

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF DIGHTON, MASSACHUSETTS

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



TOWN OF DIGHTON, MASSACHUSETTS

TABLE OF CONTENTS **YEAR ENDED JUNE 30, 2023**

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 3
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	4 - 10
<u>BASIC FINANCIAL STATEMENTS:</u>	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	11
Statement of Activities	12
<u>Fund Financial Statements:</u>	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Net Position – Fiduciary Funds	20
Statement of Changes in Net Position	21
Notes to Basic Financial Statements	22 - 45
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of the Town's Proportionate Share of Net Pension Liability	46
Schedule of the Town's Contributions to Pension Plan	46
Schedule of Changes in Net OPEB Liability and Related Ratios	47
Schedule of OPEB Contributions	48
Schedule of Investment Returns – OPEB Plan	48
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	49
Notes to Required Supplementary Information	50



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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen
Town of Dighton, 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 Dighton, Massachusetts, (the "Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the Town's proportionate share of net pension liability and the Town's contributions to pension plan, and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is the responsibility of management, and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
March 5, 2024

Management's Discussion and Analysis

As the management of the Town of Dighton, 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.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by nearly \$19.0 million (*total net position*).
- The Town's total net position increased by over \$2.9 million, year to year. Governmental activities increased approximately \$2.9 million while business-type activities increased were relatively flat year to year.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance of nearly \$11.7 million, an increase of nearly \$1.6 million over the prior year.
- The Town's total long-term debt decreased by nearly \$0.4 million to nearly \$4.2 million due to regular scheduled maturities.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred inflows/outflows of resources, with the end result 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 various employee and retiree benefits.)

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 the sewer enterprise fund.

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

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

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

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

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

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, Ambulance Fund, and ARPA which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

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

Proprietary Funds – *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the singular enterprise fund for sewer 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 statements because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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, this report also presents certain required supplementary information concerning the Town’s proportionate share of the net pension liability and contributions to its pension plan, the Town’s progress in funding its obligation to provide other postemployment benefits to its employees, as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

Government-wide Financial Analysis

The following represents the condensed statement of net position:

	Governmental activities		Business-type activities		Total	
	June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 15,480,014	\$ 14,568,342	\$ 722,467	\$ 613,746	\$ 16,202,481	\$ 15,182,088
Capital assets, net	20,460,620	18,590,385	2,274,029	2,363,046	22,734,649	20,953,431
Total assets	35,940,634	33,158,727	2,996,496	2,976,792	38,937,130	36,135,519
Deferred outflows of resources	4,506,813	4,576,406	-	-	4,506,813	4,576,406
Liabilities						
Long-term liabilities	22,372,341	20,214,806	21,831	16,488	22,394,172	20,231,294
Other liabilities	921,512	1,808,759	4,009	12,033	925,521	1,820,792
Total liabilities	23,293,853	22,023,565	25,840	28,521	23,319,693	22,052,086
Deferred inflows of resources	1,166,491	2,639,039	-	-	1,166,491	2,639,039
Net Position						
Net investment in capital assets	16,399,721	14,157,631	2,274,029	2,363,046	18,673,750	16,520,677
Restricted	3,952,654	3,302,430	-	-	3,952,654	3,302,430
Unrestricted	(4,365,272)	(4,387,532)	696,627	585,225	(3,668,645)	(3,802,307)
Net Position	\$ 15,987,103	\$ 13,072,529	\$ 2,970,656	\$ 2,948,271	\$ 18,957,759	\$ 16,020,800

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by nearly \$19.0 million (*total net position*). This reflects an increase from the preceding year of over \$2.9 million. Governmental activities increased approximately \$2.9 million while business-type activities were flat.

By far the largest portion (nearly \$18.7 million) of the Town’s overall net position reflects its net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional significant portion of the Town's total net position (about \$4.0 million) represents resources that are subject to external restrictions on how they may be used.

The deficit balance of nearly \$3.7 million in *unrestricted net position* is in large part a result of the Town recording its net pension liability and other postemployment benefits liability that were significant. These are expected to increase in the foreseeable future until the Town's annual contributions more closely approximate required annual funding.

The following represents the condensed statement of changes in net position:

	Governmental activities		Business activities		Total	
	June 30,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 2,462,207	\$ 3,230,722	\$ 359,632	\$ 350,524	\$ 2,821,839	\$ 3,581,246
Operating grants and contributions	2,030,269	1,344,647	-	-	2,030,269	1,344,647
Capital grants and contributions	267,822	1,947,440	-	754,000	267,822	2,701,440
General revenues:						
Property taxes	20,785,570	19,875,925	-	-	20,785,570	19,875,925
Grants and contributions not restricted to specific programs	902,576	854,724	-	-	902,576	854,724
Other	1,959,831	1,849,722	2,758	306	1,962,589	1,850,028
Total revenues	28,408,275	29,103,180	362,390	1,104,830	28,770,665	30,208,010
Expenses						
General government	1,699,716	2,680,791	-	-	1,699,716	2,680,791
Public safety	6,716,426	6,216,611	-	-	6,716,426	6,216,611
Education	12,094,026	12,276,365	-	-	12,094,026	12,276,365
Public works	2,612,240	2,474,982	-	-	2,612,240	2,474,982
Health and human services	687,305	651,024	-	-	687,305	651,024
Culture and recreation	1,565,799	483,987	-	-	1,565,799	483,987
Interest expense	118,189	128,636	-	-	118,189	128,636
Sewer	-	-	340,005	366,310	340,005	366,310
Total expenses	25,493,701	24,912,396	340,005	366,310	25,833,706	25,278,706
Change in net position before transfers	2,914,574	4,190,784	22,385	738,520	2,936,959	4,929,304
Transfers	-	(10,058)	-	10,058	-	-
Change in net position	2,914,574	4,180,726	22,385	748,578	2,936,959	4,929,304
Net position, beginning of year	13,072,529	8,891,803	2,948,271	2,199,693	16,020,800	11,091,496
Net position, end of year	\$ 15,987,103	\$ 13,072,529	\$ 2,970,656	\$ 2,948,271	\$ 18,957,759	\$ 16,020,800

Governmental Activities – During 2023, Town property taxes made up approximately 73.2% of total revenues. The Town experienced an increase in the amount of taxes levied which was consistent with the amount raised in the annual tax rate setting process. Under Massachusetts General Laws communities are allowed to increase taxes by 2 ½% plus new growth and tax exclusions. The Town chose not to tax to this limit.

Charges for services represented 8.7% of total revenues. The decrease over prior year is due to the prior year receiving \$1.2 million from the regional school district for over assessments.

No other revenues were greater than 10% of total revenues in 2023 or 2022 and there were no significant increases or decreases in any individual revenue category, thus total revenues were fairly consistent.

The Town continues to commit significant resources towards education as 49.0% of total expenditures are related to this critical activity. All expenses are paid to the three regional school districts that service the Town. Amounts assessed were fairly consistent with the prior year..

Public Safety and Public Works expenses were consistent with the prior year at 26.3%, and 10.2% of total expenses, respectively. Operations in these areas were fairly static.

All other expenses were either smaller in amount or did not fluctuate from year to year.

