



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

TOWN OF GROVELAND, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2023

TOWN OF GROVELAND, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements	14
Statement of net position.....	15
Statement of activities	16
Governmental funds – balance sheet	18
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position.....	19
Governmental funds – statement of revenues, expenditures and changes in fund balances	20
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	21
Proprietary funds – statement of net position.....	22
Proprietary funds – statement of revenues, expenses and changes in net position.....	23
Proprietary funds – statement of cash flows	24
Fiduciary funds – statement of fiduciary net position	25
Fiduciary funds – statement of changes in fiduciary net position.....	26
Notes to basic financial statements.....	27
Required Supplementary Information.....	64
Budgetary Comparison Schedule.....	65
Schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual.....	66
Pension Plan Schedules	67
Schedule of the Town's proportionate share of net pension liability	68
Schedule of the Town's contributions	69
Other Postemployment Benefit Plan Schedules	70
Schedule of Changes in the Town's net other postemployment benefit liability and related ratios	71
Schedule of the Town's contributions	72
Schedule of investment returns.....	73
Schedule of Changes in the Groveland Electric Light Department's net other postemployment benefit liability and related ratios.....	74
Schedule of the Groveland Electric Light Department's employer contributions	75
Schedule of the Groveland Electric Light Department's investment returns.....	76
Notes to Required Supplementary Information	77
Report on Internal Control over Financial Reporting and on Compliance.....	82
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83



Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Groveland, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Groveland Electric Light Department as of December 31, 2022, which represents 53%, 58%, and 75%, respectively, of the assets, net position, and revenues of the business-type activities as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Groveland Electric Light Department, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

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

Other Matters, Financial Statement Restatements

As described in Note 15 to the financial statements, the beginning net position and fund balance of the governmental activities and the general fund, respectively, have been restated. Our opinions are not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

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



January 11, 2024

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Groveland, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented in this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Groveland's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. The 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 finances, in a manner similar to private-sector business.

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The Town's general fund, community preservation fund and COVID-19 fund are considered major funds for presentation purposes. These major funds are presented in separate columns in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as nonmajor governmental funds.

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

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, and electric light activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for propriety funds. The Town uses the fiduciary funds to account for its Other Postemployment Benefit (OPEB) Trust Funds and the private purpose trust fund.

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

Financial Highlights

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Groveland's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33.9 million for both governmental activities and business-type activities at the close of the most recent year.

Beginning net position and fund balance in the Town's governmental activities and the general fund, respectively, have been restated to reflect a correction of an error totaling \$284,449. See Note 15 for further information.

Key components of the Town's activities are presented on the following pages.

Governmental Activities

	2023	2022 (As Restated)
Assets:		
Current assets.....	\$ 12,129,619	\$ 10,907,774
Capital assets, non depreciable.....	10,086,723	9,796,039
Capital assets, net of accumulated depreciation....	17,159,288	16,706,819
Total assets.....	39,375,630	37,410,632
Deferred outflows of resources.....	1,712,926	1,206,127
Liabilities:		
Current liabilities (excluding debt).....	1,631,815	681,525
Noncurrent liabilities (excluding debt).....	11,330,704	9,557,947
Current debt.....	604,795	655,871
Noncurrent debt.....	6,463,960	7,008,773
Total liabilities.....	20,031,274	17,904,116
Deferred inflows of resources.....	1,044,251	2,232,919
Net position:		
Net investment in capital assets.....	20,177,256	18,838,214
Restricted.....	6,174,282	5,638,230
Unrestricted.....	(6,338,507)	(5,996,720)
Total net position.....	\$ 20,013,031	\$ 18,479,724

Governmental net position of \$20.2 million reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$6.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit balance of \$6.3 million. The primary reason for this deficit balance is the recognition of the \$4.1 million net OPEB liability and the \$7.1 million net pension liability.

Governmental activities increased the Town's net position by \$1.5 million during 2023, as compared to an increase of \$2.0 million in 2022. The increase in net position was mainly the result of capital grant revenues totaling \$1.5 million.

Overall, expenses increased \$1.2 million, or 6%, from the prior year while revenues increased by \$801,000, or 3%, over the prior year. The increase in revenues was mainly from real estate and personal property taxes and unrestricted investment income, offset by a decrease in operating grants and contributions.

Expenses increased across all functional categories, except for health and human services. Decreases in expenses for this function related to funding from the Coronavirus Aid, Relief, and Economic Security Act, which ended in the previous year.

	2023	2022
Program Revenues:		
Charges for services.....	\$ 1,030,265	\$ 954,217
Operating grants and contributions.....	936,759	1,142,602
Capital grants and contributions.....	1,465,060	1,396,579
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	18,209,714	17,564,837
Motor vehicle and other excise taxes.....	1,082,750	1,067,781
Community preservation tax.....	446,769	423,003
Penalties and interest on taxes.....	130,489	172,825
Payments in lieu of taxes.....	46,761	63,073
Grants and contributions not restricted to specific programs.....	1,144,383	1,083,488
Unrestricted investment income (loss).....	152,314	(23,872)
Total revenues.....	24,645,264	23,844,533
Expenses:		
General government.....	2,350,837	1,811,128
Public safety.....	3,650,530	3,320,751
Education.....	13,410,540	13,234,698
Public works.....	2,346,113	2,080,794
Community development.....	141,965	140,458
Health and human services.....	438,216	667,040
Culture and recreation.....	729,649	572,906
Interest.....	84,107	92,150
Total expenses.....	23,151,957	21,919,925
Excess (Deficiency) before transfers.....	1,493,307	1,924,608
Transfers.....	40,000	40,000
Change in net position.....	1,533,307	1,964,608
Net position, beginning of year (As Restated).....	18,479,724	16,515,116
Net position, end of year.....	\$ 20,013,031	\$ 18,479,724

Business-type Activities

The Town's business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13.9 million at year end, a decrease of \$419,000 from the prior year. The sewer and electric light department's change in net position each amounted to decreases of \$71,000 and \$610,000 respectively. The water enterprise fund's net position increased by \$263,000.

