits	122,536	110,250	3,169	1,935,249	2,171,204
Pensions	851,007	588,930	220,161	2,491,818	4,151,916
Total Deferred Outflows of Resources	973,543	699,180	223,330	4,427,067	6,323,120

(continued)

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (a)	Total
Liabilities:					
Current Liabilities:					
Warrants and accounts payable	\$ 117,568	\$ 159,304	\$ 240,196	\$ 2,877,506	\$ 3,394,574
Customer deposits and refunds payable	-	-	-	32,672	32,672
Accrued interest	66,138	62,202	-	1,125	129,465
Compensated absences	2,621	4,098	1,654	334,168	342,541
Short-term note payable	-	3,472,735	-	-	3,472,735
Post-closure landfill monitoring	-	-	92,500	-	92,500
Current portion of long-term debt	2,103,884	995,718	-	60,000	3,159,602
Total Current Liabilities	<u>2,290,211</u>	<u>4,694,057</u>	<u>334,350</u>	<u>3,305,471</u>	<u>10,624,089</u>
Noncurrent liabilities:					
Compensated absences	4,867	7,611	3,071	97,400	112,949
Customer deposits	-	-	-	1,220,952	1,220,952
Customer advances for construction	-	-	-	129,649	129,649
Post-closure landfill monitoring	-	-	1,276,000	-	1,276,000
Net other postemployment benefits liability	-	1,035,933	29,782	1,288,006	2,353,721
Net pension liability	2,404,137	1,671,390	623,743	3,236,227	7,935,497
Long-term debt	26,164,488	8,111,327	-	-	34,275,815
Total Noncurrent Liabilities	<u>28,573,492</u>	<u>10,826,261</u>	<u>1,932,596</u>	<u>5,972,234</u>	<u>47,304,583</u>
Total Liabilities	<u>30,863,703</u>	<u>15,520,318</u>	<u>2,266,946</u>	<u>9,277,705</u>	<u>57,928,672</u>
Deferred Inflows of Resources:					
Unavailable revenues - Town of Plainville	4,823,098	-	-	-	4,823,098
Regulatory rate stabilization reserve	-	-	-	6,992,532	6,992,532
Other postemployment benefits	96,607	139,839	4,020	131,472	371,938
Pensions	7,399	59,176	3,458	2,490,585	2,560,618
Total Deferred Inflows of Resources	<u>4,927,104</u>	<u>199,015</u>	<u>7,478</u>	<u>9,614,589</u>	<u>14,748,186</u>
Net Position:					
Net investment in capital assets	29,100,589	33,678,085	569,560	16,118,862	79,467,096
Restricted for depreciation	-	-	-	22,319,793	22,319,793
Restricted for insurance	-	-	-	548,918	548,918
Unrestricted	3,675,751	(2,233,322)	1,418,589	17,197,789	20,058,807
Total Net Position	<u>\$ 32,776,340</u>	<u>\$ 31,444,763</u>	<u>\$ 1,988,149</u>	<u>\$ 56,185,362</u>	<u>\$ 122,394,614</u>

(concluded)

(a) As of December 31, 2022.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Business-Type Activities				Total
	Sewer	Water	Solid Waste	Electric Light (a)	
Operating Revenues:					
Charges for services	\$ 4,999,520	\$ 4,738,969	\$ 3,117,412	\$ 34,771,280	\$ 47,627,181
Other operating revenues	466,026	40,720	5,018	395,027	906,791
Total Operating Revenues	5,465,546	4,779,689	3,122,430	35,166,307	48,533,972
Operating Expenses:					
Payroll and personnel costs	1,295,121	1,312,874	319,565	4,701,792	7,629,352
Operating costs	2,271,400	2,622,822	3,161,053	28,803,366	36,858,641
Depreciation	2,079,859	1,039,527	31,979	1,661,155	4,812,520
Total Operating Expenses	5,646,380	4,975,223	3,512,597	35,166,313	49,300,513
Operating Loss	(180,834)	(195,534)	(390,167)	(6)	(766,541)
Nonoperating Revenues (Expenses):					
Other nonoperating revenues (expenses)	-	-	-	106,374	106,374
Intergovernmental revenues	764,189	15,528	-	-	779,717
Investment income (loss), net	16,700	8,690	33,403	(2,919,392)	(2,860,599)
Interest expenses	(582,017)	(285,138)	(2,875)	(6,551)	(876,581)
Total Nonoperating Revenues (Expenses)	198,872	(260,920)	30,528	(2,819,569)	(2,851,089)
Income (Loss) Before Transfers	18,038	(456,454)	(359,639)	(2,819,575)	(3,617,630)
Transfers:					
Transfers in	238,365	-	-	-	238,365
Total Transfers	238,365	-	-	-	238,365
Change in Net Position	256,403	(456,454)	(359,639)	(2,819,575)	(3,379,265)
Net Position:					
Beginning of the year	32,519,937	31,901,217	2,347,788	59,004,937	125,773,879
End of the year	<u>\$ 32,776,340</u>	<u>\$ 31,444,763</u>	<u>\$ 1,988,149</u>	<u>\$ 56,185,362</u>	<u>\$ 122,394,614</u>

(a) As of and for the year ended December 31, 2022.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (a)	Total
Cash Flows from Operating Activities:					
Receipts from user charges	\$ 4,664,557	\$ 4,405,044	\$ 3,043,948	\$ 31,905,114	\$ 44,018,663
Receipts from other operating revenues	466,026	40,720	5,018	501,401	1,013,165
Payments to employees	(1,319,333)	(1,386,030)	(384,629)	(4,392,455)	(7,482,447)
Payments to vendors	(2,358,581)	(2,731,107)	(3,220,737)	(29,173,124)	(37,483,549)
Net Cash Provided By (Used In) Operating Activities	<u>1,452,669</u>	<u>328,627</u>	<u>(556,400)</u>	<u>(1,159,064)</u>	<u>65,832</u>
Cash Flows from Noncapital Financial Activities:					
Intergovernmental receipts	781,803	15,528	-	-	797,331
Transfers in	238,365	-	-	-	238,365
Net Cash Provided By Noncapital Financing Activities	<u>1,020,168</u>	<u>15,528</u>	<u>-</u>	<u>-</u>	<u>1,035,696</u>
Cash Flows from Capital and Related Financing Activities:					
Customer advances for construction	-	-	-	25,751	25,751
Capital contributions	-	-	-	-	-
Proceeds from the issuance of long-term debt	920,000	1,415,000	-	-	2,335,000
Proceeds from the issuance of short-term debt	-	3,259,408	-	-	3,259,408
Premiums received on debt issuances	92,706	122,542	-	-	215,248
Acquisition and construction of capital assets	(1,974,756)	(4,612,222)	(285,561)	(1,430,567)	(8,303,106)
Principal repayments on long-term debt	(2,204,858)	(875,275)	(100,000)	(60,000)	(3,240,133)
Repayments on short-term debt	-	-	-	-	-
Interest payments	(581,765)	(276,118)	(4,600)	(7,676)	(870,159)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(3,748,673)</u>	<u>(966,665)</u>	<u>(390,161)</u>	<u>(1,472,492)</u>	<u>(6,577,991)</u>
Cash Flow from Investing Activities:					
Investment income	16,700	8,690	33,403	(11,478,117)	(11,419,324)
Investment of operating cash	27,938	-	-	1,410,119	1,438,057
Net Cash Provided By (Used in) Investing Activities	<u>44,638</u>	<u>8,690</u>	<u>33,403</u>	<u>(10,067,998)</u>	<u>(9,981,267)</u>
Change in Cash and Cash Equivalents	<u>(1,231,198)</u>	<u>(613,820)</u>	<u>(913,158)</u>	<u>(12,699,554)</u>	<u>(15,457,730)</u>
Cash and Cash Equivalents:					
Beginning of the year	5,573,686	3,521,669	3,815,788	21,942,674	34,853,817
End of the year	<u>\$ 4,342,488</u>	<u>\$ 2,907,849</u>	<u>\$ 2,902,630</u>	<u>\$ 9,243,120</u>	<u>\$ 19,396,087</u>

(continued)

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (a)	Total
Reconciliation of Operating Loss to Net Cash Provided By (Used In) Operating Activities:					
Operating Loss	\$ (180,834)	\$ (195,534)	\$ (390,167)	\$ (6)	\$ (766,541)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used In) Operating Activities:					
Depreciation expense	2,079,859	1,039,527	31,979	1,661,155	4,812,520
Changes in assets, deferred outflows (inflows) of resources and liabilities:					
Receivables and other current assets	(334,963)	(333,925)	(73,464)	(977,646)	(1,719,998)
Warrants payable and other current liabilities	(127,892)	(156,586)	21,675	(541,493)	(804,296)
Accrued and deferred benefits payable	16,499	(24,855)	(146,423)	(1,301,074)	(1,455,853)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,452,669</u>	<u>\$ 328,627</u>	<u>\$ (556,400)</u>	<u>\$ (1,159,064)</u>	<u>\$ 65,832</u> <i>(concluded)</i>

(a) As of and for the year ended December 31, 2022.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	<u>Pension and Other Employee Benefit Trust Funds (a)</u>	<u>Private Purpose Trust Funds</u>
Assets:		
Cash and cash equivalents	\$ 3,186,208	\$ 392,261
Investments at fair value:		
Fixed income securities	2,298,556	203,802
Equity securities	30,752,714	-
Mutual funds	94,547,869	-
Other investments	22,772,850	-
Receivables	<u>4,356</u>	<u>-</u>
Total Assets	<u>153,562,553</u>	<u>596,063</u>
Liabilities:		
Warrants and accounts payable	<u>913,959</u>	<u>-</u>
Total Liabilities	<u>913,959</u>	<u>-</u>
Net Position:		
Restricted for pensions	139,696,616	-
Restricted for other postemployment benefits	12,951,978	-
Held in trust for private purposes	<u>-</u>	<u>596,063</u>
Total Net Position	<u>\$ 152,648,594</u>	<u>\$ 596,063</u>