Business-type Activities – Major revenue sources consist of revenue from users which represented 99.2% and 31.7% of total revenues in both 2023 and 2022, respectively. The increase in overall user charges percentage was due to the sewer fund recognizing over \$0.7 million of capital grant and contribution revenue in fiscal year 2022, which wasn't received in the current year. The remaining revenue represents mostly amounts received from investment income sources.

Financial Analysis of the Government's Funds

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

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

As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of nearly \$11.7 million. This represents an increase of approximately \$1.6 million over the previous year. Of the ending fund balance approximately \$5.5 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 approximately \$5.6 million, while the total fund balance in the General Fund reached approximately \$8.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 23.4% of total General Fund expenditures, while total fund balance represents approximately 33.3% of that same amount.

The Town's Ambulance Fund, which is presented as a major governmental fund, has a restricted ending fund balance of approximately \$0.8 million, which was consistent with the prior year.

The Town's ARPA Fund, which is presented as a major governmental fund has received about \$1.7 million from Federal Government. Most has been spent and met revenue eligibility requirements as of year-end.

The Town's aggregate nonmajor funds amount to over \$2.8 million and include the Town's Special Revenue, Capital Projects and Trust funds.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, net position of the sewer fund was nearly \$3.0 million.

Fiduciary Funds – The Town has elected to establish a trust under Chapter 32B Section 20 of the MGL whose sole purpose will be to accumulate funds to reduce the Town’s unfunded Other Postemployment Benefits. This fund makes up the largest portion of the Town’s fiduciary funds and increased by nearly \$0.3 million to \$1.9 million due to contributions made by the Town and investment gains being netted by premiums paid for retirees.

General Fund Budgetary Highlights

Differences between the original and the final amended budget were minor. A budget to actual schedule is included as required supplementary information.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounted to approximately \$22.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and reflects an increase of approximately \$1.8 million, net of depreciation.

Additional information on the Town capital assets can be found in the footnotes.

Long-Term Debt – At the end of the current fiscal year, the Town had total debt outstanding of approximately \$4.2 million. This amount represents general obligation bonds and Title V notes payable of governmental activities. The business-type activity had no outstanding debt during the year.

The Town’s total long-term debt decreased by nearly \$0.4 million during the fiscal year as a result of regular scheduled maturities slightly outpacing new note issuances.

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.

Additional information on the Town’s debt can be found in the footnotes.

Economic Factors and Next Year’s Budgets and Rates

- Unemployment rates across the Commonwealth have improved significantly and are now trending at pre-pandemic rates.
- The Town’s property tax base is made up predominantly of residential taxes, which in 2024 is expected to represent 79.5% of the entire 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 tax levy.
- The Town anticipates state aid for 2024 is expected to increase slightly with the prior year at over \$1.0 million.
- The Town’s housing market has been very strong for the past several years. This has been bolstered by mortgage rates at historic lows. Current actions by the Federal Open Market Committee to soften the economy due to inflation have caused mortgage rates to spike during fiscal year 2023. Such trends may have an adverse effect on the housing market, and the Town is monitoring this.

- Inflation is peaking near 40-year historic highs. This is having adverse impacts on the Town. Wage inflation cannot guarantee that the Town will be able to maintain employees without increasing wages. Energy inflation is causing a spike in energy costs. Price inflation is causing a spike in the price of the delivery and cost of goods and services. The construction building index is nearing historic highs which may cause the estimates of major capital projects to increase, in addition to the financing costs of these projects. The Town continues to monitor this situation.

In June 2023, the Town voted an initial General Fund budget for fiscal year 2024 that was in balance. The Town tax rate was certified on November 27, 2023.

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

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, Town Hall, 979 Somerset Avenue, Dighton, Massachusetts, 02175.

TOWN OF DIGHTON, MASSACHUSETTS

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,476,914	\$ 561,225	\$ 13,038,139
Receivables, net of allowance for uncollectibles:			
Property taxes	1,703,921	-	1,703,921
Excise taxes	225,382	-	225,382
User fees	-	161,242	161,242
Departmental and other	466,054	-	466,054
Intergovernmental	135,845	-	135,845
Tax foreclosures	471,898	-	471,898
Capital assets, not being depreciated	4,189,400	68,245	4,257,645
Capital assets, net of depreciation	16,271,220	2,205,784	18,477,004
Total Assets	35,940,634	2,996,496	38,937,130
Deferred Outflows of Resources:			
Related to net pension liability	2,341,966	-	2,341,966
Related to net other postemployment liability	2,164,847	-	2,164,847
Total Deferred Outflows	4,506,813	-	4,506,813
Liabilities			
Warrants and accounts payable	316,837	4,009	320,846
Accrued payroll and withholdings	57,443	-	57,443
Unearned revenue	22,867	-	22,867
Planning deposits	516,259	-	516,259
Other liabilities	8,106	-	8,106
Noncurrent liabilities:			
Due in one year or less	535,741	10,916	546,657
Due in more than one year	21,836,600	10,915	21,847,515
Total Liabilities	23,293,853	25,840	23,319,693
Deferred Inflows of Resources:			
Related to net pension liability	16,665	-	16,665
Related to net other postemployment liability	1,149,826	-	1,149,826
Total Deferred Inflows	1,166,491	-	1,166,491
Net Position			
Net investment in capital assets	16,399,721	2,274,029	18,673,750
Restricted for:			
Nonexpendable permanent funds	23,810	-	23,810
Ambulance	1,142,243	-	1,142,243
Community preservation	1,035,787	-	1,035,787
Other purposes	1,750,814	-	1,750,814
Unrestricted	(4,365,272)	696,627	(3,668,645)
Total Net Position	\$ 15,987,103	\$ 2,970,656	\$ 18,957,759

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 1,699,716	\$ 628,782	\$ 1,157,659	\$ -	\$ 86,725		\$ 86,725
Public safety	6,716,426	1,278,538	371,189	-	(5,066,699)		(5,066,699)
Education	12,094,026	-	-	-	(12,094,026)		(12,094,026)
Public works	2,612,240	322,076	2,452	267,822	(2,019,890)		(2,019,890)
Health and human services	687,305	76,538	143,385	-	(467,382)		(467,382)
Culture and recreation	1,565,799	156,273	355,584	-	(1,053,942)		(1,053,942)
Interest expense	118,189	-	-	-	(118,189)		(118,189)
Total Governmental Activities	25,493,701	2,462,207	2,030,269	267,822	(20,733,403)		(20,733,403)
Business-Type Activities							
Sewer	340,005	359,632	-	-		19,627	19,627
Total Primary Government	\$ 25,833,706	\$ 2,821,839	\$ 2,030,269	\$ 267,822	(20,733,403)	19,627	(20,713,776)
General Revenues:							
Real and personal property taxes				20,785,570	-		20,785,570
Grants and contributions not restricted to specific programs				902,576	-		902,576
Motor vehicle and other excise				1,578,238	-		1,578,238
Penalties and interest on taxes				176,632	-		176,632
Unrestricted investment income				204,961	2,758		207,719
Total general revenues				23,647,977	2,758		23,650,735
Change in Net Position				2,914,574	22,385		2,936,959
Net Position - Beginning				13,072,529	2,948,271		16,020,800
Net Position - Ending	\$ 15,987,103	\$ 2,970,656	\$ 2,758	\$ 18,957,759			