Water Activities

Water business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4.3 million at the close of 2023. Net investment in capital assets totaled \$3.9 million and unrestricted net position totaled \$420,000. Net position increased during 2023 by \$263,000 compared to an increase of \$406,000 in the prior year. The increase in net position is due to the department's ability to set rates to cover its operating expenses.

	2023	2022
Assets:		
Current assets.....	\$ 1,527,454	\$ 1,494,008
Capital assets, non depreciable.....	478,753	478,753
Capital assets, net of accumulated depreciation....	5,867,727	5,931,219
Total assets.....	7,873,934	7,903,980
Deferred outflows of resources.....	179,671	113,855
Liabilities:		
Current liabilities (excluding debt).....	67,388	208,927
Noncurrent liabilities (excluding debt).....	1,142,852	910,764
Current debt.....	535,000	535,000
Noncurrent debt.....	1,925,000	2,100,000
Total liabilities.....	3,670,240	3,754,691
Deferred inflows of resources.....	77,237	219,527
Net position:		
Net investment in capital assets.....	3,886,480	3,774,972
Unrestricted.....	419,648	268,645
Total net position.....	\$ 4,306,128	\$ 4,043,617
Program Revenues:		
Charges for services.....	\$ 1,324,419	\$ 1,316,598
General Revenues:		
Unrestricted investment income.....	1,835	408
Total revenues.....	1,326,254	1,317,006
Expenses:		
Water.....	1,063,743	911,332
Change in net position.....	262,511	405,674
Net position, beginning of year.....	4,043,617	3,637,943
Net position, end of year.....	\$ 4,306,128	\$ 4,043,617

Sewer Activities

Sewer business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.5 million at the close of 2023. Net investment in capital assets was \$1.3 million and unrestricted net position was \$229,000. Net position decreased during 2023 by \$71,000 which is consistent with a decrease of \$72,000 in the prior year.

	2023	2022
Assets:		
Current assets.....	\$ 683,574	\$ 672,241
Noncurrent assets (excluding capital).....	76,260	93,225
Capital assets, non depreciable.....	255,004	255,004
Capital assets, net of accumulated depreciation....	1,493,283	1,593,543
Total assets.....	2,508,121	2,614,013
Deferred outflows of resources.....	89,835	56,928
Liabilities:		
Current liabilities (excluding debt).....	13,801	14,899
Noncurrent liabilities (excluding debt).....	568,536	453,242
Current debt.....	45,000	45,000
Noncurrent debt.....	430,000	475,000
Total liabilities.....	1,057,337	988,141
Deferred inflows of resources.....	38,619	109,763
Net position:		
Net investment in capital assets.....	1,273,287	1,328,547
Unrestricted.....	228,713	244,490
Total net position.....	\$ 1,502,000	\$ 1,573,037
Program Revenues:		
Charges for services.....	\$ 671,916	\$ 520,101
General Revenues:		
Unrestricted investment income.....	739	166
Total revenues.....	672,655	520,267
Expenses:		
Sewer.....	743,692	592,177
Change in net position.....	(71,037)	(71,910)
Net position, beginning of year.....	1,573,037	1,644,947
Net position, end of year.....	\$ 1,502,000	\$ 1,573,037

Electric Light Activities

Electric light business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8.1 million at the close of calendar year 2022. Net investment in capital assets was \$6.2 million and unrestricted net position was \$1.9 million. Net position decreased during calendar year 2022 by \$610,000 compared to an increase of \$502,000 in the prior year. This was mainly attributable to a net investment loss of \$370,845, which was consistent with market trends at December 31, 2022.

	December 31, 2022	December 31, 2021
Assets:		
Current assets.....	\$ 5,110,751	\$ 6,279,295
Investment in Joint Venture.....	300,000	-
Capital assets, non depreciable.....	454,200	454,200
Capital assets, net of accumulated depreciation....	5,726,652	5,288,486
Total assets.....	11,591,603	12,021,981
Deferred outflows of resources.....	801,127	657,831
Liabilities:		
Current liabilities (excluding debt).....	1,114,208	846,706
Noncurrent liabilities (excluding debt).....	2,747,913	2,818,337
Total liabilities.....	3,862,121	3,665,043
Deferred inflows of resources.....	469,843	343,708
Net position:		
Net investment in capital assets.....	6,180,852	5,742,686
Unrestricted.....	1,879,914	2,928,375
Total net position.....	\$ 8,060,766	\$ 8,671,061
Program Revenues:		
Charges for services.....	\$ 6,414,316	\$ 6,117,825
General Revenues:		
Unrestricted investment income (loss).....	(370,845)	426,040
Total revenues.....	6,043,471	6,543,865
Expenses:		
Electric Light.....	6,613,766	6,002,203
Excess (Deficiency) before transfers.....	(570,295)	541,662
Transfers.....	(40,000)	(40,000)
Change in net position.....	(610,295)	501,662
Net position, beginning of year.....	8,671,061	8,169,399
Net position, end of year.....	\$ 8,060,766	\$ 8,671,061

Financial Analysis of the Government's Major 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 of Groveland'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 of Groveland'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 year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$9.8 million, an increase of \$562,000 from the prior year.

General Fund

The general fund is the chief operating fund. At the end of the current year, the unassigned fund balance of the general fund was \$2.8 million and total fund balance was \$3.4 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 13.2% of total general fund expenditures, while total fund balance represents 16.2% of that same amount.