(a) Refer to Note III to the financial statements.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	<u>Pension and Other Employee Benefit Trust Funds (a)</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Employer contributions	\$ 11,569,078	\$ -
Employee contributions	3,119,669	-
Other contributions	<u>556,949</u>	<u>5,921</u>
Total contributions	<u>15,245,696</u>	<u>5,921</u>
Investment income:		
Interest and dividends	2,573,096	36,335
Net change in fair value of investments	(28,064,206)	-
Less investment management fees	<u>(1,011,716)</u>	<u>-</u>
Total net investment income (loss)	<u>(26,502,826)</u>	<u>36,335</u>
Other income	<u>6,812</u>	<u>-</u>
Total Additions	<u>(11,250,318)</u>	<u>42,256</u>
Deductions:		
Benefits and refunds to Plan members:		
Benefits to retirees and survivors	16,342,534	-
Member refunds	208,813	-
Transfers and reimbursements to other systems	833,144	-
Administrative expenses:		
Operations payroll and related personnel costs	132,320	-
Other administrative expenses	108,107	-
Public assistance	<u>-</u>	<u>44,533</u>
Total Deductions	<u>17,624,918</u>	<u>44,533</u>
Change in Net Position	(28,875,236)	(2,277)
Net Position:		
Beginning of the year	<u>181,523,830</u>	<u>598,340</u>
End of the year	<u>\$ 152,648,594</u>	<u>\$ 596,063</u>

(a) Refer to Note III to the financial statements.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is located in Bristol County and is centrally located between the cities of Boston and Worcester, Massachusetts and Providence, Rhode Island. The Town borders the State of Rhode Island. The Town was incorporated in 1887.

The Town is governed by a nine-member elected Town Council, each serving two-year terms, with an appointed Town Manager who oversees the Town’s day-to-day operations. The Town provides governmental services for the territory within its boundaries, including education, public safety, public works, health and human services, culture and recreation and general governmental services. Additionally, the Town owns and operates sewer, water, solid waste and electricity operations; each of which are funded through user charges and treated as business enterprises in these basic financial statements.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. The North Attleborough Contributory Retirement System (the “Retirement System”) is a component unit of the Town. The Retirement System was established to provide benefits to Town employees and employees of the North Attleborough Housing Authority. While legally separate, the Retirement System provides services almost entirely to the Town and is presented as if it were part of the primary government through a method of inclusion known as blending. The Retirement System, which has a December 31, 2022 year end, is reported as a pension trust in the fiduciary fund financial statements.

The North Attleborough Electric Department, (the “Electric Department” or “Electric Light”), which provides electrical services to the Town’s inhabitants, is required to be included as a component unit of the Town. Electric Department accounts for its operations on a calendar year basis. The net position and results of Electric Department’s operations as of and for the year ended December 31, 2022 have been included in the Town’s proprietary funds financial statements. The Electric Department issued stand-alone audited financial statements from another auditor, which can be obtained from the Electric Department. The Electric Department is located at 275 Landry Avenue, North Attleborough, Massachusetts 02760.

In addition, the Town is a member community of the Tri-County Regional Vocational Technical School. This joint venture assesses each of the eleven member communities its share of the operational and debt service costs based on student population and other factors. In fiscal year 2023, the Town's assessment was approximately \$3.6 million. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the school's administrative office located at 147 Pond Street, Franklin, Massachusetts 02038.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The Electric Department's rates are proposed by the Electric Department and approved by the Board of Electric Commissioners. The rates may be changed once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities ("DPU"). While the DPU exercises general supervisory authority over the Electric Department, rates are not subject to DPU approval. Rates must be set such that net earnings from operations do not exceed 8% of the cost of the utility plant. Rates include a purchased power cost adjustment, which allows an adjustment of rates charged to customers in order to recover all changes in capacity and fuel costs from stipulated base cost.

The government reports the following major governmental funds:

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

ARPA Fund – was established as a major governmental fund in fiscal year 2023 and is used to account for the Town's expenditure of the American Rescue Plan Act of 2021.

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

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

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

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

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

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

The Town reports its sewer, water, solid waste (a nonmajor fund) and electric light enterprise funds as major proprietary funds.

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

Pension and Other Employee Benefits Trust Funds – is used to account for the activities of the Retirement System, which accumulates resources for pension benefits to retired Town and Electric Department employees, and to accumulate funds for future payments of other postemployment benefits, or OPEB, for retirees such as health and life insurance.

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

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

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

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

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

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

The remaining investments not categorized under the fair value hierarchy as shown as being valued at either amortized cost or at net asset value (“NAV”). These are investments in nongovernmental entities for which readily determinable fair value is not available, such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent semiannually with quarterly due dates of August 1, November 1, February 1, and May 1. Interest accrues on delinquent taxes up to the maximum statutory rate per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

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

The Town has entered into loan agreements with the Massachusetts Clean Water Trust (“MCWT”). The Town expects to be subsidized by MCWT in future years on a periodic basis for principal and interest costs relative to governmental and business-type activities until maturity of these agreements. The Town is legally obligated for the total amount of the debt and these amounts have been recorded in the sewer enterprise fund. In addition, a receivable has also been reflected for the principal amount of the subsidies.

Inventories and Prepaid Items – In general, inventories are considered to be expenditures at the time of purchase. With respect to the Electric Department, materials and supplies are inventories of parts and accessories purchased for use in Electric Department’s operations. Materials and supplies inventory are stated at the lower of cost or market with cost being determined on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both government-wide and fund financial statements.

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

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

Capital assets (excluding land and construction in-progress) are depreciated by the Town and the Electric Department on a straight-line-basis. The estimated useful lives of capital assets being depreciated are as follows:

Land improvements	20 years
Buildings and improvements	20 – 40 years
Vehicles, machinery and equipment	5 – 10 years
Infrastructure	30 – 75 years

Additionally, the statutory provision for depreciation of Electric Department utility plant is computed on the straight-line basis are rates between 3% and 5% of the cost of plant in service at the beginning of the year, exclusive of land and land rights. The Electric Department depreciates its capital assets using a 3.5% rate, which approximates GAAP based on the average age of the utility plant assets and was approved by the DPU.

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

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

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

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as transfers, net.

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

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

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

Long-Term Debt – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Risk Financing – The Town insures for workers’ compensation, health, unemployment benefits, casualty, theft and other losses. Uninsured losses are recorded as expenditures when incurred.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources in its government-wide financial statements relative to future expected receipts under long-term leases, which it expects to recognize over the term of the lease agreements, net OPEB and pension liabilities, which it expects to amortize against expense over the next five years, as well as certain Electric Department, sewer and water transactions. The Town reports unavailable revenues as deferred inflows of resources in its governmental funds financial statements, which it will recognize as revenues when these items become available.

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

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

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

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

Capital projects represent funds restricted for use in capital outlays.

Depreciation fund represents funds restricted for capital purposes or to offset future power costs to stabilize rates of the Electric Department.

Insurance fund represent funds restricted for future insurance expenses of the Electric Department.

Other purposes represent assets that are restricted by donors or the Town for specific governmental programs and uses, revolving funds and federal and state grants.

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

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

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

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

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

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

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

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

E. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements and Massachusetts Municipal Depository Trust (the "MMDT"), which is administered by the Treasurer of the Commonwealth. In addition, the statutes impose various limitations on the amount and length of investments and deposits.

Primary Government

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's investment policy states that no more than 25% of the Town's deposits may be comprised of unsecured bank deposits. At June 30, 2023, the Town maintained approximately \$16.2 million in uninsured deposits. Depository insurance is provided by the Federal Depository Insurance Corporation ("FDIC"); some institutions carry additional depository insurance provided by the Depositors Insurance Fund.

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

Fair Value Measurements: Investments – The following table presents the Town’s investments carried at fair value on a recurring basis in at June 30, 2023 (inclusive of investments held by the Electric Department, which are as of December 31, 2022):

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. Treasury notes	\$ 17,339,473	\$ 17,339,473	\$ -	\$ -
U.S. Governmental agency obligations	4,957,462	4,957,462	-	-
Corporate bonds	31,490,264	-	31,490,264	-
Total debt securities	53,787,199	22,296,935	31,490,264	-
Equity securities:				
Mutual funds	1,843,463	1,126,584	716,879	-
	9,900,591	9,900,591	-	-
Total investments measured at fair value	65,531,253	\$ 33,324,110	\$ 32,207,143	\$ -
Investments measured at amortized cost:				
MMDT	929,943			
Total investments	\$ 66,461,196			

Short-term investments in the MMDT are measured at amortized cost, which approximates fair value.

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the more sensitive it is to changes in market interest rates. The Town’s investment policy requires that it manage the duration of its investments to mitigate interest rate risk.

The following table presents the Town’s investments and maturities at June 30, 2023 (inclusive of investments held by the Electric Department, which are as of December 31, 2022):

Investment Type	Fair Value	Time Until Maturity (in years)		
		Less than 1	1 to 5	6 to 10
U.S. government and agency obligations	\$ 22,296,935	\$ 19,645,011	\$ 2,651,297	\$ 627
Corporate fixed income securities	31,490,264	3,942,319	24,867,671	2,680,274
Total investments with maturities	53,787,199	\$ 23,587,330	\$ 27,518,968	\$ 2,680,901
Other Investments:				
Equity securities	1,843,463			
Mutual funds	9,900,591			
MMDT	929,943			
Total Town investments	\$ 66,461,196			

Concentration of Credit Risk: Investments – The Town’s investment policy limits its ability to have concentrations in certain investments and permits it to have unlimited investments in others including the MMDT, U.S. Treasury and agency obligation investments. The Town’s investment policy seeks to minimize this risk by diversifying its investment portfolio so that the impact of potential losses from one type of security or issuer will be minimalized. At June 30, 2023, approximately 34% of the Town’s investments were in the form of U.S. Treasury notes or other U.S. governmental agency obligations. No other individual investment represented more than 5% of the Town’s total investments.