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

	General	Ambulance Fund	ARPA Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 8,376,365	\$ 834,799	\$ 21,945	\$ 3,243,805	\$ 12,476,914
Receivables, net of allowance					
Property taxes	1,636,755	-	-	67,166	1,703,921
Excise taxes	225,382	-	-	6,172	231,554
Other	101,417	307,444	-	51,021	459,882
Due from other government	-	-	-	135,845	135,845
Tax foreclosures	471,898	-	-	-	471,898
Total Assets	10,811,817	1,142,243	21,945	3,504,009	15,480,014
Total Deferred Outflows of Resources					
Total Assets and Deferred Outflows of Resources	\$ 10,811,817	\$ 1,142,243	\$ 21,945	\$ 3,504,009	\$ 15,480,014
Liabilities					
Warrants and accounts payable	\$ 303,766	\$ -	\$ -	\$ 13,071	\$ 316,837
Accrued payroll and withholdings	57,443	-	-	-	57,443
Unearned revenue	-	-	21,945	922	22,867
Planning deposits	-	-	-	516,259	516,259
Other liabilities	7,469	-	-	637	8,106
Total Liabilities	368,678	-	21,945	530,889	921,512
Deferred Inflows of Resources					
Unavailable revenue - property taxes	2,108,653	-	-	73,338	2,181,991
Unavailable revenue - excise taxes	225,382	-	-	-	225,382
Unavailable revenue - other	101,417	307,444	-	51,021	459,882
Total Deferred Inflows of Resources	2,435,452	307,444	-	124,359	2,867,255
Fund Balances					
Nonspendable	-	-	-	23,810	23,810
Restricted	-	834,799	-	2,931,200	3,765,999
Committed	1,797,631	-	-	23,558	1,821,189
Assigned	581,424	-	-	-	581,424
Unassigned	5,628,632	-	-	(129,807)	5,498,825
Total Fund Balances	8,007,687	834,799	-	2,848,761	11,691,247
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,811,817	\$ 1,142,243	\$ 21,945	\$ 3,504,009	\$ 15,480,014

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

Total Governmental Fund Balances	\$ 11,691,247
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,460,620
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Other long-term assets are not available to pay for current period expenditures	2,867,255
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Deferred outflows and inflows of resources to be recognized in future other postemployment and pension expenses are not available resources and, therefore, are not reported in the funds:	
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Deferred outflows related to net other postemployment liability	2,164,847
Deferred outflows related to net pension liability	2,341,966
Deferred inflows related to net other postemployment liability	(1,149,826)
Deferred inflows related to net pension liability	(16,665)

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the government funds:	
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Bonds and notes payable	(3,585,058)
Landfill monitoring	(98,400)
Compensated absences	(849,710)
Unamortized bond premium	(103,434)
Lease liabilities	(589,457)
Net other postemployment benefits	(7,705,314)
Net pension liability	<u>(9,440,968)</u>

Net Position of Governmental Activities	<u>\$ 15,987,103</u>
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See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

	General	Ambulance Fund	ARPA Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Real estate and personal property taxes, net	\$ 20,536,087	\$ -	\$ -	\$ 137,602	\$ 20,673,689
Intergovernmental	1,001,325	55,624	1,044,155	1,074,971	3,176,075
Motor vehicle and other excises	1,632,654	-	-	-	1,632,654
License and permits	376,435	-	-	-	376,435
Departmental and other revenue	631,292	547,101	-	704,054	1,882,447
Penalties and interest on taxes	176,632	-	-	-	176,632
Fines and forfeitures	27,335	-	-	-	27,335
Investment income	178,882	-	-	26,079	204,961
Contributions and donations	-	-	-	24,593	24,593
Total Revenues	24,560,642	602,725	1,044,155	1,967,299	28,174,821
Expenditures					
Current:					
General government	1,986,738	-	25,000	90,714	2,102,452
Public safety	4,154,514	-	229,155	549,713	4,933,382
Education	12,093,976	-	-	50	12,094,026
Public works	2,429,493	-	-	267,906	2,697,399
Health and human services	402,196	-	-	82,094	484,290
Culture and recreation	303,083	-	790,000	521,855	1,614,938
Pensions and other fringes	2,111,378	-	-	-	2,111,378
State and county tax assessments	196,899	-	-	-	196,899
Debt service:					
Scheduled maturities	241,668	-	-	-	241,668
Interest expense	132,925	-	-	-	132,925
Total Expenditures	24,052,870	-	1,044,155	1,512,332	26,609,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	507,772	602,725	-	454,967	1,565,464
Other Financing Sources (Uses)					
Transfers in	580,859	-	-	41,751	622,610
Transfers out	(41,751)	(525,533)	-	(55,326)	(622,610)
Total Other Financing Sources (Uses)	539,108	(525,533)	-	(13,575)	-
Net Change in Fund Balances	1,046,880	77,192	-	441,392	1,565,464
Fund Balances - Beginning	6,960,807	757,607	-	2,407,369	10,125,783
Fund Balances - Ending	\$ 8,007,687	\$ 834,799	\$ -	\$ 2,848,761	\$ 11,691,247

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

Net Change in Fund Balances - Total Governmental Fund Balances	\$ 1,565,464
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and depreciated/amortized over their estimated useful lives and reported as depreciation expense. The net amounts are presented here as reconciling items:

Capital outlays	2,796,162
Depreciation expense	<u>(925,927)</u>
Net effect of reporting capital assets	1,870,235

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

Repayments of capital lease liabilities	136,855
Repayments of bonds and notes	<u>241,667</u>
Net effect of reporting long-term debt	378,522

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

233,455

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

Dept premium amortization	14,736
Landfill monitoring	12,300
Compensated absences	(93,247)
Other postemployment benefits	(381,665)
Net pension liability	<u>(685,226)</u>
Net effect of reporting long-term liabilities	<u>(1,133,102)</u>

Change in Net Position of Governmental Activities	<u>\$ 2,914,574</u>
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See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-type Activities - <u>Enterprise Funds</u> Sewer
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Assets

Current assets:

Cash and cash equivalents	\$ 561,225
User fees, net of allowance	<u>161,242</u>
Total Current Assets	<u>722,467</u>

Noncurrent assets:

Capital assets, not being depreciated	68,245
Capital assets, net of depreciation	<u>2,205,784</u>
Total Noncurrent Assets	<u>2,274,029</u>

Total Assets 2,996,496

Liabilities

Current liabilities:

Warrants payable and other liabilities	4,009
Compensated absences	<u>10,916</u>
Total Current Liabilities	<u>14,925</u>

Noncurrent liabilities:

Compensated absences	10,915
Total Noncurrent Liabilities	<u>10,915</u>

Total Liabilities 25,840

Net Position

Net investment in capital assets	2,274,029
Unrestricted	<u>696,627</u>

Total Net Position \$ 2,970,656

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

	Business-type Activities - <u>Enterprise Funds</u> <u><u>Sewer</u></u>
Operating Revenues	
Usage charges	\$ 352,759
Other fees	6,873
Total Operating Revenues	<u>359,632</u>
Operating Expenses	
Operating costs	250,988
Depreciation	89,017
Total Operating Expenses	<u>340,005</u>
Total Operating Income	<u>19,627</u>
Nonoperating Income (Expenses)	
Interest income	2,758
Total Nonoperating Revenues (Expenses), net	<u>2,758</u>
Income (Loss) Before Transfers	<u>22,385</u>
Change in Net Position	<u>22,385</u>
Net Position - Beginning	<u>2,948,271</u>
Net Position - Ending	<u><u>\$ 2,970,656</u></u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