The general fund increased by \$352,000 during 2023 as a result of better than expected revenue collections and expenditure turnbacks, offset by the use of free cash to fund appropriations.

Community Preservation Fund

The Community Preservation fund had an ending fund balance at June 30, 2023, of \$4.6 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 3% surcharge on property taxes and to receive matching State grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historical resources, land for recreational use and community housing. Revenues exceeded expenditures by \$574,000 during the current year.

COVID-19 Fund

The COVID-19 fund is used to account for state and federal grants received to offset expenditures incurred related to the Coronavirus Pandemic. In 2023, the Town received state and federal funding of which the Town has reported \$796,000 as unearned revenue for costs not yet incurred. The Town will recognize these funds as revenue as the qualifying expenditures are incurred. In 2023, the Town incurred \$413,000 in expenditures related to the Pandemic.

The nonmajor governmental funds experienced a decrease of \$364,000 in the current year, which was due to timing differences between the receipts and expenditures of grant funds.

General Fund Budgetary Highlights

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

The original 2023 approved budget authorized \$21.4 million in appropriations and other amounts to be raised, including \$40,000 of prior year carryforwards. The final budget increased by \$50,000 for snow and ice related appropriations, which was funded from free cash.

Actual revenues came in above the budgeted amounts by \$315,000 in total. Actual expenditures (including carryovers) were less than budgeted amounts by \$306,000.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

During 2023, the Town expended \$1.9 million on governmental activities capital assets mainly consisting of various in process projects, vehicles, building and improvements, machinery and equipment, and infrastructure purchases. The business-type activities expended approximately \$985,000 on capital assets, mainly consisting of equipment, and infrastructure purchases in the water and electric enterprise funds.

Outstanding long-term debt of the governmental activities, as of June 30, 2023, totaled \$2.8 million. The decrease over the prior year is mainly attributable to scheduled principal payments.

Outstanding long-term debt of the business type activities, as of June 30, 2023, totaled \$2.6 million, of which \$475,000 relates to sewer projects and \$2.1 million relates to water projects. The decrease over the prior year is attributable to scheduled principal payments.

The Town has also recorded a liability of \$4.3 million in capital assessments payable to Pentucket Regional School District associated with the construction and renovation of the Bagnall School.

Please refer to the notes to the financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Groveland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Administrator, 183 Main Street, Groveland, MA 01834.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 8,059,474	\$ 2,363,277	\$ 10,422,751
Restricted cash and cash equivalents.....	-	112,604	112,604
Investments.....	2,556,764	2,306,820	4,863,584
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	92,471	-	92,471
Tax liens.....	240,948	-	240,948
Community preservation fund surtax.....	1,759	-	1,759
Motor vehicle and other excise taxes.....	75,008	-	75,008
User charges.....	-	1,445,199	1,445,199
Intergovernmental.....	903,404	-	903,404
Community preservation state share.....	199,791	-	199,791
Special assessments.....	-	14,771	14,771
Inventory.....	-	355,396	355,396
Prepaid expenses.....	-	723,712	723,712
Total current assets.....	12,129,619	7,321,779	19,451,398
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	76,260	76,260
Investment in joint venture.....	-	300,000	300,000
Capital assets, nondepreciable.....	10,086,723	1,187,957	11,274,680
Capital assets, net of accumulated depreciation.....	17,159,288	13,087,662	30,246,950
Total noncurrent assets.....	27,246,011	14,651,879	41,897,890
TOTAL ASSETS.....	39,375,630	21,973,658	61,349,288
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	1,198,366	657,152	1,855,518
Deferred outflows related to other postemployment benefits.....	514,560	413,481	928,041
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	1,712,926	1,070,633	2,783,559
LIABILITIES			
CURRENT:			
Warrants payable.....	549,986	992,284	1,542,270
Accrued payroll.....	207,024	22,146	229,170
Accrued interest.....	3,457	21,945	25,402
Customer deposits payable.....	-	87,990	87,990
Other liabilities.....	35,015	68,282	103,297
Unearned revenue.....	796,033	-	796,033
Capital assessment payable.....	311,133	-	311,133
Compensated absences.....	40,300	2,750	43,050
Notes payable.....	59,981	360,000	419,981
Bonds payable.....	233,681	220,000	453,681
Total current liabilities.....	2,236,610	1,775,397	4,012,007
NONCURRENT:			
Capital assessment payable.....	3,957,844	-	3,957,844
Compensated absences.....	120,900	8,250	129,150
Net pension liability.....	7,098,976	3,019,083	10,118,059
Net other postemployment benefits liability.....	4,110,828	1,431,968	5,542,796
Bonds payable.....	2,506,116	2,355,000	4,861,116
Total noncurrent liabilities.....	17,794,664	6,814,301	24,608,965
TOTAL LIABILITIES.....	20,031,274	8,589,698	28,620,972
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	136,124	467,455	603,579
Deferred inflows related to other postemployment benefits.....	908,127	118,244	1,026,371
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,044,251	585,699	1,629,950
NET POSITION			
Net investment in capital assets.....	20,177,256	11,340,619	31,517,875
Restricted for:			
Permanent funds:			
Nonexpendable.....	450,318	-	450,318
Gifts and grants.....	938,772	-	938,772
Community preservation.....	4,785,192	-	4,785,192
Unrestricted.....	(6,338,507)	2,528,275	(3,810,232)
TOTAL NET POSITION.....	\$ 20,013,031	\$ 13,868,894	\$ 33,881,925