Credit Risk: Investments – All the Town’s investments in debt securities are classified as investment grade by Moody’s Investors Service.

Retirement System (December 31, 2022)

Custodial Credit Risk: Deposits – All of the Retirement System’s bank deposits were fully insured by the FDIC.

Custodial Credit Risk: Investments – All of the Retirement System’s investments are registered in its name and cannot be pledged or assigned. The Retirement System is not exposed to custodial credit risk on its investments.

Fair Value Measurements: Investments – The following table presents the Retirement System’s investments carried at fair value on a recurring basis in at December 31, 2022:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Equity Securities	\$ 29,998,084	\$ 29,998,084	\$ -	\$ -
Mutual Funds:				
Domestic equity mutual funds	42,952,375	14,851,722	28,100,653	-
International equity mutual funds	6,921,136	6,921,136	-	-
Fixed income mutual funds	24,054,578	9,563,750	14,490,828	-
Total investments measured at fair value	103,926,173	\$ 61,334,692	\$ 42,591,481	\$ -
Investments measured at NAV:				
Mutual funds	10,748,476			
Private equity funds	22,772,850			
Total investments	\$ 137,447,499			
Investments Measured at NAV		Unfunded		
by Asset Class	Fair Value	Commitments		
Mutual funds	\$ 10,748,476	\$ -		
Private equity funds	22,772,850	-		
	\$ 33,521,326	\$ -		

Investments measured at NAV include comingled/pooled funds in private equity or venture funds, real estate and mutual funds investing in international equities. The Retirement System is a general partner in private equity, venture capital fund or similar investment vehicles. The value of these investments are recorded at values determined in good faith by the general partners of the private equity and venture capital firms after consideration of pertinent information, including current financial position and operative results, price-earnings multiples and available market prices of similar companies' securities, the nature of the securities, marketability, restrictions on disposition and other appropriation and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot reasonably be determined until individual securities are liquidated. In addition, fair values of real estate funds are generally based on independent, third-party appraisals. By their very nature, these investments are illiquid and typically cannot be resold or redeemed. Distributions from each fund will be received as the underlying investments are liquidated. It is expected that the underlying assets for the funds will be liquidated over an average of ten years.

Because of the inherent uncertainty of valuations used in many of the Retirement System's investments measured at NAV, estimated values may differ significantly from the values that would have been used had a ready market for positions in privately held companies or the real estate existed at December 31, 2022. These differences could have a material adverse effect on the Retirement System's financial statements.

Interest Rate Risk: Investments – The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: Investments – The Retirement System follows the investment guidance set forth under Massachusetts General Law (“MGL”) and Massachusetts Public Employee Retirement Administration Commission, or PERAC. The following individual investments held by the Retirement System each exceeded 5% of total investments at December 31, 2022:

Rhumblin Core Bond Fund	11.3%
Rhumblin S&P 500 Fund	10.8%
Aristole Value Equity Fund	10.8%
Loomis, Sayles & Company Large Cap Growth Fund	9.6%
Brandes Core Fixed Income Fund	6.2%
BlackRock Granite Real Estate Fund	6.1%
Intercontinental U.S. Real Estate Investment Fund	5.8%
Vontobel Internal Equity Fund	5.1%
Lazard International Strategic Equity Portfolio	5.0%

No other individual investment represented more than 5% of the Retirement System's total investments.

Credit Risk: Investments – The Retirement System does not maintain any individual fixed income security whose credit worthiness was rated by a recognized credit rating agency.

B. Receivables

Receivables as of June 30, 2023 for the Town’s individual and nonmajor governmental funds in the aggregate, including applicable allowances for uncollectible accounts, were as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Real estate taxes	\$ 1,129,088	\$ -	\$ 1,129,088
Personal property taxes	109,444	(18,000)	91,444
Tax liens	889,546	-	889,546
Motor vehicle and other excise taxes	1,030,716	(444,000)	586,716
Departmental and other	1,993,208	(1,373,000)	620,208
Intergovernmental	1,225,950	-	1,225,950
Leases	<u>232,272</u>	<u>-</u>	<u>232,272</u>
	<u>\$ 6,610,224</u>	<u>\$ (1,835,000)</u>	<u>\$ 4,775,224</u>

Receivables as of June 30, 2023 for the Town’s proprietary funds (the Electric Department’s balances are as of December 31, 2022) were as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Sewer user charges	\$ 2,049,139	\$ -	\$ 2,049,139
Water user charges	2,210,527	-	2,210,527
Solid waste user charges	546,711	-	546,711
Electric Light user charges	2,343,799	(291,000)	2,052,799
Due from Plainville	4,823,098	-	4,823,098
Due from MCWT	17,040	-	17,040
Other intergovernmental	<u>9,733</u>	<u>-</u>	<u>9,733</u>
	<u>\$ 12,000,047</u>	<u>\$ (291,000)</u>	<u>\$ 11,709,047</u>

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real estate and personal property taxes	\$ 887,302	\$ -	\$ 887,302
Tax liens	889,546	-	889,546
Motor vehicle and other excise taxes	586,716	-	586,716
Departmental and other	<u>-</u>	<u>526,627</u>	<u>526,627</u>
	<u>\$ 2,363,564</u>	<u>\$ 526,627</u>	<u>\$ 2,890,191</u>

The sewer enterprise reports unavailable revenues in the amount of \$4,823,098 in its statement of net position relative to an intermunicipal agreement with the Town of Plainville at June 30, 2023. Under the terms of this agreement, the Town of Plainville pays the Town for its proportionate share of certain debt in the name of the Town for shared debt associated with certain infrastructure upgrades. The sewer enterprise is recognizing these deferrals over the same period as the debt instruments, which run through fiscal year 2045.

Leases Receivable – The Town leases property to a number of lessors with lease terms as long as four years. A single existing long-term lease runs through fiscal year 2025. The net present value of future receipts from leased property totaled \$232,272 at June 30, 2023 using a discount rate of 2.21% and is reported as leases receivable in the Town’s nonmajor governmental funds. The Town reported lease revenues of \$112,383 and interest income on these leases of \$11,617 in fiscal year 2023. In addition, the Town received \$10,000 in variable consideration related to this lease that is not included in the measurement of the lease receivable.

The Town expects to receive \$120,000 in fiscal years 2024 and 2025 under the terms of the current lease arrangement; interest income of \$5,133 and \$2,595 will be recognized in fiscal years 2024 and 2025, respectively.

C. Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Enterprise Funds</u>	<u>Total</u>
General fund	\$ -	\$ 8,465,000	\$ 183,240	\$ 8,648,240 (1)
Nonmajor governmental funds	<u>1,729,402</u>	<u>-</u>	<u>55,125</u>	<u>1,784,527</u> (2)
	<u>\$ 1,729,402</u>	<u>\$ 8,465,000</u>	<u>\$ 238,365</u>	<u>\$10,432,767</u>

- (1) General fund transferred \$7,340,000 to capital projects from free cash and \$1,125,000 from capital stabilization to fund capital articles; \$183,240 in debt service was paid on behalf of the sewer enterprise fund (final year).
- (2) Primarily transfers from special revenues to the general fund to supplement the Town's operating budget.