	Business-type Activities - <u>Enterprise Funds</u> <u>Sewer</u>
Cash Flows from Operating Activities:	
Receipts from users	\$ 313,697
Payments to vendors	(118,575)
Payments to employees	<u>(135,094)</u>
Net Cash Provided by Operating Activities	<u>60,028</u>
Cash Flows from Investing Activities:	
Investment income	<u>2,758</u>
Net Cash Provided by Investing Activities	<u>2,758</u>
Net Change in Cash and Cash Equivalents	62,786
Cash and Cash Equivalents:	
Beginning of year	<u>498,439</u>
End of year	<u>\$ 561,225</u>
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:	
Operating income (loss)	\$ 19,627
Depreciation	89,017
Changes in assets and liabilities:	
Receivables, net	(45,935)
Liabilities, net	<u>(2,681)</u>
Net Cash Provided From Operating Activities	<u>60,028</u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

	Other Postemployment Benefits Trust Fund
Assets	
Money market account	\$ 9,142
Mutual funds - fixed income	422,663
Mutual funds - equities	<u>1,434,165</u>
Total Assets	<u>1,865,970</u>
Net Position	
Held in trust for:	
Other postemployment benefits	<u>1,865,970</u>
Total Net Position	<u>\$ 1,865,970</u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

	Other Postemployment Benefits Trust Fund
Additions	
Contributions:	
Employer	\$ 519,002
Total Contributions	<u>519,002</u>
Investment income:	
Investment income (loss)	137,754
Net Investment Earnings	<u>137,754</u>
Total Additions	<u>656,756</u>
Deductions	
Life and health insurance premiums paid for retirees	<u>394,002</u>
Total Deductions	<u>394,002</u>
Change in Net Position	262,754
Net Position - Beginning	<u>1,603,216</u>
Net Position - Ending	<u>\$ 1,865,970</u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is located south of Boston in Bristol County. It was established as a Town in 1712. The Town is governed by an elected three-member Board of Selectmen. The board members serve three-year terms. The Town provides governmental services for the territory within its boundaries, including police and fire protection, rubbish disposal, public education in grades K-12, sewer services, street maintenance, and parks and recreational facilities.

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

Joint Venture – The Town is a member community of the Dighton-Rehoboth Regional School District that provides educational services to two area communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2023, the Town's share of the operating and debt service expenses was almost \$10.9 million. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District's administrative office located at 2700 Regional Road, North Dighton, MA, 02764. The District also is assessed by two small trade schools annually in the aggregate amount of about \$1.2M.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

The Town considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major governmental funds:

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

Ambulance Fund – is used to account for the fees generated from the operations of the fire department's ambulance service that are designated to fund and supplement operating costs of the department.

ARPA Grants Fund – is used to account for grant activities related to the Coronavirus State and Local Fiscal Recovery Funds program authorized by the American Rescue Plan Act (ARPA).

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

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.

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

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

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

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

The government reports the following major proprietary fund:

Sewer Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the sewer activities are processed.

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

The government reports the following fiduciary funds:

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or 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 are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

Sewer user charges are assessed semi-annually based upon metered water consumption as provided by the Dighton Water District.

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

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

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, utility mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

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

Investment Income – 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 and permanent funds is retained in the respective funds.

Compensated Absences – It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. Amounts related to sick-pay benefits are carried forward from year to year. Compensation to employees varies depending upon union or employment contracts, with employee payments options including at year end or upon retirement. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 has two types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net

pension liability and net other postemployment benefits liability. These will be recognized in pension and employee benefits expense in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability and the other postemployment benefit liability. These will be recognized in pension and employee benefits expense in future years.

The Town also reports one type of item that arises under a modified accrual basis of accounting which qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, user charges and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

Nonexpendable Permanent Funds represent the endowment portion of donor restricted trusts that support governmental programs.

Ambulance is used to account for the fees generated from the operations of the fire department’s ambulance service that are designated to fund and supplement operating costs of the department.

Capital Project Funds are used to account for financial resources that are restricted, for capital outlays.

Other Purposes represent assets that are restricted by donors for specific governmental programs and uses.

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

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

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

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

Committed represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision, making authority, which consists of the Town Meeting members through Town Meeting Votes. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Votes) it employed previously to commit those amounts.

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

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

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

Stabilization Funds – The Town maintains a general stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$1,920,805 at June 30, 2023 and is reported as unassigned fund balance in the General Fund.

The Town maintains a capital stabilization fund which may be used for any capital purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$1,509,025 at June 30, 2023 and is reported as unassigned fund balance in the General Fund.

Encumbrances - The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Meeting 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 \$1,729,753 of encumbrances from Town Meeting votes in the General Fund as committed and \$71,554 of encumbrances from normal purchasing activity as assigned at June 30, 2023. Encumbrances are not reported in any other fund.

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

	General	Ambulance Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Nonexpendable trust funds	\$ -	\$ -	\$ 23,810	\$ 23,810
Restricted:				
General government	-	-	895,967	895,967
Public safety	-	834,799	79,524	914,323
Public works	-	-	41,073	41,073
Health and human services	-	-	222,227	222,227
Culture and recreation	-	-	641,830	641,830
Community preservation	-	-	1,028,002	1,028,002
Other purposes	-	-	22,577	22,577
Committed:				
General government	680,372	-	-	680,372
Public safety	428,407	-	-	428,407
Education	250,000	-	-	250,000
Public works	326,402	-	-	326,402
Health and human services	12,000	-	-	12,000
Culture and recreation	32,572	-	-	32,572
Unemployment	67,878	-	-	67,878
Capital outlay	-	-	23,558	23,558
Assigned:				
General government	14,194	-	-	14,194
Public safety	32,017	-	-	32,017
Public works	21,800	-	-	21,800
Health and human services	543	-	-	543
Culture and recreation	3,000	-	-	3,000
Subsequent years' budget	509,870	-	-	509,870
Unassigned	<u>5,628,632</u>	<u>-</u>	<u>(129,807)</u>	<u>5,498,825</u>
	<u>\$ 8,007,687</u>	<u>\$ 834,799</u>	<u>\$ 2,848,761</u>	<u>\$11,691,247</u>

E. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year, the Town incurred appropriation deficits of approximately \$46,000 as a result of incurring additional snow and ice removal costs. These were raised on the 2024 tax recap. Expenditures did not exceed appropriations for the legally adopted budget within the General Fund for any other functions. The Town incurred individual fund deficits totaling \$129,807 in its nonmajor governmental funds. These deficits will be funded in future fiscal years with grant revenues or other available funds.

F. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

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

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings. At year-end, the carrying amount of the Town's deposits was \$13,047,281 and the bank balance was \$14,264,942. Of the Town's bank balance, \$8,804,886 was covered by either federal depository insurance or by the depositors' insurance fund; and the remainder was uninsured.

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 does not have a formal investment policy related to custodial credit risk. The Town's bond mutual fund, equity mutual fund, money market mutual fund and State Treasurer's investment pool investments are not subject to custodial credit risk.