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 2,350,837	\$ 452,811	\$ 582,900	\$ 189,335	\$ (1,125,791)
Public safety.....	3,650,530	339,823	288,214	52,322	(2,970,171)
Education.....	13,410,540	-	-	42,336	(13,368,204)
Public works.....	2,346,113	8,800	13,053	906,998	(1,417,262)
Community development.....	141,965	-	-	274,069	132,104
Health and human services.....	438,216	18,020	30,504	-	(389,692)
Culture and recreation.....	729,649	210,811	22,088	-	(496,750)
Interest.....	84,107	-	-	-	(84,107)
Total Governmental Activities.....	23,151,957	1,030,265	936,759	1,465,060	(19,719,873)
<i>Business-Type Activities:</i>					
Water.....	1,063,743	1,324,419	-	-	260,676
Sewer.....	743,692	671,916	-	-	(71,776)
Electric Light.....	6,613,766	6,414,316	-	-	(199,450)
Total Business-Type Activities.....	8,421,201	8,410,651	-	-	(10,550)
Total Primary Government.....	\$ 31,573,158	\$ 9,440,916	\$ 936,759	\$ 1,465,060	\$ (19,730,423)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (19,719,873)	\$ (10,550)	\$ (19,730,423)
<i>General revenues:</i>			
Real estate and personal property taxes, and tax and other liens, net of tax refunds payable.....	18,209,714	-	18,209,714
Motor vehicle and other excise taxes.....	1,082,750	-	1,082,750
Community preservation tax.....	446,769	-	446,769
Penalties and interest on taxes.....	130,489	-	130,489
Payments in lieu of taxes.....	46,761	-	46,761
Grants and contributions not restricted to specific programs.....	1,144,383	-	1,144,383
Unrestricted investment income (loss).....	152,314	(368,271)	(215,957)
<i>Transfers, net</i>	40,000	(40,000)	-
Total general revenues and transfers.....	21,253,180	(408,271)	20,844,909
Change in net position.....	1,533,307	(418,821)	1,114,486
<i>Net position:</i>			
Beginning of year (As Restated).....	18,479,724	14,287,715	32,767,439
End of year.....	\$ 20,013,031	\$ 13,868,894	\$ 33,881,925

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	Community Preservation	COVID-19 Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 1,382,777	\$ 4,686,682	\$ 813,699	\$ 1,176,316	\$ 8,059,474
Investments.....	2,197,447	-	-	359,317	2,556,764
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	92,471	-	-	-	92,471
Tax liens.....	240,948	-	-	-	240,948
Community preservation fund surtax.....	-	1,759	-	-	1,759
Motor vehicle and other excise taxes.....	75,008	-	-	-	75,008
Intergovernmental.....	-	-	-	903,404	903,404
Community preservation state share.....	-	199,791	-	-	199,791
TOTAL ASSETS.....	\$ 3,988,651	\$ 4,888,232	\$ 813,699	\$ 2,439,037	\$ 12,129,619
LIABILITIES					
Warrants payable.....	\$ 86,294	\$ 102,740	\$ 16,809	\$ 344,143	\$ 549,986
Accrued payroll.....	157,291	300	857	48,576	207,024
Other liabilities.....	-	-	-	35,015	35,015
Unearned revenue.....	-	-	796,033	-	796,033
Notes payable.....	-	-	-	59,981	59,981
TOTAL LIABILITIES.....	243,585	103,040	813,699	487,715	1,648,039
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	373,709	201,550	-	153,161	728,420
FUND BALANCES					
Nonspendable.....	-	-	-	450,318	450,318
Restricted.....	-	4,583,642	-	1,822,856	6,406,498
Committed.....	47,826	-	-	-	47,826
Assigned.....	579,133	-	-	-	579,133
Unassigned.....	2,744,398	-	-	(475,013)	2,269,385
TOTAL FUND BALANCES.....	3,371,357	4,583,642	-	1,798,161	9,753,160
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 3,988,651	\$ 4,888,232	\$ 813,699	\$ 2,439,037	\$ 12,129,619

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$ 9,753,160
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	27,246,011
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	728,420
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	668,675
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(3,457)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(2,739,797)
Net pension liability.....	(7,098,976)
Net other postemployment benefits liability.....	(4,110,828)
Compensated absences.....	(161,200)
Capital assessment payable.....	<u>(4,268,977)</u>
Net effect of reporting long-term liabilities.....	<u>(18,379,778)</u>
Net position of governmental activities.....	<u>\$ 20,013,031</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Community Preservation	COVID-19 Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 18,154,946	\$ -	\$ -	\$ -	\$ 18,154,946
Tax liens.....	154,778	-	-	-	154,778
Motor vehicle and other excise taxes.....	1,077,622	-	-	-	1,077,622
Charges for services.....	-	-	-	119,784	119,784
Penalties and interest on taxes.....	130,489	-	-	-	130,489
Payments in lieu of taxes.....	46,761	-	-	-	46,761
Intergovernmental.....	1,147,977	349,055	-	1,329,535	2,826,567
Intergovernmental - COVID-19 relief.....	-	-	413,336	-	413,336
Departmental and other.....	394,125	-	-	732,629	1,126,754
Community preservation taxes.....	-	446,769	-	-	446,769
Contributions and donations.....	-	-	-	269,029	269,029
Investment income (loss).....	133,936	18,371	-	6	152,313
TOTAL REVENUES.....	21,240,634	814,195	413,336	2,450,983	24,919,148
EXPENDITURES:					
Current:					
General government.....	1,104,717	-	233,596	1,228,442	2,566,755
Public safety.....	2,043,121	-	52,872	374,725	2,470,718
Education.....	13,427,417	-	42,336	-	13,469,753
Public works.....	1,689,270	-	84,532	1,012,443	2,786,245
Community development.....	-	239,933	-	-	239,933
Health and human services.....	243,505	-	-	26,529	270,034
Culture and recreation.....	283,610	-	-	271,321	554,931
Pension benefits.....	684,013	-	-	-	684,013
Property and liability insurance.....	241,420	-	-	-	241,420
Employee benefits.....	705,853	-	-	-	705,853
State and county charges.....	88,128	-	-	-	88,128
Debt service:					
Principal.....	225,000	-	-	-	225,000
Interest.....	94,092	-	-	-	94,092
TOTAL EXPENDITURES.....	20,830,146	239,933	413,336	2,913,460	24,396,875
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	410,488	574,262	-	(462,477)	522,273
OTHER FINANCING SOURCES (USES):					
Transfers in.....	85,179	-	-	143,559	228,738
Transfers out.....	(143,559)	-	-	(45,179)	(188,738)
TOTAL OTHER FINANCING SOURCES (USES).....	(58,380)	-	-	98,380	40,000
NET CHANGE IN FUND BALANCES.....	352,108	574,262	-	(364,097)	562,273
FUND BALANCES AT BEGINNING OF YEAR (As Restated).....	3,019,249	4,009,380	-	2,162,258	9,190,887
FUND BALANCES AT END OF YEAR.....	\$ 3,371,357	\$ 4,583,642	\$ -	\$ 1,798,161	\$ 9,753,160