D. Capital Assets

Capital asset activity for the year ended June 30, 2023 (the Electric Department's activity is for the year ended December 31, 2022) was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 9,446,948	\$ 22,359	\$ -	\$ 9,469,307
Capital assets being depreciated:				
Buildings and improvements	78,857,310	2,284,205	-	81,141,515
Infrastructure	76,471,511	347,530	-	76,819,041
Machinery and equipment	22,834,524	4,143,701	(74,094)	26,904,131
Vehicles	<u>3,582,217</u>	<u>925,236</u>	<u>-</u>	<u>4,507,453</u>
Total capital assets being depreciated	<u>181,745,562</u>	<u>7,700,672</u>	<u>(74,094)</u>	<u>189,372,140</u>
Less accumulated depreciation for:				
Buildings and improvements	(45,675,238)	(1,744,071)	-	(47,419,309)
Infrastructure	(45,585,805)	(1,557,825)	-	(47,143,630)
Machinery and equipment	(15,988,016)	(1,513,492)	74,094	(17,427,414)
Vehicles	<u>(2,890,926)</u>	<u>(348,296)</u>	<u>-</u>	<u>(3,239,222)</u>
Total accumulated depreciation	<u>(110,139,985)</u>	<u>(5,163,684)</u>	<u>74,094</u>	<u>(115,229,575)</u>
Total capital assets being depreciated, net	<u>71,605,577</u>	<u>2,536,988</u>	<u>-</u>	<u>74,142,565</u>
Total governmental activities capital assets, net	<u>\$ 81,052,525</u>	<u>\$ 2,559,347</u>	<u>\$ -</u>	<u>\$ 83,611,872</u>
<i><u>Business-Type Activities: Combined</u></i>				
Capital assets not being depreciated:				
Land	\$ 258,957	\$ -	\$ -	\$ 258,957
Construction in-progress	<u>173,284</u>	<u>113,031</u>	<u>-</u>	<u>286,315</u>
Total capital assets not being depreciated	<u>432,241</u>	<u>113,031</u>	<u>-</u>	<u>545,272</u>
Capital assets being depreciated:				
Electric plant	55,371,881	1,317,536	(130,736)	56,558,681
Buildings and improvements	3,891,801	234,749	-	4,126,550
Infrastructure	158,355,133	6,379,757	-	164,734,890
Machinery and equipment	5,135,920	152,512	(7,815)	5,280,617
Vehicles	<u>1,055,352</u>	<u>105,521</u>	<u>-</u>	<u>1,160,873</u>
Total capital assets being depreciated	<u>223,810,087</u>	<u>8,190,075</u>	<u>(138,551)</u>	<u>231,861,611</u>
Less accumulated depreciation for:				
Electric plant	(39,235,338)	(1,661,155)	130,736	(40,765,757)
Buildings and improvements	(1,573,489)	(112,144)	-	(1,685,633)
Infrastructure	(68,334,587)	(2,786,236)	-	(71,120,823)
Machinery and equipment	(4,102,799)	(191,426)	7,815	(4,286,410)
Vehicles	<u>(951,700)</u>	<u>(61,559)</u>	<u>-</u>	<u>(1,013,259)</u>
Total accumulated depreciation	<u>(114,197,913)</u>	<u>(4,812,520)</u>	<u>138,551</u>	<u>(118,871,882)</u>
Total capital assets being depreciated, net	<u>109,612,174</u>	<u>3,377,555</u>	<u>-</u>	<u>112,989,729</u>
Total business-type activities capital assets, net	<u>\$ 110,044,415</u>	<u>\$ 3,490,586</u>	<u>\$ -</u>	<u>\$ 113,535,001</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities: Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 4,188	\$ -	\$ -	\$ 4,188
Capital assets being depreciated:				
Buildings and improvements	2,061,335	64,829	-	2,126,164
Infrastructure	100,837,137	1,886,617	-	102,723,754
Machinery and equipment	1,167,930	23,310	-	1,191,240
Vehicles	333,145	-	-	333,145
Total capital assets being depreciated	<u>104,399,547</u>	<u>1,974,756</u>	<u>-</u>	<u>106,374,303</u>
Less accumulated depreciation for:				
Buildings and improvements	(894,455)	(64,083)	-	(958,538)
Infrastructure	(46,708,516)	(1,957,998)	-	(48,666,514)
Machinery and equipment	(942,819)	(57,778)	-	(1,000,597)
Vehicles	(333,145)	-	-	(333,145)
Total accumulated depreciation	<u>(48,878,935)</u>	<u>(2,079,859)</u>	<u>-</u>	<u>(50,958,794)</u>
Total capital assets being depreciated, net	<u>55,520,612</u>	<u>(105,103)</u>	<u>-</u>	<u>55,415,509</u>
Total sewer capital assets, net	<u>\$ 55,524,800</u>	<u>\$ (105,103)</u>	<u>\$ -</u>	<u>\$ 55,419,697</u>
<i>Business-Type Activities: Water</i>				
Capital assets not being depreciated:				
Land	\$ 151,654	\$ -	\$ -	\$ 151,654
Capital assets being depreciated:				
Buildings and improvements	1,573,570	-	-	1,573,570
Infrastructure	57,517,996	4,493,140	-	62,011,136
Machinery and equipment	3,771,797	58,560	(7,815)	3,822,542
Vehicles	698,936	60,522	-	759,458
Total capital assets being depreciated	<u>63,562,299</u>	<u>4,612,222</u>	<u>(7,815)</u>	<u>68,166,706</u>
Less accumulated depreciation for:				
Buildings and improvements	(621,923)	(41,203)	-	(663,126)
Infrastructure	(21,626,071)	(828,238)	-	(22,454,309)
Machinery and equipment	(3,096,830)	(116,777)	7,815	(3,205,792)
Vehicles	(595,284)	(53,309)	-	(648,593)
Total accumulated depreciation	<u>(25,940,108)</u>	<u>(1,039,527)</u>	<u>7,815</u>	<u>(26,971,820)</u>
Total capital assets being depreciated, net	<u>37,622,191</u>	<u>3,572,695</u>	<u>-</u>	<u>41,194,886</u>
Total water capital assets, net	<u>\$ 37,773,845</u>	<u>\$ 3,572,695</u>	<u>\$ -</u>	<u>\$ 41,346,540</u>

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities: Solid Waste</i>				
Capital assets not being depreciated:				
Land	\$ 3,492	\$ -	\$ -	\$ 3,492
Capital assets being depreciated:				
Buildings and improvements	256,896	169,920	-	426,816
Machinery and equipment	196,193	70,642	-	266,835
Vehicles	23,271	44,999	-	68,270
Total capital assets being depreciated	476,360	285,561	-	761,921
Less accumulated depreciation for:				
Buildings and improvements	(57,111)	(6,858)	-	(63,969)
Machinery and equipment	(63,150)	(16,871)	-	(80,021)
Vehicles	(23,271)	(8,250)	-	(31,521)
Total accumulated depreciation	(143,532)	(31,979)	-	(175,511)
Total capital assets being depreciated, net	332,828	253,582	-	586,410
Total solid waste capital assets, net	\$ 336,320	\$ 253,582	\$ -	\$ 589,902
<i>Business-Type Activities: Electric Light</i>				
Capital assets not being depreciated:				
Land	\$ 99,623	\$ -	\$ -	\$ 99,623
Construction in-progress	173,284	113,031	-	286,315
Total capital assets not being depreciated	272,907	113,031	-	385,938
Capital assets being depreciated:				
Distribution plant	40,669,453	321,661	(90,364)	40,900,750
General plant	14,702,428	995,875	(40,372)	15,657,931
Total capital assets being depreciated	55,371,881	1,317,536	(130,736)	56,558,681
Less accumulated depreciation for:				
Distribution plant	(29,503,795)	(1,243,094)	90,364	(30,656,525)
General plant	(9,731,543)	(418,061)	40,372	(10,109,232)
Total accumulated depreciation	(39,235,338)	(1,661,155)	130,736	(40,765,757)
Total capital assets being depreciated, net	16,136,543	(343,619)	-	15,792,924
Total Electric Light capital assets, net	\$ 16,409,450	\$ (230,588)	\$ -	\$ 16,178,862

(concluded)

Depreciation expense was charged to governmental activities' functions/programs as follows:

General government	\$ 232,976
Public safety	841,739
Education	2,022,765
Public works	1,916,137
Culture and recreation	150,067
	<u>\$ 5,163,684</u>

E. Purchased Power Working Capital

The Electric Department maintains a purchased power working capital account with Energy New England, its power supply agent. The implementation of the Working Capital Program began August 1, 1985 and was originally administered by the Massachusetts Municipal Wholesale Electric Company (“MMWEC”). Under the terms of the Working Capital Program, the Electric Department approved certain working capital amendments to various power purchase agreements, which require the power supply agent to hold a set amount of capital from which it may pay the Electric Department’s power obligations when they are due. The fund is replenished as needed from our monthly invoice payments. The income earned and allocated to the Electric Department remains in the account. The balance in this fund was \$2,656,970 at December 31, 2022.

The Electric Department also has deposits with the MMWEC in the amount of \$81,655 at December 31, 2022.

F. Temporary Debt

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

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

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

Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively. The following summarizes the Town’s temporary borrowings for the fiscal year ended June 30, 2023:

<u>Type</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
MCWT interim note	0.00%	3/29/2025	<u>\$ 213,327</u>	<u>\$ 3,259,408</u>	<u>\$ -</u>	<u>\$ 3,472,735</u>

In fiscal year 2022, the Town executed a \$4,541,545 interim loan agreement with the MCWT in its water enterprise fund, which is expected to mature and convert into a twenty-year, 2.0% term loan in March 2025. The proceeds of this interim loan are intended to fund a PFAS remediation project to the Adamsdale well. At June 30, 2023, the Town had the ability to draw an additional \$1,068,810 under this interim loan agreement.

In June 2023, the Town executed a \$7,250,061 interim loan agreement with the MCWT in its water enterprise fund. No amounts were drawn on this interim loan agreement in fiscal year 2023.

G. Long-Term Obligations

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

The following reflects the current year activity (the Electric Department's activity is for the year ended December 31, 2022) in the long-term liability accounts:

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 20,045,000	\$ 4,825,000	\$ (3,265,000)	\$ 21,605,000	\$ 2,935,000
Unamortized bond premiums	487,280	467,281	(104,971)	849,590	146,905
Compensated absences	295,703	48,285	(337)	343,651	120,278
Net OPEB liability	147,672,352	53,037,346	(51,329,877)	149,379,821	-
Net pension liability	20,049,198	41,445,346	(14,223,278)	47,271,266	-
Total Governmental Activities	\$ 188,549,533	\$ 99,823,258	\$ (68,923,463)	\$ 219,449,328	\$ 3,202,183
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	\$ 7,780,000	\$ 920,000	\$ (935,000)	\$ 7,765,000	\$ 840,000
Direct borrowings and placements	21,510,753	-	(1,249,935)	20,260,818	1,235,952
Unamortized bond premiums	169,771	92,706	(19,923)	242,554	27,932
Compensated absences	4,084	3,404	-	7,488	2,621
Net OPEB liability (asset)	(608,643)	-	(299,105)	(907,748)	-
Net pension liability	1,019,668	2,141,628	(757,159)	2,404,137	-
Total Sewer	29,875,633	3,157,738	(3,261,122)	29,772,249	2,106,505
<i>Business-Type Activities - Water:</i>					
General obligation bonds	8,375,000	1,415,000	(865,000)	8,925,000	970,000
Unamortized bond premiums	69,778	122,542	(10,275)	182,045	25,718
Compensated absences	12,262	-	(553)	11,709	4,098
Net OPEB liability	1,326,992	482,522	(773,581)	1,035,933	-
Net pension liability	708,888	1,531,037	(568,535)	1,671,390	-
Total Water	10,492,920	3,551,101	(2,217,944)	11,826,077	999,816
<i>Business-Type Activities - Solid Waste:</i>					
General obligation bonds	100,000	-	(100,000)	-	-
Post-closure landfill monitoring	1,461,000	-	(92,500)	1,368,500	92,500
Compensated absences	935	3,790	-	4,725	1,654
Net OPEB liability	176,645	72,747	(219,610)	29,782	-
Net pension liability	264,549	552,273	(193,079)	623,743	-
Total Solid Waste	2,003,129	628,810	(605,189)	2,026,750	94,154
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds	120,000	-	(60,000)	60,000	60,000
Customer deposits	1,110,129	110,823	-	1,220,952	-
Customer advances for construction	103,898	25,751	-	129,649	-
Compensated absences	445,300	-	(13,732)	431,568	334,168
Net OPEB liability (asset)	(1,405,122)	3,294,775	(601,647)	1,288,006	-
Net pension liability	3,314,850	4,981,424	(5,060,047)	3,236,227	-
Total Electric Light	3,689,055	8,412,773	(5,735,426)	6,366,402	394,168
Total Business-Type Activities	\$ 46,060,737	\$ 15,750,422	\$ (11,819,681)	\$ 49,991,478	\$ 3,594,643