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

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

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

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

	June 30, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
Debt securities:				
Fixed income mutual funds	\$ 422,663	-	422,663	-
Total debt securities	422,663	-	422,663	-
Equity securities:				
Equity mutual funds	1,434,165	-	1,434,165	-
Total equity securities	1,434,165	-	1,434,165	-
Total Investments by Fair Value Level	\$ 1,856,828	\$ -	\$ 1,856,828	\$ -
<u>Investments measured at amortized cost</u>				
State investment pool	356,181			
Money market mutual fund	9,142			
Total Investments Measured at Fair Value	<u>\$ 2,222,151</u>			

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. The State Treasurer's investment pool (MMDT) is valued at amortized cost. The MMDT's investment advisor may value the pool using an alternative valuation method that more accurately reflect the fair value in accordance with the pool's fair value pricing policies should amortized cost not approximate the fair value of the pool.

Interest Rate Risk: Deposits – This is the risk that fair value losses may arise due to increasing interest rates. The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

Interest Rate Risk: Investments – Debt security investments are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

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

Investments	June 30, 2023	Maturities in Years		
		Less than 1	1 - 5	6 - 10
State investment pool	\$ 356,181	\$ 356,181	\$ -	\$ -
Non-negotiable certificates of deposit	2,227,537	2,227,537	-	-
Total investments with maturities	<u>\$ 2,583,718</u>	<u>\$ 2,583,718</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk – The Town does not place a limit on the amount that may be invested in any one issuer. No issuer represents more than 5% of the Town's total investments.

Credit Risk – The Town has not adopted a formal policy related to credit risk. All of the Town's investments are unrated.

B. Receivables

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 883,413	\$ -	\$ 883,413
Tax liens	753,342	-	753,342
Community preservation surcharge	7,785	-	7,785
Excise	225,382	-	225,382
Ambulance	558,989	(251,545)	307,444
Departmental and other	166,970	-	166,970
Title V betterment loans	51,021	-	51,021
Intergovernmental	135,845	-	135,845
Total	\$ 2,782,747	\$ (251,545)	\$ 2,531,202

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer user fees	\$ 161,242	\$ -	\$ 161,242
Total	\$ 161,242	\$ -	\$ 161,242

Governmental funds report deferred inflows of resources in connections with receivables for revenues that are considered unavailable to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental Funds		Total
		Funds	Total	
Real estate and personal property taxes	\$ 883,413	\$ -	\$ 883,413	
Tax liens	753,342	-	753,342	
Community preservation surcharge	-	7,785	7,785	
Excise	225,382	-	225,382	
Ambulance	-	307,444	307,444	
Departmental and other	101,417	65,553	166,970	
Title V betterment loans	-	51,021	51,021	
Tax foreclosures	471,898	-	471,898	
Total	\$ 2,435,452	\$ 431,803	\$ 2,867,255	

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated/amortized:				
Land	\$ 3,507,656	\$ 120,400	\$ -	\$ 3,628,056
Construction in Process	-	561,344	-	561,344
Total capital assets not being depreciated/amortized	<u>3,507,656</u>	<u>681,744</u>	<u>-</u>	<u>4,189,400</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	7,838,314	762,659	-	8,600,973
Improvements other than buildings	277,128	-	-	277,128
Infrastructure	8,182,516	696,394	-	8,878,910
Machinery and equipment	2,405,739	587,289	-	2,993,028
Vehicles	4,948,234	68,076	-	5,016,310
Total capital assets being depreciated/amortized	<u>23,651,931</u>	<u>2,114,418</u>	<u>-</u>	<u>25,766,349</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,865,425)	(209,273)	-	(2,074,698)
Improvements other than buildings	(111,910)	(9,506)	-	(121,416)
Infrastructure	(1,457,602)	(271,075)	-	(1,728,677)
Machinery and equipment	(1,862,007)	(153,851)	-	(2,015,858)
Vehicles	(3,272,258)	(282,222)	-	(3,554,480)
Total accumulated depreciation/amortization	<u>(8,569,202)</u>	<u>(925,927)</u>	<u>-</u>	<u>(9,495,129)</u>
Total capital assets being depreciated/amortized, net	<u>15,082,729</u>	<u>1,188,491</u>	<u>-</u>	<u>16,271,220</u>
Governmental activities capital assets, net	<u>\$ 18,590,385</u>	<u>\$ 1,870,235</u>	<u>\$ -</u>	<u>\$ 20,460,620</u>
<u>Business-Type Activities - Sewer:</u>				
Capital assets not being depreciated/amortized:				
Land	\$ 68,245	\$ -	\$ -	\$ 68,245
Total capital assets not being depreciated/amortized	<u>68,245</u>	<u>-</u>	<u>-</u>	<u>68,245</u>
Capital assets being depreciated/amortized:				
Infrastructure	4,159,993	-	-	4,159,993
Machinery and equipment	32,026	-	-	32,026
Vehicles	20,000	-	-	20,000
Total capital assets being depreciated/amortized	<u>4,212,019</u>	<u>-</u>	<u>-</u>	<u>4,212,019</u>
Less accumulated depreciation/amortization for:				
Infrastructure	(1,877,762)	(86,970)	-	(1,964,732)
Machinery and equipment	(19,456)	(2,047)	-	(21,503)
Vehicles	(20,000)	-	-	(20,000)
Total accumulated depreciation/amortization	<u>(1,917,218)</u>	<u>(89,017)</u>	<u>-</u>	<u>(2,006,235)</u>
Total capital assets being depreciated/amortized, net	<u>2,294,801</u>	<u>(89,017)</u>	<u>-</u>	<u>2,205,784</u>
Business-type activities capital assets, net	<u>\$ 2,363,046</u>	<u>\$ (89,017)</u>	<u>\$ -</u>	<u>\$ 2,274,029</u>

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

<i><u>Governmental Activities:</u></i>		<i><u>Business-Type Activities:</u></i>	
General government	\$ 65,460	Sewer	\$ 89,017
Public safety	406,825	Total Business-Type Activities	<u>\$ 89,017</u>
Public works	421,879		
Culture and recreation	31,763		
Total Governmental Activities	<u>\$ 925,927</u>		

D. Interfund Receivables, Payables and Transfers

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

Transfers Out	Transfers In		
	Nonmajor		
	General Fund	Governmental Funds	Total
General Fund	\$ -	\$ 41,751	\$ 41,751 (1)
Ambulance Fund	525,533	-	525,533 (2)
Nonmajor Governmental Funds	55,326	-	55,326 (3)
Total	<u>\$ 580,859</u>	<u>\$ 41,751</u>	<u>\$ 622,610</u>

(1) Transfers to Nonmajor Fund to supplement grant expenses.

(2) Transfers to General Fund to supplement ambulance expenses.

(3) Transfers to General Fund to supplement operating budgets.

E. Temporary Debt

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

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

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

The Town did not have any temporary notes outstanding at June 30, 2023.