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....	\$	562,273
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	1,881,424	
Depreciation expense.....	<u>(1,138,271)</u>	
Net effect of reporting capital assets.....		743,153
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(227,026)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Amortization of premium on bonds.....	9,627	
Capital assessment payments.....	300,462	
Debt service principal payments on bonds payable.....	<u>225,000</u>	
Net effect of reporting long-term debt.....		535,089
<p>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.</p>		
Net change in compensated absences accrual.....	(13,000)	
Net change in accrued interest on long-term debt.....	358	
Net change in deferred outflow/(inflow) of resources related to pensions.....	1,756,568	
Net change in net pension liability.....	(1,913,897)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits liability.....	(61,101)	
Net change in net other postemployment benefits liability.....	<u>150,890</u>	
Net effect of recording long-term liabilities.....		<u>(80,182)</u>
Change in net position of governmental activities.....	\$	<u>1,533,307</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

Business-type Activities - Enterprise Funds				
	Water	Sewer	Electric Light December 31, 2022	Total
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 1,148,662	\$ 473,443	\$ 741,172	\$ 2,363,277
Restricted cash and cash equivalents.....	-	-	112,604	112,604
Investments.....	-	-	2,306,820	2,306,820
Receivables, net of allowance for uncollectibles:				
User charges.....	378,792	195,360	871,047	1,445,199
Special assessments.....	-	14,771	-	14,771
Inventory.....	-	-	355,396	355,396
Prepaid expenses.....	-	-	723,712	723,712
Total current assets.....	1,527,454	683,574	5,110,751	7,321,779
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Special assessments.....	-	76,260	-	76,260
Investment in joint venture.....	-	-	300,000	300,000
Capital assets, non depreciable.....	478,753	255,004	454,200	1,187,957
Capital assets, net of accumulated depreciation.....	5,867,727	1,493,283	5,726,652	13,087,662
Total noncurrent assets.....	6,346,480	1,824,547	6,480,852	14,651,879
TOTAL ASSETS.....	7,873,934	2,508,121	11,591,603	21,973,658
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	145,256	72,628	439,268	657,152
Deferred outflows related to other postemployment benefits.....	34,415	17,207	361,859	413,481
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	179,671	89,835	801,127	1,070,633
LIABILITIES				
CURRENT:				
Warrants payable.....	33,094	1,254	957,936	992,284
Accrued payroll.....	15,658	6,488	-	22,146
Customer deposits payable.....	-	-	87,990	87,990
Accrued interest.....	16,161	5,784	-	21,945
Other liabilities.....	-	-	68,282	68,282
Compensated absences.....	2,475	275	-	2,750
Notes payable.....	360,000	-	-	360,000
Bonds payable.....	175,000	45,000	-	220,000
Total current liabilities.....	602,388	58,801	1,114,208	1,775,397
NONCURRENT:				
Compensated absences.....	7,425	825	-	8,250
Net pension liability.....	860,482	430,241	1,728,360	3,019,083
Net other postemployment benefits liability.....	274,945	137,470	1,019,553	1,431,968
Bonds payable.....	1,925,000	430,000	-	2,355,000
Total noncurrent liabilities.....	3,067,852	998,536	2,747,913	6,814,301
TOTAL LIABILITIES.....	3,670,240	1,057,337	3,862,121	8,589,698
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	16,499	8,250	442,706	467,455
Deferred inflows related to other postemployment benefits.....	60,738	30,369	27,137	118,244
TOTAL DEFERRED INFLOWS OF RESOURCES.....	77,237	38,619	469,843	585,699
NET POSITION				
Net investment in capital assets.....	3,886,480	1,273,287	6,180,852	11,340,619
Unrestricted.....	419,648	228,713	1,879,914	2,528,275
TOTAL NET POSITION.....	\$ 4,306,128	\$ 1,502,000	\$ 8,060,766	\$ 13,868,894