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

General obligation bonds and notes payable outstanding at June 30, 2023 (December 31, 2022 for the Electric Department) were as follows:

Description of Issue	Interest Rates	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	1.00 - 5.00%	\$ 20,045,000	\$ 4,825,000	\$ (3,265,000)	\$ 21,605,000
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	2.00 - 5.00%	\$ 7,780,000	\$ 920,000	\$ (935,000)	\$ 7,765,000
MCWT notes	2.00%	21,510,753	-	(1,249,935)	20,260,818
Total Sewer		29,290,753	920,000	(2,184,935)	28,025,818
<i>Business-Type Activities - Water:</i>					
General obligation bonds	2.00 - 5.00%	8,375,000	1,415,000	(865,000)	8,925,000
<i>Business-Type Activities - Solid Waste:</i>					
General obligation bonds	2.50 - 5.00%	100,000	-	(100,000)	-
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds	2.50 - 5.00%	120,000	-	(60,000)	60,000
Total Business-Type Activities		\$ 37,885,753	\$ 2,335,000	\$ (3,209,935)	\$ 37,010,818

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

Year Ending June 30,	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2024	\$ 2,935,000	\$ 822,558
2025	2,620,000	704,974
2026	2,465,000	595,169
2027	2,245,000	489,024
2028	1,735,000	394,468
2029 - 2033	6,215,000	1,176,143
2034 - 2038	2,525,000	371,167
2039 - 2043	865,000	80,412
Total	\$ 21,605,000	\$ 4,633,915

Business-Type Activities: Combined

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 1,870,000	\$ 587,351	\$ 1,235,952	\$ 275,188
2025	1,775,000	525,232	1,169,014	255,715
2026	1,705,000	470,216	1,097,452	239,602
2027	1,450,000	418,580	978,214	224,474
2028	1,265,000	372,460	937,287	210,910
2029 - 2033	4,465,000	1,390,685	4,486,389	864,447
2034 - 2038	2,950,000	779,774	4,625,027	546,336
2039 - 2043	1,270,000	238,805	5,002,626	192,230
2044 - 2045	-	-	728,857	-
	<u>\$ 16,750,000</u>	<u>\$ 4,783,103</u>	<u>\$ 20,260,818</u>	<u>\$ 2,808,902</u>

Business-Type Activities: Sewer

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 840,000	\$ 275,188	\$ 1,235,952	\$ 275,188
2025	820,000	255,715	1,169,014	255,715
2026	815,000	239,602	1,097,452	239,602
2027	610,000	224,474	978,214	224,474
2028	530,000	210,910	937,287	210,910
2029 - 2033	2,095,000	864,447	4,486,389	864,447
2034 - 2038	1,400,000	546,336	4,625,027	546,336
2039 - 2043	655,000	192,230	5,002,626	192,230
2044 - 2045	-	-	728,857	-
	<u>\$ 7,765,000</u>	<u>\$ 2,808,902</u>	<u>\$ 20,260,818</u>	<u>\$ 2,808,902</u>

Business-Type Activities: Water

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 970,000	\$ 309,163	\$ -	\$ -
2025	955,000	269,517	-	-
2026	890,000	230,614	-	-
2027	840,000	194,106	-	-
2028	735,000	161,550	-	-
2029 - 2033	2,370,000	526,238	-	-
2034 - 2038	1,550,000	233,438	-	-
2039 - 2043	615,000	46,575	-	-
	<u>\$ 8,925,000</u>	<u>\$ 1,971,201</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Year Ending December 31,	Business-Type Activities: Electric Light			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2023	\$ 60,000	\$ 3,000	\$ -	\$ -

(concluded)

Authorized and unissued debt at June 30, 2023 included:

Project	Amount
McKeon plant PFAS removal (water)	\$ 10,000,000
Sewer related items	2,675,000
Other water related items	2,653,810
High School outdoor athletics complex	2,500,000
Amvet Boulevard School roof replacement	2,400,000
Library refurbishment	2,100,000
Roads, sidewalks and bridges	1,000,000
Town wide telephone systems	500,000
Public works vehicle	350,000
	<u>\$ 24,178,810</u>

H. Tax Abatements Related to Economic Incentives

The Town enters into tax increment financing, or TIF, agreements with local businesses as an incentive for economic growth. While these TIF agreements are deemed property tax abatements under GAAP for the purposes of these basic financial statements, no property taxes are abated under a TIF agreement. Rather, the tax liability resulting from the new growth created by the required investment under a TIF agreement is phased in over a number of years. The tax liability for the existing assessed value of the property at the time the TIF agreement is executed is unchanged and continues to be paid throughout the term of the TIF agreement. In addition to a required investment in the property, the TIF agreement also requires retention of existing jobs as well as the creation of new jobs. Pursuant to MGL, property owners may be granted property tax exemptions ranging from 100% to 5% of the assessed value of the incremental investment for a maximum term of twenty years.

The Town has three TIF agreements in place at June 30, 2023 and its most significant will not have any abatements until fiscal year 2025. The value of the property tax abatements related to the two TIF agreements in effect during fiscal year 2023 was approximately \$24,000.

I. Fund Balances

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

	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Nonexpendable permanent funds	\$ -	\$ -	\$ 2,489,186	\$ 2,489,186
Inventory	34,969	-	-	34,969
Restricted:				
Expendable permanent funds	-	-	528,987	528,987
General government	-	2,705,153	545,764	3,250,917
Public safety	-	5,300,298	3,632,125	8,932,423
Education	-	6,964,537	5,587,828	12,552,365
Public works	-	2,105,286	276,487	2,381,773
Health and human services	-	-	720,196	720,196
Culture and recreation	-	2,207,549	424,330	2,631,879
Assigned:				
General government	119,386	-	-	119,386
Public safety	150,648	-	-	150,648
Education	111,225	-	-	111,225
Other purposes	34,514	-	-	34,514
Subsequent year's articles/budget	2,581,106	-	-	2,581,106
Unassigned:				
Unrestricted	7,505,987	-	(260,622)	7,245,365
General stabilization	7,278,968	-	-	7,278,968
Capital stabilization	922,904	-	-	922,904
Betterment stabilization	35,511	-	-	35,511
	<u>\$ 18,775,218</u>	<u>\$ 19,282,823</u>	<u>\$ 13,944,281</u>	<u>\$ 52,002,322</u>

The ARPA grant fund is not presented above as it did not maintain a fund balance at year end.

Stabilization Funds – The Town maintains three stabilization funds – general, capital and betterment stabilization funds. Each stabilization fund requires a two-thirds vote from the Town Council to release these reserved funds. The Town reports each of these stabilization funds as components of unassigned fund balance in the general fund.

Encumbrances – The Town’s encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Controller as assigned, and (2) classify encumbrances that result from an action of the Town Council as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. The Town reports \$891,123 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

J. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year ended June 30, 2023, the Town did not report any expenditures in excess of appropriation.

At June 30, 2023, the Town reported \$260,622 in deficits in a number of state and federal grant funds, which it expects to cure through the receipt of future awards.

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Retirement System, a cost-sharing multiple-employer defined benefit pension plan for the Town, Electric Department and Housing Authority. The Retirement System was established under Chapter 32 of MGL. The Retirement System is administered by a retirement board and is part of the reporting entity. Stand-alone financial statements for the year ended December 31, 2022 were issued and are available by submitting a request to the Retirement System at 500 East Washington Street, North Attleborough, Massachusetts 02760.

Membership in the Retirement System consisted of the following at December 31, 2022:

Active members	544
Inactive members entitled to, but not receiving benefits	285
Retirees and beneficiaries currently receiving benefits	<u>355</u>
	<u>1,184</u>

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

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

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

- Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years’ creditable service in order to retire at age 55. Participants become vested after ten years of creditable service.

Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

- Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The number of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of creditable service, average compensation and veteran status.
- Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

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

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

The Town and Electric Department contributed \$4,650,686 to the Retirement System in fiscal year 2023, which equaled its actuarially-determined contribution requirement for the fiscal year. Contributions as a percentage of covered payroll was approximately 17% in fiscal year 2023.

Net Pension Liability – At June 30, 2023, the Town reported a liability of \$55,206,763 for its proportionate share of the net pension liability. The net pension liability reported by the Retirement System for the Town at December 31, 2022 (used for fiscal year-end June 30, 2023) is \$59,600,794. The difference between these two figures is attributable to the difference in fiscal year ends between the Town and the Electric Department, which results in a one-year lag.

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 and rolled forward to December 31, 2022, the measurement date. There were no material changes to the Retirement System's benefit terms since the last actuarial valuation. There were no significant changes to actuarial assumptions used in the latest actuarial valuation report.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the Retirement System relative to the projected contributions of all employers. The Town and Electric Department's proportion was approximately 98.4% at December 31, 2022, which was consistent with its proportionate share at December 31, 2021.