F. 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 relative to associated personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<u>Governmental Activities:</u>					
Bond and note debt	\$ 3,730,000	\$ -	\$ (235,000)	\$ 3,495,000	\$ 235,000
Notes from direct borrowings and placements	823,037	-	(143,522)	679,515	147,550
Debt premiums	118,170	-	(14,736)	103,434	13,434
Landfill monitoring	110,700	-	(12,300)	98,400	12,300
Compensated absences	756,463	206,716	(113,469)	849,710	127,457
Net other postemployment benefits liability	7,961,964	3,065,514	(3,322,164)	7,705,314	-
Net pension liability	6,714,472	3,925,149	(1,198,653)	9,440,968	-
Total Governmental Activities	<u>\$ 20,214,806</u>	<u>\$ 7,197,379</u>	<u>\$ (5,039,844)</u>	<u>\$ 22,372,341</u>	<u>\$ 535,741</u>
<u>Business-type Activities: Sewer</u>					
Compensated absences	\$ 16,489	\$ 13,558	\$ (8,216)	\$ 21,831	\$ 10,916
Total Business-type Activities: Sewer	<u>\$ 16,489</u>	<u>\$ 13,558</u>	<u>\$ (8,216)</u>	<u>\$ 21,831</u>	<u>\$ 10,916</u>
Total Business-type Activities: All	<u>\$ 16,489</u>	<u>\$ 13,558</u>	<u>\$ (8,216)</u>	<u>\$ 21,831</u>	<u>\$ 10,916</u>

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

The following is a summary of the current year activity for outstanding long-term debt obligations:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<u>Governmental Activities:</u>					
General obligation bonds	3.0% - 5.0%	\$ 3,730,000	\$ -	\$ (235,000)	\$ 3,495,000
MCWT (Title V) Loans	0.00%	96,725	-	(6,667)	90,058
Capital Financing	2.4% - 4.0%	726,312	-	(136,855)	589,457
Total Governmental Bond and Note Indebtedness		<u>\$ 4,553,037</u>	<u>\$ -</u>	<u>\$ (378,522)</u>	<u>\$ 4,174,515</u>

Payments on outstanding bonds and notes due in future years consist of the following:

Year Ending June 30,	Governmental Activities - Total Bond and Note Indebtedness							Grand Total	
	Principal			Interest					
	GO Bonds	Direct	Total	GO Bonds	Direct	Total			
2024	\$ 235,000	\$ 147,550	\$ 382,550	\$ 121,175	\$ 37,311	\$ 158,486	\$ 541,036		
2025	235,000	151,703	386,703	109,425	35,020	144,445	531,148		
2026	235,000	105,424	340,424	97,675	7,391	105,066	445,490		
2027	235,000	107,828	342,828	90,625	4,986	95,611	438,439		
2028	235,000	110,292	345,292	83,575	2,523	86,098	431,390		
2029-2033	1,170,000	33,338	1,203,338	310,362	-	310,362	1,513,700		
2034-2038	1,150,000	16,700	1,166,700	120,176	-	120,176	1,286,876		
2039-2040	-	6,680	6,680	-	-	-	6,680		
Total	\$ 3,495,000	\$ 679,515	\$ 4,174,515	\$ 933,013	\$ 87,231	\$ 1,020,244	\$ 5,194,759		

The following represents authorized and unissued debt as of June 30, 2023:

Project	Amount
<i>Governmental Activities:</i>	
Police Headquarters	\$ 770,723
Police Headquarters & Community Center	<u>1,137,000</u>
Total Authorized and Unissued Debt	<u>\$ 1,907,723</u>

III. Other Information

A. Retirement System

System Description – The Town contributes to the Bristol County Retirement System (the System), a cost sharing multiple-employer defined benefit pension plan established under Chapter 32 of the Massachusetts General Laws (MGL) and is administered by the Bristol County Retirement Board (BCRB). Standalone audited financial statements for the year ended December 31, 2022, were issued and may be obtained by writing to the Bristol County Retirement System, 645 County Street, Taunton, MA, 02780.

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

Retirees and beneficiaries currently receiving benefits	2,979
Active participants	3,507
Inactive participants	<u>930</u>
Total	<u>7,416</u>
Participating employers	40

Benefit Terms – The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne

by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

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

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

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

The Town contributed \$897,957 to the System in fiscal year 2023, which equaled the actuarially determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 19.00% in fiscal year 2023.

Net Pension Liability – At June 30, 2023, the Town reported a liability of \$9,440,968 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. These figures were updated by the independent actuary as of December 31, 2022. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the System's benefit terms since the actuarial valuation.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all employers. The Town's proportion was approximately 1.830% at December 31, 2022.

Pension Expense – The Town recognized \$1,583,183 in net 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	\$ 348,856	\$ -
Net differences between projected and actual earnings on pension plan investments	1,245,341	-
Changes of assumptions	601,035	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	146,734	16,665
Total	\$ 2,341,966	\$ 16,665

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

Year Ended	
June 30,	Amount
2024	\$ 726,000
2025	533,809
2026	448,093
2027	616,541
2028	858
Total	<u>\$ 2,325,301</u>

Discount Rate – The discount rate used to measure the total pension liability was 7.35%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the 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.

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

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Investment rate of return	7.35%, net of expenses (unchanged from prior year)
Discount rate	7.35%, net of expenses (unchanged from prior year)
Inflation rate	2.40%
Projected salary increases	3.00%
Cost of living adjustments	3.0% of the first \$18,000 of benefits
Pre- / post-retirement mortality	RP-2014 table adjusted to 2006 and projected generationally with MP-2021 (gender distinct). During employment, the healthy employee mortality table is used. Post-employment, the healthy annuitant table is used.
Disabled mortality	For disabled retirees, mortality follows same table as non-disabled retirees, set forward two years. Death is assumed to be due to same cause as disability 40% of the time.

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 real rates of return (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 real rates of return by the target asset allocation percentage and by

adding expected inflation. The target allocations and best estimates of arithmetic real returns for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	22.00%	5.0%
International equities	11.00%	5.2%
Emerging market equities	11.00%	5.9%
Global REITs	2.00%	4.4%
Core fixed income	5.00%	1.5%
High yield fixed income	3.00%	3.1%
Emerging markets fixed income	4.00%	2.9%
Global fixed income	3.00%	1.4%
Private equity	12.00%	7.2%
Hedge funds	4.00%	2.9%
Real estate	11.00%	2.7%
Timber	3.00%	2.8%
Farmland	3.00%	5.3%
Infrastructure	6.00%	4.8%
Total	100.00%	

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.35% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount Rate	Net Pension Liability at		
	1% Decrease	Current Rate	1% Increase
7.35%	\$ 9,415,484	\$ 6,714,472	\$ 4,434,702

B. Risk Financing

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

The Town is part of a premium-based, self-insurance group which insures for general and personal liability, and worker’s compensation, through the Southeastern MASS Health Group. Additionally, the Town is entirely self-insured for employees’ unemployment benefits. The Town essentially transfers its risk through payment of its annual assessment which is adjusted according to the Town’s experience history. All other insurance is carried through conventional carriers.

C. Other Postemployment Benefits

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

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

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

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of the actuarial valuation date of July 1, 2021:

Retirees and beneficiaries	80
Actives	47
Total	<u>127</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. For healthcare coverage, retirees contribute 25% of premiums. Retirees contribute 50% of life insurance benefit premiums. The remainder of the cost is funded by general revenues of the Town.