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric Light December 31, 2022	Total
OPERATING REVENUES:				
Charges for services.....	\$ 1,324,419	\$ 671,916	\$ 6,278,923	\$ 8,275,258
Other operating revenues.....	-	-	135,393	135,393
TOTAL OPERATING REVENUES	1,324,419	671,916	6,414,316	8,410,651
OPERATING EXPENSES:				
Cost of services and administration.....	348,819	393,337	500,833	1,242,989
Salaries and wages.....	431,381	196,602	909,628	1,537,611
Purchased power and production.....	-	-	4,840,033	4,840,033
Depreciation.....	208,348	138,495	363,272	710,115
TOTAL OPERATING EXPENSES.....	988,548	728,434	6,613,766	8,330,748
OPERATING INCOME (LOSS).....	335,871	(56,518)	(199,450)	79,903
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss).....	1,835	739	(370,845)	(368,271)
Interest expense.....	(75,195)	(15,258)	-	(90,453)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(73,360)	(14,519)	(370,845)	(458,724)
INCOME (LOSS) BEFORE TRANSFERS.....	262,511	(71,037)	(570,295)	(378,821)
TRANSFERS:				
Transfers out.....	-	-	(40,000)	(40,000)
CHANGE IN NET POSITION.....	262,511	(71,037)	(610,295)	(418,821)
NET POSITION AT BEGINNING OF YEAR.....	4,043,617	1,573,037	8,671,061	14,287,715
NET POSITION AT END OF YEAR.....	\$ 4,306,128	\$ 1,502,000	\$ 8,060,766	\$ 13,868,894

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric Light December 31, 2022	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from customers and users.....	\$ 1,376,593	\$ 661,836	\$ 6,224,241	\$ 8,262,670
Payments to vendors.....	(469,621)	(383,506)	(5,575,200)	(6,428,327)
Payments to employees.....	(426,667)	(195,790)	(909,628)	(1,532,085)
NET CASH FROM OPERATING ACTIVITIES.....	480,305	82,540	(260,587)	302,258
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Transfers out.....	-	-	(40,000)	(40,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Acquisition and construction of capital assets.....	(144,856)	(38,235)	(801,438)	(984,529)
Principal payments on bonds and notes.....	(175,000)	(45,000)	-	(220,000)
Interest expense.....	(76,664)	(15,756)	-	(92,420)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(396,520)	(98,991)	(801,438)	(1,296,949)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Purchase of investments.....	-	-	2,194,181	2,194,181
Investment income (loss).....	1,835	739	(370,845)	(368,271)
NET CASH FROM INVESTING ACTIVITIES.....	1,835	739	1,823,336	1,825,910
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	85,620	(15,712)	721,311	791,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,063,042	489,155	132,465	1,684,662
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 1,148,662	\$ 473,443	\$ 853,776	\$ 2,475,881
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>				
<u>FROM OPERATING ACTIVITIES:</u>				
Operating income (loss).....	\$ 335,871	\$ (56,518)	\$ (199,450)	\$ 79,903
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	208,348	138,495	363,272	710,115
Deferred (outflows)/inflows related to pensions.....	(212,918)	(106,458)	226,919	(92,457)
Deferred (outflows)/inflows related to other postemployment benefits.....	4,812	2,407	(244,080)	(236,861)
Changes in assets and liabilities:				
User charges.....	52,174	(10,080)	(165,610)	(123,516)
Inventory.....	-	-	(135,349)	(135,349)
Prepaid expenses.....	-	-	(3,367)	(3,367)
Investment in joint venture.....	-	-	(300,000)	(300,000)
Warrants payable.....	(143,884)	(1,712)	223,685	78,089
Accrued payroll.....	3,514	1,212	-	4,726
Customer deposits.....	-	-	(24,465)	(24,465)
Other liabilities.....	-	-	68,282	68,282
Compensated absences.....	1,200	(400)	-	800
Net pension liability.....	231,988	115,994	(255,668)	92,314
Net other postemployment benefits liability.....	(800)	(400)	185,244	184,044
Total adjustments.....	144,434	139,058	(61,137)	222,355
NET CASH FROM OPERATING ACTIVITIES.....	\$ 480,305	\$ 82,540	\$ (260,587)	\$ 302,258

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Other Postemployment Benefit Trust Funds	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 3,992	\$ 243,362
Investments:		
Government sponsored enterprises.....	-	18,034
Corporate bonds.....	-	34,020
Equity mutual funds.....	828,853	30,404
Fixed income mutual funds.....	313,271	34,252
TOTAL ASSETS.....	1,146,116	360,072
NET POSITION		
Restricted for other postemployment benefits.....	1,146,116	-
Held in trust for other purposes.....	-	360,072
TOTAL NET POSITION.....	\$ 1,146,116	\$ 360,072

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Other Postemployment Benefit Trust Funds	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 155,000	\$ -
Employer contributions for benefit payments.....	241,592	-
Total contributions.....	396,592	-
Net investment income:		
Investment income (loss).....	(19,070)	23,541
TOTAL ADDITIONS.....	377,522	23,541
DEDUCTIONS:		
Other postemployment benefit payments.....	241,592	-
Human services.....	-	9,096
TOTAL DEDUCTIONS.....	241,592	9,096
NET INCREASE (DECREASE) IN NET POSITION.....	135,930	14,445
NET POSITION AT BEGINNING OF YEAR.....	1,010,186	345,627
NET POSITION AT END OF YEAR.....	\$ 1,146,116	\$ 360,072

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has determined that there are no component units.

Joint Ventures

The Town is a member of the Pentucket Regional School District that provides for the education of all levels of schools for the Town's students. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital cost of the District, which are paid in the form of assessments. The Town does not have an equity interest in the District and the 2023 assessment was \$12,907,450.

The Town is a member of the Whittier Regional Technical High School that serves the members' students seeking an education in academic and technical studies. The members share in the operations of the Whittier Regional Technical High School and each member is responsible for its proportionate share of the operational and capital cost of the Whittier Regional Technical High School, which are paid in the form of assessments. The Town does not have an equity interest in the Whittier Regional Technical High School and the 2023 assessment was \$781,905.