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

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

Pension Expense – The Town recognized approximately \$13.0 million in pension expense in the statement of activities in fiscal year 2023.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,377,698	\$ -
Changes of assumptions	5,255,782	-
Net difference between projected and actual earnings on pension plan investments	13,136,734	2,358,109
Changes in proportion and differences between Town contributions and proportionate share of contributions	322,305	300,149
Contributions subsequent to the measurement date	585,986	-
	\$ 20,678,505	\$ 2,658,258

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

<u>Year ended June 30,</u>	
2024	\$ 3,479,228
2025	4,442,827
2026	4,101,206
2027	5,996,986
	\$ 18,020,247

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2022 and rolled forward to December 31, 2022. The significant actuarial assumptions used in this actuarial valuation included:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Investment rate of return	7.0% per annum
Projected salary increases	3.5% per annum
Cost of living adjustments	3% on the first \$14,000 of benefits
Group 1 and 2 mortality rates	Healthy: Pub-2010 General Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021 Disabled: Pub-2010 General Disabled Retiree Amount-Weighted Mortality Tables projected generationally using Scale MP-2021
Group 4 mortality rates	Healthy: Pub-2010 Safety Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021 Disabled: Pub-2010 General Disabled Retiree Amount-Weighted Mortality Table projected generationally using Scale MP-2021

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

Asset Class	Target Policy Range	Long-Term Expected Rate of Return
Large cap equity	30.0%	4.91%
Mid cap equity	10.0%	5.29%
Small cap equity	10.0%	5.29%
International equity - developed markets	11.0%	5.62%
International equity - emerging markets	4.0%	6.13%
Real assets	15.0%	3.79%
Fixed income	20.0%	2.30%

Discount Rate – The discount rate used to measure the total pension liability was 7.0%, which was unchanged from the prior year. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made in accordance with MGL. Based on those assumptions, the Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Current Discount Rate	Net Pension Liability At		
	1% Decrease	Current Rate	1% Increase
7.00%	\$ 78,733,429	\$ 55,206,763	\$ 35,583,899

B. Massachusetts Teachers Retirement System

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

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

For the year ended June 30, 2022 (the latest period for which MTRS has provided financial data), the Commonwealth contributed \$7,961,566 to the MTRS on behalf of the Town. The Town’s proportionate share of the collective MTRS net pension liability at this reporting date was approximately 0.378%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Town as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The net pension liability assumed by the Commonwealth on behalf of the Town was \$97,932,964 at June 30, 2022 (the latest period for which MTRS has provided financial data). The pension expense assumed by the Commonwealth on behalf of the Town was \$8,055,942 for the year ended June 30, 2022 (the latest period for which MTRS has provided financial data). This amount has been recognized by the Town as intergovernmental revenue and pension expense for the year ended June 30, 2023.

Additional information on MTRS can be found on its website.

C. Other Postemployment Benefits

In addition to the pension benefits previously described, the Town provides health and life insurance benefits (other postemployment benefits, or OPEB) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Chapter 32B of MGL (hereinafter referred to as the “OPEB Plans”).

The Town and Electric Department operate separate OPEB Plans, while all benefits are provided through the Town’s insurance program. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. Neither OPEB Plan issues stand-alone financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the OPEB Plans.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2023 (December 31, 2022 in the case of the Electric Department):

	Town	Electric Department
Inactive employees or beneficiaries receiving benefits	793	38
Active employees	880	36
	<u>1,673</u>	<u>74</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established by and may be amended by the Town. Town retirees, excluding teachers, contribute between 17% and 25% of monthly health insurance premiums. Retired teachers contribute between 10% and 15% of monthly health insurance premiums. Employees of the Electric Department contribute 25% of monthly health insurance premiums. Retired Electric Department employees aged over 65 years contribute 12% of monthly health insurance premiums and 33% of the monthly health insurance premium when aged under 65 years. All retirees contribute 25% of life insurance premiums.

For the year ended June 30, 2023, the Town’s average contribution rate was approximately 11% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was measured as of June 30, 2023 using an actuarial valuation as of July 1, 2021. The Electric Department’s net OPEB liability was measured as of December 31, 2022 using an actuarial valuation as of January 1, 2022. The components of the net OPEB liability reported by the Town at June 30, 2023 and Electric Department at December 31, 2022 were as follows:

	Town	Electric Department
Total OPEB liability	\$ 156,188,003	\$ 7,589,769
Plan fiduciary net position	<u>(6,650,215)</u>	<u>(6,301,763)</u>
Net OPEB liability	<u>\$ 149,537,788</u>	<u>\$ 1,288,006</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.3%	83.0%

The total OPEB liabilities for the separate OPEB Plans was determined using the following key actuarial assumptions in the most recent actuarial valuations applied to all periods included in the measurement, unless otherwise specified:

	<u>Town</u>
Valuation date	July 1, 2021
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value at June 30, 2023
Inflation	2.5% per annum
Single equivalent discount	5.92%, net of OPEB Plan investment expense (previously 5.74%)
Healthcare cost trend	9.0% for fiscal year 2022, grading down to an ultimate trend rate of 3.63% in fiscal year 2060
Pre-retirement mortality	RP-2014 Mortality Table for Blue Collar Employees (White Collar Mortality Table for teachers) projected generationally with scale MP-2016, set forward 1 year for females (for non-teachers only)
Post-retirement mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants (White Collar Mortality Table for teachers) projected generationally with scale MP-2016, set forward 1 year for females (for non-teachers only)
Disabled mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants (White Collar Mortality Table for teachers) projected generationally with scale MP-2016, set forward 1 year for females (for non-teachers only)
	<u>Electric Department</u>
Valuation date	January 1, 2022
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value at December 31, 2022
Inflation	2.5% per annum
Single equivalent discount	5.47%, net of OPEB Plan investment expense (previously 5.75%)
Healthcare cost trend	4.5% per annum
Pre-retirement mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016, set forward 1 year for females
Post-retirement mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016, set forward 1 year for females
Disabled mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016, set forward 1 year for females

Long-Term Expected Rate of Return – The long-term expected rates of return on the OPEB Plans’ investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Town Plan		Electric Department Plan	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap	26.50%	4.10%	38.50%	4.42%
Domestic equity - small/mid cap	15.50%	4.55%	19.50%	4.81%
International equity - developed markets	13.75%	4.64%	2.50%	4.91%
International equity - emerging markets	8.50%	5.45%	1.25%	5.58%
Domestic fixed income	17.50%	1.05%	24.50%	1.00%
International fixed income	3.50%	0.96%	12.25%	1.04%
Alternatives	11.00%	5.95%	0.25%	5.98%
Real estate	3.50%	6.25%	0.00%	6.25%
Cash and cash equivalents	<u>0.25%</u>	<u>0.00%</u>	<u>1.25%</u>	<u>0.00%</u>
	<u>100.00%</u>		<u>100.00%</u>	
Real rate of return		3.98%		3.22%
Inflation assumption		<u>2.50%</u>		<u>2.50%</u>
Total nominal rate of return		6.48%		5.72%
Investment expense		<u>0.25%</u>		<u>0.25%</u>
Net investment return		<u>6.23%</u>		<u>5.47%</u>

Town Discount Rate – The discount rate used to measure the Town’s total OPEB liability was 5.92% (previously 5.74%). The discount rate reflects a blend of the expected net investment return for funded periods (6.23%) and the twenty-year municipal bond index rate of return of 4.13% for unfunded periods (beginning fiscal year 2072).

Electric Department Discount Rate – The discount rate used to measure the total OPEB liability was 5.47% at December 31, 2022 (previously 5.75%), which was consistent with its assumed net investment return. 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.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2023 (the Electric Department’s activity is for the year ended December 31, 2022):

	Town OPEB Plan		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances — beginning of year	\$ 153,808,252	\$ 5,240,906	\$ 148,567,346
Changes for the year:			
Service cost	3,183,441	-	3,183,441
Interest	8,840,561	-	8,840,561
Changes in assumptions	(3,610,143)	-	(3,610,143)
Employer contributions	-	6,918,392	(6,918,392)
Net investment income	-	525,025	(525,025)
Benefit payments	(6,034,108)	(6,034,108)	-
Net changes	<u>2,379,751</u>	<u>1,409,309</u>	<u>970,442</u>
Balances — end of year	<u>\$ 156,188,003</u>	<u>\$ 6,650,215</u>	<u>\$ 149,537,788</u>
	Electric Department OPEB Plan		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB (Asset)
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances — beginning of year	\$ 6,146,143	\$ 7,551,265	\$ (1,405,122)
Changes for the year:			
Service cost	142,235	-	142,235
Interest	354,780	-	354,780
Changes in assumptions	1,303,297	-	1,303,297
Experience differences	(116,742)	-	(116,742)
Employer contributions	-	239,944	(239,944)
Net investment loss	-	(1,249,502)	1,249,502
Benefit payments	(239,944)	(239,944)	-
Net changes	<u>1,443,626</u>	<u>(1,249,502)</u>	<u>2,693,128</u>
Balances — end of year	<u>\$ 7,589,769</u>	<u>\$ 6,301,763</u>	<u>\$ 1,288,006</u>

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

	Current Discount Rate	Net OPEB Liability At		
		1% Decrease	Current Rate	1% Increase
Town of North Attleborough	5.92%	\$ 172,588,334	\$ 149,537,788	\$ 130,967,179
Electric Department	5.47%	2,523,245	1,288,006	304,229

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

	Current Trend Rate	Net OPEB Liability At		
		1% Decrease	Current Rate	1% Increase
Town of North Attleborough	9.00%	\$ 129,056,626	\$ 149,537,788	\$ 175,250,129
Electric Department	4.50%	192,425	1,288,006	2,691,358

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023 (the Electric Department’s activity is for the year ended December 31, 2022), the Town recognized OPEB expense of approximately \$15.4 million and the Electric Department recognized OPEB expense of approximately \$426,000. Combined deferred outflows and inflows of resources related to OPEB at June 30, 2023 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,422	\$ 17,277,973
Changes of assumptions	16,522,150	3,258,571
Net difference between projected and actual earnings on OPEB plan investments	1,526,472	-
	<u>\$ 18,069,044</u>	<u>\$ 20,536,544</u>

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

<u>Year ended June 30,</u>	
2024	\$ 1,302,041
2025	611,856
2026	(714,382)
2027	(3,100,837)
2028	(566,178)
	<u>\$ (2,467,500)</u>

Investment Policy – The Town adopted an investment policy for its OPEB Plan in April 2014 (subsequently updated in September 2023), while the Electric Department’s investment policy was adopted in April 2017. Both investment policies seek to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct investment asset classes.

Investment Rate of Return – The annual money-weighted rate of return on investments expresses investment performance, net of investment expense, adjusted for changing amounts actually invested. The money-weighted rates of return for the two OPEB Plans as reported at the end of this fiscal year were as follows:

	<u>Town</u>	<u>Electric Department</u>
Money-weighted rate of return	8.68%	-16.55%

D. Pension and Other Employee Benefit Trust Funds

The Town reports pension and other postemployment benefits trusts funds in a single column in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position in the fiduciary funds. Neither the Town’s nor the Electric Department’s OPEB Plan issue stand-alone financial statements.