The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2023, the Town’s average contribution rate was approximately 8.17% 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 components of the net OPEB liability of the Town at June 30, 2023 were as follows:

Total OPEB liability	\$ 9,565,180
Plan fiduciary net position	<u>(1,603,216)</u>
Net OPEB liability	<u>\$ 7,961,964</u>

Plan fiduciary net position as a percentage of the total OPEB liability 16.76%

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

Investment Rate of Return	6.15%, net of OPEB plan investment expenses, including inflation.
Municipal Bond Rate	4.13% as of June 30, 2023
Single Equivalent Discount Rate	5.70%, net of OPEB plan investment expense, including inflation.
Inflation	2.50% annually as of June 30, 2022 and for future periods
Healthcare Costs Trend Rate	SOA Getzen Model of Long-Run Medical Cost Trends: 6.50% in fiscal year 2023 decreasing annually to 4.77% in fiscal year 2030 and to 3.63% for 2060 and later
Salary Increases	3.0% annually as of June 30, 2023 and for future periods
Actuarial Cost Method	Individual entry age normal
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year

Changes to Key Assumptions

Single Equivalent Discount Rate Due to GASB 75 standards the discount rate has been changed to 5.70% from 5.39%.

Discount Rate – The discount rate used to measure the total OPEB liability was 5.70%. The rate is a blend of the expected long-term rate of return on investments and the 20-year municipal bond index, as the plan is being partially funded.

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

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

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

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic equity - large cap	25.00%	4.10%
Domestic equity - small/mid cap	15.25%	4.55%
International equity - developed markets	13.50%	4.64%
International equity - emerging markets	7.25%	5.45%
Domestic fixed income	19.00%	1.05%
International fixed income	4.25%	0.96%
Alternatives	10.75%	5.95%
Real estate	4.50%	6.25%
Cash	0.50%	0.00%
	<u>100.00%</u>	
Real rate of return		3.90%
Inflation assumption		<u>2.50%</u>
Total nominal rate of return		6.40%
Investment expense		<u>-0.25%</u>
Net investment return		<u>6.15%</u>

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

Net OPEB Liability			
Healthcare Trend Rate			
Current Rate	1% Decrease	Current Trend	1% Increase
6.50%	\$ 6,366,575	\$ 7,705,314	\$ 9,420,220

Discount Rate			
Current Rate	1% Decrease	Current	1% Increase
5.70%	\$ 9,221,627	\$ 7,705,314	\$ 6,499,718

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 9,565,180	\$ 1,603,216	\$ 7,961,964
Changes for the year:			
Service cost	264,786	-	264,786
Interest	519,356	-	519,356
Change in assumptions	(384,036)	-	(384,036)
Net investment income	-	137,754	(137,754)
Employer contributions	-	519,002	(519,002)
Benefit payments withdrawn from trust	-	(394,002)	394,002
Benefit payments	(394,002)	-	(394,002)
Net changes	6,104	262,754	(256,650)
Balances at June 30, 2023	<u>\$ 9,571,284</u>	<u>\$ 1,865,970</u>	<u>\$ 7,705,314</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the Town recognized OPEB expense of \$900,667. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 510,211	\$ 277,329
Differences between actual and expected earnings	98,397	-
Change in assumptions	<u>1,556,239</u>	<u>872,497</u>
Totals	<u>\$ 2,164,847</u>	<u>\$ 1,149,826</u>

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

Year Ended June 30,	Amount
2024	\$ 213,983
2025	150,035
2026	423,567
2027	274,007
2028	(46,571)
Total	<u>\$ 1,015,021</u>

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

Investment Policy – The OPEB Plan follows the same investment policies that apply to all other Town Trust funds. Notably it can be invested in accordance with State Statutes that govern Trust investments including PRIM which is an external investment pool managed by the State.

Investment Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

E. Landfill Closure and Post-Closure Care Costs

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions ("post-closure care") at the site for 30 years after the landfill cover is installed. In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring; \$98,400 has been recorded as a governmental activities' liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Implementation of New GASB 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 for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The adoption of this standard did not have a material impact on the Town's financial statements.

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

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement 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 for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The adoption of this standard did not have a material impact on the Town's financial statements.

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.

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TOWN OF DIGHTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2023

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

Year Ended December 31,	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	1.830%	\$ 9,440,968	\$ 4,655,122	202.81%	61.8%
2022	1.804%	6,714,472	4,496,922	149.31%	71.6%
2021	1.773%	7,735,050	4,319,267	179.08%	65.2%
2020	1.743%	8,212,694	4,010,854	204.76%	61.2%
2019	1.763%	6,540,627	3,860,253	169.44%	63.5%
2018	1.765%	5,508,579	4,036,032	136.49%	68.6%
2017	1.765%	5,893,833	3,203,947	183.96%	64.2%
2016	1.765%	5,939,429	3,392,553	175.07%	62.9%
2015	1.939%	5,636,255	2,798,717	201.39%	67.1%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN

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	\$ 897,957	\$ 897,957	\$ -	\$ 4,724,949	19.00%
2022	890,368	890,368	-	4,564,376	19.51%
2021	811,670	811,670	-	4,384,056	18.51%
2020	742,843	742,843	-	4,071,017	18.25%
2019	690,701	690,701	-	3,918,157	17.63%
2018	664,690	664,690	-	4,096,572	16.23%
2017	711,360	711,360	-	3,252,006	21.87%
2016	654,571	654,571	-	3,443,441	19.01%
2015	589,292	589,292	-	2,840,698	20.74%

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

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

See accompanying independent auditors' report.

TOWN OF DIGHTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2023

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

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	\$ 264,786	\$ 212,169	\$ 136,910	\$ 125,892	\$ 236,912	\$ 258,833	\$ 178,192
Interest	519,356	381,806	384,795	403,022	374,438	354,324	340,861
Difference between expected and actual plan experience	-	701,763	-	(717,533)	-	738,063	-
Changes in assumptions	(384,036)	1,355,774	1,254,004	(876,197)	(760,556)	-	-
Benefit payments	(394,002)	(289,600)	(268,018)	(242,205)	(197,678)	(180,427)	(177,877)
Net change in total OPEB liability	6,104	2,361,912	1,507,691	(1,307,021)	(346,884)	1,170,793	341,176
 Total OPEB liability - beginning of year	 9,565,180	 7,203,268	 5,695,577	 7,002,598	 7,349,482	 6,178,689	 5,837,513
Total OPEB liability - end of year (a)	<u>\$ 9,571,284</u>	<u>\$ 9,565,180</u>	<u>\$ 7,203,268</u>	<u>\$ 5,695,577</u>	<u>\$ 7,002,598</u>	<u>\$ 7,349,482</u>	<u>\$ 6,178,689</u>
 Plan fiduciary net position:							
Contributions - employer	\$ 519,002	\$ 414,600	\$ 403,018	\$ 377,205	\$ 382,678	\$ 365,427	\$ 352,877
Net investment income	137,754	(251,330)	320,084	34,524	63,610	35,119	44,066
Benefit payments	(394,002)	(289,600)	(268,018)	(242,205)	(197,678)	(180,427)	(177,877)
Administrative expenses	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Net change in Plan fiduciary net position	262,754	(126,330)	455,084	169,524	248,610	220,119	219,066
 Plan fiduciary net position - beginning of year (a)	 1,603,216	 1,729,546	 1,274,462	 1,104,938	 856,328	 636,209	 417,143
Plan fiduciary net position - end of year (b)	<u>\$ 1,865,970</u>	<u>\$ 1,603,216</u>	<u>\$ 1,729,546</u>	<u>\$ 1,274,462</u>	<u>\$ 1,104,938</u>	<u>\$ 856,328</u>	<u>\$ 636,209</u>
 Net OPEB liability - end of year (a) - (b)	 <u>\$ 7,705,314</u>	 <u>\$ 7,961,964</u>	 <u>\$ 5,473,722</u>	 <u>\$ 4,421,115</u>	 <u>\$ 5,897,660</u>	 <u>\$ 6,493,154</u>	 <u>\$ 5,542,480</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 19.50%	 16.76%	 24.01%	 22.38%	 15.78%	 11.65%	 10.30%
 Covered payroll	 \$ 6,352,178	 \$ 6,167,164	 \$ 5,756,093	 \$ 5,588,440	 \$ 4,880,140	 \$ 4,612,325	 \$ 4,600,000
 Net OPEB liability as a percentage of covered payroll	 121.30%	 129.10%	 95.09%	 79.11%	 120.85%	 140.78%	 120.49%

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

See independent auditors' report.