In February 2022, the Department became one of the three founding member municipal light entities of the GML Utility Services Cooperative, LLC (the Cooperative), as a joint venture with the Town of Groveland Electric Light Department, the Middleton Electric Department, and the Town of Littleton Electric Light Department. For its capital contribution of \$300,000, the Department received a one-third equity share. The primary purpose of the Cooperative is to pool and share resources in areas such as: power portfolio management, tree trimming, vehicle and machinery maintenance, and project management. Each member is responsible for funding the operational costs through an annual assessment equal to its proportionate equity. The Department's annual operating assessment for 2022 was \$20,000. Further inquiry into the Cooperative's finances and operations can be obtained by contacting the Department, as it serves as the administrative member of the Cooperative; inquiries should be directed to: Town of Groveland Electric Light Department located at 944 Salem Street, Suite A, Groveland, MA 01834.

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

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

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

Fund Financial Statements

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

Major Fund Criteria

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

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

The *COVID-19 fund* is a special revenue fund that is used to account for the reimbursable expenditures related to the COVID-19 pandemic.

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

The following fiduciary fund types are reported:

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed four months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported. At June 30, 2023, there was no allowance for uncollectibles reported.

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

Motor Vehicle and Other Excise

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

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

Water and Sewer

User fees are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Intergovernmental

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

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

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

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

Inventories of the electric light enterprise fund are stated at historical cost. Cost for materials and supplies inventories are determined by the first-in, first-out method.

H. Restricted Assets

Certain assets (customer deposits) of the electric light enterprise fund are classified as restricted as these amounts are available to the department only if a customer account is terminated with an outstanding balance.

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

Capital assets, which include land, construction in progress, land improvements, buildings and building improvements, machinery and equipment, vehicles, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than three years. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis.

The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Land improvements.....	20
Buildings.....	40
Machinery and equipment.....	5-10
Vehicles.....	5-15
Infrastructure.....	40-50

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

Governmental Fund Financial Statements

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

J. Unearned and Unavailable Revenue

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

Fund Financial Statements

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e., receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

Unavailable revenue at the governmental fund financial statement level represents outstanding receivables that do not meet the available criterion for revenue recognition in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenues are reported as deferred inflows of resources. Unavailable revenues are recognized as revenue during the conversion to the government-wide (full accrual) financial statements.

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Pensions

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

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

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

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

Net position has been “restricted for” the following:

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

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

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

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

P. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Investment Income

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

Investment income from proprietary funds is retained by the fund.

R. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

S. Individual Fund Deficits

The capital projects nonmajor governmental fund reported a deficit that will be funded with bond proceeds or other available funds in future years.

T. Use of Estimates

Government-Wide and Fund Financial Statements

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

U. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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 the trust funds are held separately from those of other funds. Statutes authorize the investment in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool).

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Groveland's deposits may not be returned to it. The Town's investment policy indicates that no more than 5% of an institution's assets and no more than 25% of the municipality's cash may be comprised of unsecured bank deposits. At year-end, the carrying amount of deposits totaled \$9,742,747 and the bank balance totaled \$10,375,965. Of the bank balance, \$3,176,298 was covered by Federal Depository Insurance, \$4,096,851 was covered by the Depositors Insurance Fund, \$26,670 was covered by Securities Investor Protection Corporation, and \$3,076,146 was uninsured and uncollateralized.

The Town participates in the MMDT Cash Portfolio. MMDT maintains a cash portfolio and a short-term bond portfolio. MMDT's cash portfolio had a weighted average maturity of 33 days. The Town's investment in MMDT is unrated.

For disclosure purposes, there were no significant differences in amounts or classifications of the Electric Light Department's balances at June 30, 2023, as compared with the December 31, 2022, as presented above.

Investments

As of June 30, 2023 and December 31, 2022, the Town and Electric Light Department, respectively, had the following investments:

Investment Type	Fair value	Maturities				Rating
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years	
<u>Debt securities:</u>						
U.S. treasury notes.....	\$ 678,156	\$ 135,031	\$ 543,125	\$ -	\$ -	AA+
Government sponsored enterprises.....	350,728	-	72,269	278,459	-	AA+
Corporate bonds.....	1,411,575	582,258	829,317	-	-	AAA-BBB
Municipal bonds.....	706,220	-	106,294	301,389	298,537	AAA-A-
Total debt securities.....	3,146,679	\$ 717,289	\$ 1,551,005	\$ 579,848	\$ 298,537	
<u>Other investments:</u>						
Equity securities.....	1,419,525					
Fixed income and equity mutual funds..	1,556,214					
Money market mutual funds.....	771,989					
MMDT.....	267,973					
Total investments.....	\$ 7,162,380					

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The investments of \$706,220 of municipal bonds, \$350,728 of government sponsored enterprises, \$1,411,575 of corporate bonds, and \$1,419,525 of equities securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty.

The Town's investment policy indicates that the Town will review the financial institution's financial statements and the background of the Advisor. The intent of this qualification is to limit the Town's exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and overall affirmative reputation in the municipal industry.

Interest Rate Risk

The Town will manage interest rate risk by managing duration in the account.

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town will minimize the concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

As of June 30, 2023, no more than 5% of the Town's investments are invested in any one issuer.

Fair Value of Investments

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

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

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

Investment Type	Fair value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 678,156	\$ 678,156	\$ -	\$ -
Government sponsored enterprises.....	350,728	350,728	-	-
Corporate bonds.....	1,411,575	-	1,411,575	-
Municipal bonds.....	706,220	706,220	-	-
Total debt securities.....	3,146,679	1,735,104	1,411,575	-
<u>Other investments:</u>				
Equity securities.....	1,419,525	1,419,525	-	-
Fixed income and equity mutual funds.....	1,556,214	1,556,214	-	-
Money market mutual funds.....	771,989	771,989	-	-
Total other investments.....	3,747,728	3,747,728	-	-
Total investments measured at fair value.....	6,894,407	\$ 5,482,832	\$ 1,411,575	\$ -
Investments measured at amortized cost:				
MMDT.....	267,973			
Total investments.....	\$ 7,162,380			

U.S. treasury notes, government sponsored enterprises, municipal bonds, equity securities, fixed income and equity mutual funds and money market mutual funds are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the advisor.