The Statement of Fiduciary Net Position of the Town’s pension and other employee benefit trusts funds at June 30, 2023 was comprised as follows:

	<u>North Attleborough Contributory Retirement (1)</u>	<u>Town OPEB Trust</u>	<u>Electric Light OPEB Trust (1)</u>	<u>Pension and Other Employee Benefit Trust Funds</u>
	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(a) + (b) + (c)</i>
Assets:				
Cash and cash equivalents	\$ 3,158,720	\$ 18,155	\$ 9,333	\$ 3,186,208
Investments at fair value:				
Fixed income securities	-	-	2,298,556	2,298,556
Equity securities	29,998,084	754,630	-	30,752,714
Mutual funds	84,676,565	5,877,430	3,993,874	94,547,869
Other investments	22,772,850	-	-	22,772,850
Receivables	4,356	-	-	4,356
Total Assets	<u>140,610,575</u>	<u>6,650,215</u>	<u>6,301,763</u>	<u>153,562,553</u>
Liabilities:				
Warrants and accounts payable	913,959	-	-	913,959
Total Liabilities	<u>913,959</u>	<u>-</u>	<u>-</u>	<u>913,959</u>
Net Position:				
Restricted for pensions	139,696,616	-	-	139,696,616
Restricted for other postemployment benefits	-	6,650,215	6,301,763	12,951,978
Total Net Position	<u>\$ 139,696,616</u>	<u>\$ 6,650,215</u>	<u>\$ 6,301,763</u>	<u>\$ 152,648,594</u>

(1) As of December 31, 2022.

The Statement of Changes in Fiduciary Net Position of the Town's pension and other employee benefit trusts funds as of and for the year ended June 30, 2023 was comprised as follows:

	North Attleborough Contributory Retirement (1)	Town OPEB Trust	Electric Light OPEB Trust (1)	Pension and Other Employee Benefit Trust Funds (a)
	(a)	(b)	(c)	(a) + (b) + (c)
Additions:				
Employer contributions	\$ 4,650,686	\$ 6,918,392	\$ -	\$ 11,569,078
Employee contributions	2,879,725	-	239,944	3,119,669
Other contributions	556,949	-	-	556,949
Total contributions	8,087,360	6,918,392	239,944	15,245,696
Investment income:				
Interest and dividends	2,049,033	250,664	273,399	2,573,096
Net change in fair value of investments	(26,890,908)	293,195	(1,466,493)	(28,064,206)
Less investment management fees	(936,474)	(18,834)	(56,408)	(1,011,716)
Total net investment income	(25,778,349)	525,025	(1,249,502)	(26,502,826)
Other income	6,812	-	-	6,812
Total Additions	(17,684,177)	7,443,417	(1,009,558)	(11,250,318)
Deductions:				
Benefits and refunds to Plan members:				
Benefits to retirees and survivors	10,068,482	6,034,108	239,944	16,342,534
Member refunds	208,813	-	-	208,813
Transfers and reimbursements to other systems	833,144	-	-	833,144
Administrative expenses:				
Operations payroll and related personnel costs	132,320	-	-	132,320
Other administrative expenses	108,107	-	-	108,107
Total Deductions	11,350,866	6,034,108	239,944	17,624,918
Change in Net Position	(29,035,043)	1,409,309	(1,249,502)	(28,875,236)
Net Position:				
Beginning of the year	168,731,659	5,240,906	7,551,265	181,523,830
End of the year	<u>\$ 139,696,616</u>	<u>\$ 6,650,215</u>	<u>\$ 6,301,763</u>	<u>\$ 152,648,594</u>

(1) As of and for the year ended December 31, 2022.

E. Risk Financing

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

The Electric Department has a program to self-insure for general liability claims. The Electric Department is responsible for the payment of the first \$500,000 for each claim incurred. Claims that exceed this amount are covered by reinsurance, which is an excess liability policy with a limit of \$25 million per occurrence. No accrual has been made in the accompanying financial statements as no significant claims have been submitted.

F. Commitments and Contingencies

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

Appellate Tax Board – The Town has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts (“ATB”). In total, the assessed property values for ATB cases totaled nearly \$85.6 million at June 30, 2023, all of which pertained to commercial real estate. A \$200,000 provision has been made in the general fund in the event that the Town is unsuccessful in ATB.

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

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town does not believe it has failed to comply with any of these agreements.

MMWEC Participation – The Electric Department is a participant and contingently liable in certain projects of the 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 utilities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 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 the Millstone Unit 3 nuclear unit 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 Electric Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from the Municipal Light 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, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant’s share of the Project’s 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 or 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. Also, the Millstone and Seabrook Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (the "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 until the end of 2025.

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

G. Transactions Between Town and Electric Department

The Electric Department provides electrical service to the Town for all schools, municipal buildings and street lighting at average rates per kilowatt-hour, which approximates those billed to other customers. Electric Department revenues from Town billings were approximately \$1.8 million in calendar year 2022. Included in the accompanying statements of net position of the Electric Department are amounts due from the Town of approximately \$107,000 at December 31, 2022.

The Town provides police details, insurance coverage and other items to the Electric Department. These expenses amounted to approximately \$1.9 million in calendar year 2022.

At December 31, 2022, the Electric Department owed the Town approximately \$69,800, which is included in accounts payable and accrued expenses in its statement of net position.

The Electric Department also made payments in lieu of property taxes to the Town in the amounts of \$381,553 during calendar year 2022 as well as \$14,100 to the Town to assist in the installation of electric vehicle charging stations.

H. Economic Dependence

During the year ended June 30, 2023, approximately 30% of total general fund revenues were recognized from the Commonwealth or other governmental agencies.

IV. Implementation of Accounting Pronouncements

A. Current Year Implementations

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

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

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

B. Future Year Implementations

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

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

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2024 (fiscal year 2025). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN PENSION PLAN**

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

Year Ended June 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	98.4%	\$ 59,601	\$ 26,799	222.4%	69.8%
2022	98.4%	25,357	26,081	97.2%	86.8%
2021	98.6%	29,486	26,417	111.6%	84.1%
2020	98.4%	38,084	25,657	148.4%	77.4%
2019	98.6%	41,181	24,799	166.1%	72.7%
2018	98.4%	13,464	23,444	57.4%	89.5%
2017	98.5%	23,074	22,581	102.2%	81.3%
2016	98.5%	24,075	22,374	107.6%	79.7%
2015	98.0%	19,200	22,243	86.3%	82.9%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE PENSION PLAN
(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 4,577	\$ 4,577	\$ -	\$ 26,799	17.1%
2022	4,334	4,334	-	26,081	16.6%
2021	4,114	4,114	-	26,417	15.6%
2020	3,898	3,898	-	25,657	15.2%
2019	3,788	3,788	-	24,799	15.3%
2018	3,746	3,746	-	23,443	16.0%
2017	3,614	3,614	-	22,581	16.0%
2016	1,900	1,900	-	22,374	8.5%
2015	1,791	1,791	-	22,243	8.1%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM PENSION PLAN

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

For the Year Ended June 30, *	Commonwealth's Proportion of the MTRS Net Pension Liability	Town's Proportion of the MTRS Net Pension Liability	Commonwealth's Proportionate Share of the MTRS Net Pension Liability	Commonwealth's Actuarially Determined Contribution	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	100%	0%	\$ 97,933	\$ 7,962	57.8%
2022	100%	0%	79,438	6,117	62.0%
2021	100%	0%	119,514	6,504	50.7%
2020	100%	0%	98,418	5,635	53.9%
2019	100%	0%	92,872	5,150	54.8%
2018	100%	0%	89,058	4,808	54.3%
2017	100%	0%	91,875	4,621	52.7%
2016	100%	0%	87,281	8,264	55.4%

* Amounts determined for the previous year ended June 30.

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

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(dollar amounts are in thousands)

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service cost	\$ 3,183	\$ 4,391	\$ 3,473	\$ 3,297	\$ 3,566	\$ 2,614	\$ 2,886
Interest	8,841	7,990	8,017	6,675	6,719	6,207	6,393
Changes in benefit terms	-	-	-	-	-	(2,518)	-
Experience differences	-	(25,674)	-	(540)	-	5,539	-
Changes in assumptions	(3,610)	6,362	15,928	8,101	16,199	(223)	-
Benefit payments	(6,034)	(6,104)	(5,671)	(5,214)	(4,192)	(3,868)	(3,948)
Net Change in Total OPEB Liability	<u>2,380</u>	<u>(13,035)</u>	<u>21,747</u>	<u>12,319</u>	<u>22,292</u>	<u>7,751</u>	<u>5,331</u>
Total OPEB Liability:							
Beginning of year	<u>153,808</u>	<u>166,843</u>	<u>145,096</u>	<u>132,777</u>	<u>110,485</u>	<u>102,734</u>	<u>97,403</u>
End of year (a)	<u>\$ 156,188</u>	<u>\$ 153,808</u>	<u>\$ 166,843</u>	<u>\$ 145,096</u>	<u>\$ 132,777</u>	<u>\$ 110,485</u>	<u>\$ 102,734</u>
Plan Fiduciary Net Position:							
Contributions	\$ 6,918	\$ 6,899	\$ 6,435	\$ 5,968	\$ 4,791	\$ 4,394	\$ 4,381
Net investment income (loss)	525	(811)	951	63	150	114	98
Benefit payments	(6,034)	(6,104)	(5,671)	(5,214)	(4,192)	(3,868)	(3,947)
Net Change in Plan Fiduciary Net Position	<u>1,409</u>	<u>(16)</u>	<u>1,715</u>	<u>817</u>	<u>749</u>	<u>640</u>	<u>532</u>
Plan Fiduciary Net Position:							
Beginning of year	<u>5,241</u>	<u>5,257</u>	<u>3,542</u>	<u>2,725</u>	<u>1,976</u>	<u>1,336</u>	<u>804</u>
End of year (b)	<u>\$ 6,650</u>	<u>\$ 5,241</u>	<u>\$ 5,257</u>	<u>\$ 3,542</u>	<u>\$ 2,725</u>	<u>\$ 1,976</u>	<u>\$ 1,336</u>
Net OPEB Liability — End of Year (a) - (b)	<u>\$ 149,538</u>	<u>\$ 148,567</u>	<u>\$ 161,586</u>	<u>\$ 141,554</u>	<u>\$ 130,052</u>	<u>\$ 108,509</u>	<u>\$ 101,398</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.3%	3.4%	3.2%	2.4%	2.1%	1.8%	1.3%
Covered payroll	\$ 60,543	\$ 58,780	\$ 62,316	\$ 60,501	\$ 60,501	\$ 58,738	\$ 53,773
Net OPEB Liability as a Percentage of Covered Payroll	247.0%	252.8%	259.3%	234.0%	215.0%	184.7%	188.6%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CONTRIBUTIONS