TOWN OF DIGHTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
YEAR ENDED JUNE 30, 2023

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 629,354	\$ 575,100	\$ 382,196	\$ 451,303	\$ 631,295	\$ 602,210	\$ 540,658
Contributions in relation to the actuarially-determined contribution	<u>(519,002)</u>	<u>(414,600)</u>	<u>(403,018)</u>	<u>(377,205)</u>	<u>(382,678)</u>	<u>(365,427)</u>	<u>(352,877)</u>
Contribution deficiency (excess)	<u>\$ 110,352</u>	<u>\$ 160,500</u>	<u>\$ (20,822)</u>	<u>\$ 74,098</u>	<u>\$ 248,617</u>	<u>\$ 236,783</u>	<u>\$ 187,781</u>
Covered-employee payroll	\$ 6,352,178	\$ 6,167,164	\$ 5,756,093	\$ 5,588,440	\$ 4,880,140	\$ 4,612,325	\$ 4,600,000
Contribution as a percentage of covered payroll	8.17%	6.72%	7.00%	6.75%	7.84%	7.92%	7.67%
Valuation Date	July 1, 2021						
Amortization Period	30 years						
Investment rate of return	6.15%						
Municipal Bond Rate	4.13%						
Single Equivalent Discount Rate	5.70%						
Inflation	2.50%						
Salary increases	3.00%						
Healthcare cost trend rates	SOA Getzen Model of Long-Run Medical Cost Trends: 6.50% in fiscal year 2022 decreasing annually to 4.77% in fiscal year 2030 and to 3.63% for 2060 and later						
Actuarial Cost Method	Individual Entry Age Normal (for all years presented)						
Asset Valuation Method	Market Value of Assets as of Reporting Date (for all years presented)						

SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	8.59%	-14.01%	23.81%	2.90%	6.65%	4.83%	8.76%

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

See independent auditors' report.

TOWN OF DIGHTON, MASSACHUSETTS

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

	Budgeted Amounts		Actual		Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts	Encumbrances	Budgetary Adjusted	Positive (Negative)
REVENUES						
Real estate and personal property taxes, net	\$ 20,461,137	\$ 20,461,137	\$ 20,536,087	\$ -	\$ 20,536,087	\$ 74,950
Intergovernmental	969,262	969,262	1,001,325	\$ -	1,001,325	32,063
Motor vehicle and other excises	1,283,203	1,283,203	1,632,654	\$ -	1,632,654	349,451
License and permits	240,000	240,000	376,435	\$ -	376,435	136,435
Departmental and other revenue	443,091	443,091	631,292	\$ -	631,292	188,201
Penalties and interest on taxes	102,427	102,427	176,632	\$ -	176,632	74,205
Fines and forfeitures	1,400	1,400	27,335	\$ -	7,347	5,947
Investment income	6,601	6,601	123,957	\$ -	7,636	1,035
Total Revenues	<u>23,507,121</u>	<u>23,507,121</u>	<u>24,505,717</u>	<u>\$ -</u>	<u>24,369,408</u>	<u>862,287</u>
EXPENDITURES						
General government	2,313,979	2,765,266	1,986,738	694,566	2,681,304	83,962
Public safety	4,783,784	4,869,782	4,153,806	460,424	4,614,230	255,552
Education	12,748,213	12,344,213	12,093,976	250,000	12,343,976	237
Public works	2,777,384	2,835,351	2,429,493	348,202	2,777,695	57,656
Health and human services	501,895	501,945	402,196	12,543	414,739	87,206
Culture and recreation	398,080	398,380	303,083	35,572	338,655	59,725
State and county tax assessments	196,319	196,319	196,899	\$ -	196,899	(580)
Pension and other fringe benefits	2,340,343	2,303,994	2,003,982	\$ -	2,003,982	300,012
Debt service	374,593	374,593	374,593	\$ -	374,593	-
Total Expenditures	<u>26,434,590</u>	<u>26,589,843</u>	<u>23,944,766</u>	<u>\$ 1,801,307</u>	<u>25,746,073</u>	<u>843,770</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	866,967	890,500	901,349	\$ 901,349	10,849	
Transfers out	(1,177,959)	(1,177,959)	(1,209,043)	(1,209,043)	(31,084)	
Total Other Financing Sources (Uses)	<u>(310,992)</u>	<u>(287,459)</u>	<u>(307,694)</u>	<u>(307,694)</u>	<u>(20,235)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE						
	<u>(3,238,461)</u>	<u>(3,370,181)</u>	<u>\$ 253,257</u>	<u>\$ (1,684,359)</u>	<u>\$ 1,685,822</u>	
Other Budgetary Items:						
Undesignated surplus (free cash)	2,871,074	3,002,382				
Prior year encumbrances - certified	578,411	578,411				
Prior year encumbrances - uncertified	96,270	96,270				
Prior year snow and ice deficit	(226,030)	(226,030)				
Prior year other deficit	(71,303)	(71,303)				
Other amounts	(9,961)	(9,549)				
	<u>\$ -</u>	<u>\$ -</u>				

See accompanying independent auditors' report.

See accompanying notes to required supplementary information.

TOWN OF DIGHTON, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2023

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Board of Selectmen and Finance Committee and approved by the Town Meeting members at the Town’s annual meeting in May. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within each department. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2023, Town Meeting approved a minor amount of additional appropriations and transfers from the original approved budget.

The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town’s accounting system.

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

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 24,505,717
Stabilization investment income	\$ -	\$ 52,135	52,135
Unemployment trust investment income	-	2,790	2,790
Revenues on a GAAP basis	\$ -	\$ 54,925	\$ 24,560,642
Expenditures on a budgetary basis			\$ 23,944,766
Indirect costs treated as transfers for budget	\$ (21,198)	\$ -	(21,198)
Unemployment trust expenditures	-	3,594	3,594
Other postemployment benefit trust transfers	-	125,000	125,000
Transfer recognition	-	708	708
Expenditures on a GAAP basis	\$ (21,198)	\$ 129,302	\$ 24,052,870
Other financing sources (uses) on a budgetary basis			\$ (307,694)
Stabilization transfers	\$ -	\$ 742,292	742,292
Other postemployment benefit trust transfers	-	125,000	125,000
Transfer recognition	-	708	708
Indirect costs treated as transfers for budget	(21,198)	-	(21,198)
Other financing sources (uses) on a GAAP basis	\$ (21,198)	\$ 868,000	\$ 539,108