(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the		Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
		Actuarially- Determined Contribution	Contribution			
2023	\$ 10,445	\$ 6,918	\$ 3,527	\$ 60,543	11.4%	
2022	11,454	7,662	3,792	58,780	13.0%	
2021	10,276	6,438	3,838	62,316	10.3%	
2020	12,530	5,968	6,562	60,501	9.9%	
2019	11,623	4,791	6,832	60,501	7.9%	
2018	10,051	4,394	5,657	53,773	8.2%	
2017	9,832	4,381	5,451	53,773	8.1%	

Notes to Schedule:

Valuation date	July 1, 2021
Asset valuation method	Market value of the assets as of the reporting date
Actuarial cost method	Individual entry age normal
Inflation	2.5% per annum
Single equivalent discount rate	5.92% per annum (previously 5.74%)
Healthcare cost trend rates	9.0% in 2022, grading down to an ultimate rate of 3.63% in 2060

SCHEDULE OF INVESTMENT RETURNS

Year Ended June 30,	Annual Money- Weighted Rate of Return (net of investment expenses)
2023	8.68%
2022	-23.50%
2021	26.86%
2020	1.91%
2019	5.94%
2018	7.19%
2017	8.45%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
ELECTRIC LIGHT OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(dollar amounts are in thousands)

	Year Ended December 31,					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service cost	\$ 142	\$ 128	\$ 122	\$ 102	\$ 99	\$ 126
Interest	354	343	335	319	314	301
Experience differences	(117)	-	51	-	-	-
Changes in assumptions	1,303	200	66	(190)	(156)	-
Benefit payments	(239)	(223)	(217)	(198)	(177)	(190)
Net Change in Total OPEB Liability	<u>1,443</u>	<u>448</u>	<u>357</u>	<u>33</u>	<u>80</u>	<u>237</u>
Total OPEB Liability:						
Beginning of year	<u>6,146</u>	<u>5,698</u>	<u>5,341</u>	<u>5,308</u>	<u>5,228</u>	<u>4,991</u>
End of year (a)	<u>\$ 7,589</u>	<u>\$ 6,146</u>	<u>\$ 5,698</u>	<u>\$ 5,341</u>	<u>\$ 5,308</u>	<u>\$ 5,228</u>
Plan Fiduciary Net Position:						
Contributions	\$ 240	\$ 223	\$ 217	\$ 266	\$ 177	\$ 675
Net investment income (loss)	(1,250)	810	843	1,027	(286)	535
Benefit payments	(240)	(223)	(217)	(198)	(177)	(190)
Net Change in Plan Fiduciary Net Position	<u>(1,250)</u>	<u>810</u>	<u>843</u>	<u>1,095</u>	<u>(286)</u>	<u>1,020</u>
Plan Fiduciary Net Position:						
Beginning of year	<u>7,551</u>	<u>6,741</u>	<u>5,898</u>	<u>4,803</u>	<u>5,089</u>	<u>4,069</u>
End of year (b)	<u>\$ 6,301</u>	<u>\$ 7,551</u>	<u>\$ 6,741</u>	<u>\$ 5,898</u>	<u>\$ 4,803</u>	<u>\$ 5,089</u>
Net OPEB (Asset) Liability — End of Year (a) - (b)	<u>\$ 1,288</u>	<u>\$ (1,405)</u>	<u>\$ (1,043)</u>	<u>\$ (557)</u>	<u>\$ 505</u>	<u>\$ 139</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	83.0%	122.9%	118.3%	110.4%	90.5%	97.3%
Covered payroll	\$ 4,629	\$ 4,310	\$ 4,187	\$ 3,239	\$ 3,144	\$ 3,053
Net OPEB (Asset) Liability as a Percentage of Covered Payroll	27.8%	-32.6%	-24.9%	-17.2%	16.1%	4.6%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
ELECTRIC LIGHT OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CONTRIBUTIONS

(dollar amounts are in thousands)

Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially- Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2022	\$ 202	\$ 240	\$ (38)	\$ 4,629	5.2%
2021	128	223	(95)	4,310	5.2%
2020	71	217	(146)	4,185	5.2%
2019	62	266	(204)	3,239	8.2%
2018	133	177	(44)	3,144	5.6%
2017	189	675	(486)	3,053	22.1%

Notes to Schedule:

Valuation date	January 1, 2022
Asset valuation method	Market value as of the reporting date
Actuarial cost method	Individual entry age normal
Inflation	2.5% per annum
Single equivalent discount rate	5.47% per annum (previously 5.75%)
Healthcare cost trend rates	4.50% per annum

SCHEDULE OF INVESTMENT RETURNS

Year Ended December 31,	Annual Money- Weighted Rate of Return (net of investment expenses)
2022	-16.55%
2021	12.01%
2020	14.30%
2019	21.23%
2018	-5.61%
2017	12.41%

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

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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

	Budgeted Amounts		Actual	Encumbrances	Actual	Positive
	Original Budget	Final Budget	Budgetary Amounts		Budgetary Adjusted	(Negative) Variance
Revenues:						
Property taxes, net of tax refunds	\$ 67,150,498	\$ 67,150,498	\$ 67,257,565		\$ 67,257,565	\$ 107,067
Intergovernmental	25,261,430	25,261,430	25,085,752		25,085,752	(175,678)
Motor vehicle and other excise taxes	4,800,000	4,800,000	6,175,177		6,175,177	1,375,177
Licenses and permits	528,550	528,550	614,708		614,708	86,158
Penalties and interest on taxes	238,000	238,000	368,696		368,696	130,696
Fines and forfeitures	39,500	39,500	13,479		13,479	(26,021)
Departmental and other revenues	805,452	805,452	1,323,724		1,323,724	518,272
Investment income	25,000	25,000	612,752		612,752	587,752
Total Revenues	98,848,430	98,848,430	101,451,853		101,451,853	2,603,423
Expenditures:						
General government	5,589,355	5,589,355	4,779,962	\$ 119,386	4,899,348	690,007
Public safety	14,202,129	14,267,129	13,222,642	150,648	13,373,290	893,839
Education	51,502,618	51,502,618	51,261,965	111,225	51,373,190	129,428
Public works	1,993,109	2,023,109	1,976,523	13,895	1,990,418	32,691
Health and human services	1,150,723	1,150,723	914,741	8,278	923,019	227,704
Culture and recreation	1,486,941	1,486,941	1,416,678	6,627	1,423,305	63,636
Pension and fringe benefits	16,318,876	16,318,876	15,616,146	5,714	15,621,860	697,016
State and county charges	5,944,844	5,944,844	5,691,485	-	5,691,485	253,359
Debt service	4,196,280	4,196,280	4,161,292	-	4,161,292	34,988
Total Expenditures	102,384,875	102,479,875	99,041,434	\$ 415,773	99,457,207	3,022,668
Other Financing Sources (Uses):						
Transfers in	2,840,830	2,905,830	2,781,056		2,781,056	(124,774)
Transfers out	(5,911,491)	(7,841,329)	(7,841,329)		(7,841,329)	-
Total Other Financing Sources (Uses)	(3,070,661)	(4,935,499)	(5,060,273)		(5,060,273)	(124,774)
(Deficiency) Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(6,607,106)	(8,566,944)	\$ (2,649,854)		\$ (3,065,627)	\$ 5,501,317
Other Budgetary Items:						
Prior year encumbrances	891,123	891,123				
Free cash	5,715,000	7,674,838				
Other items	983	983				
Total Other Budgetary Items	6,607,106	8,566,944				
Net Budget	\$ -	\$ -				

See notes to required supplementary information.

See accompanying independent auditors' report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

An annual budget is legally adopted for the general fund. Generally, financial orders are initiated by the Town Manager, recommended by the Town Finance Committee and approved by the Town Council. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

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

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues — budgetary basis			\$ 101,451,853
Revenue recognition	\$ 51,210	\$ -	51,210
Stabilization revenue	-	107,175	107,175
NAED PILOT revenue	-	381,553	381,553
On behalf payments	<u>8,055,942</u>	<u>-</u>	<u>8,055,942</u>
Revenues — GAAP basis	<u>\$ 8,107,152</u>	<u>\$ 488,728</u>	<u>\$ 110,047,733</u>
Expenditures — budgetary basis			\$ 99,041,434
Transfer treatment for budget	\$ -	\$ (801,850)	(801,850)
On behalf payments	<u>8,055,942</u>	<u>-</u>	<u>8,055,942</u>
Expenditures — GAAP basis	<u>\$ 8,055,942</u>	<u>\$ (801,850)</u>	<u>\$ 106,295,526</u>
Net Transfers — budgetary basis			\$ (5,060,273)
NAED PILOT revenue	\$ -	\$ (381,553)	(381,553)
Transfer treatment for budget	<u>-</u>	<u>(1,477,012)</u>	<u>(1,477,012)</u>
Net Transfers — GAAP basis	<u>\$ -</u>	<u>\$ (1,477,012)</u>	<u>\$ (6,918,838)</u>