NOTE 3 – RECEIVABLES

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 92,471	\$ -	\$ 92,471
Tax liens.....	240,948	-	240,948
Community preservation fund surtax.....	1,759	-	1,759
Motor vehicle and other excise taxes.....	111,066	(36,058)	75,008
Intergovernmental.....	903,404	-	903,404
Community preservation state share.....	199,791	-	199,791
Total.....	\$ <u>1,549,439</u>	\$ <u>(36,058)</u>	\$ <u>1,513,381</u>

At June 30, 2023 (December 31, 2022 for the Electric Light fees), receivables for the water, sewer, and electric light enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water fees.....	\$ 378,792	\$ -	\$ 378,792
Sewer fees.....	195,360	-	195,360
Sewer special assessments.....	91,031	-	91,031
Electric light fees.....	871,047	-	871,047
Total.....	\$ <u>1,536,230</u>	\$ <u>-</u>	\$ <u>1,536,230</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 57,753	\$ -	\$ 57,753
Tax liens.....	240,948	-	240,948
Community preservation fund surtax.....	-	1,759	1,759
Motor vehicle and other excise taxes.....	75,008	-	75,008
Intergovernmental.....	-	153,161	153,161
Community preservation state share.....	-	199,791	199,791
Total.....	\$ <u>373,709</u>	\$ <u>354,711</u>	\$ <u>728,420</u>

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 9,796,039	\$ -	\$ -	\$ 9,796,039
Construction in progress.....	-	290,684	-	290,684
Total capital assets not being depreciated....	9,796,039	290,684	-	10,086,723
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,287,465	-	-	1,287,465
Buildings and improvements.....	8,676,328	110,201	-	8,786,529
Machinery and equipment.....	2,466,293	205,646	(107,265)	2,564,674
Vehicles.....	3,627,362	52,332	(336,295)	3,343,399
Infrastructure.....	25,101,800	1,222,561	(9,970)	26,314,391
Total capital assets being depreciated.....	41,159,248	1,590,740	(453,530)	42,296,458
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(694,422)	(69,466)	-	(763,888)
Buildings and improvements.....	(6,893,470)	(175,517)	-	(7,068,987)
Machinery and equipment.....	(2,157,388)	(113,700)	107,265	(2,163,823)
Vehicles.....	(2,284,301)	(261,598)	336,295	(2,209,604)
Infrastructure.....	(12,422,848)	(517,990)	9,970	(12,930,868)
Total accumulated depreciation.....	(24,452,429)	(1,138,271)	453,530	(25,137,170)
Total capital assets being depreciated, net.....	16,706,819	452,469	-	17,159,288
Total governmental activities capital assets, net.....	\$ 26,502,858	\$ 743,153	\$ -	\$ 27,246,011
Business-Type Activities				
	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 478,753	\$ -	\$ -	\$ 478,753
<u>Capital assets being depreciated:</u>				
Buildings.....	36,753	-	-	36,753
Machinery and equipment.....	469,283	40,215	(47,000)	462,498
Vehicles.....	95,435	49,000	(24,307)	120,128
Infrastructure.....	8,722,007	55,641	-	8,777,648
Total capital assets being depreciated.....	9,323,478	144,856	(71,307)	9,397,027
<u>Less accumulated depreciation for:</u>				
Buildings.....	(35,578)	(784)	-	(36,362)
Machinery and equipment.....	(331,205)	(19,042)	47,000	(303,247)
Vehicles.....	(59,506)	(19,126)	24,307	(54,325)
Infrastructure.....	(2,965,970)	(169,396)	-	(3,135,366)
Total accumulated depreciation.....	(3,392,259)	(208,348)	71,307	(3,529,300)
Total capital assets being depreciated, net.....	5,931,219	(63,492)	-	5,867,727
Total water activities capital assets, net.....	\$ 6,409,972	\$ (63,492)	\$ -	\$ 6,346,480

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 255,004	\$ -	\$ -	\$ 255,004
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	19,450	17,235	-	36,685
Vehicles.....	30,484	21,000	-	51,484
Infrastructure.....	5,425,651	-	-	5,425,651
Total capital assets being depreciated.....	5,475,585	38,235	-	5,513,820
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(19,450)	862	-	(18,588)
Vehicles.....	(16,570)	(8,197)	-	(24,767)
Infrastructure.....	(3,846,022)	(131,160)	-	(3,977,182)
Total accumulated depreciation.....	(3,882,042)	(138,495)	-	(4,020,537)
Total capital assets being depreciated, net.....	1,593,543	(100,260)	-	1,493,283
Total sewer activities capital assets, net.....	\$ 1,848,547	\$ (100,260)	\$ -	\$ 1,748,287
Electric Light:				
<u>Capital assets not being depreciated:</u>				
Land and land improvements.....	\$ 454,200	\$ -	\$ -	\$ 454,200
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	2,664,585	-	(193,422)	2,471,163
Equipment.....	1,439,462	358,865	(24,539)	1,773,788
Infrastructure.....	8,188,109	442,573	(81,275)	8,549,407
Total capital assets being depreciated.....	12,292,156	801,438	(299,236)	12,794,358
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(643,158)	(76,626)	193,422	(526,362)
Equipment.....	(772,648)	(41,788)	24,539	(789,897)
Infrastructure.....	(5,587,864)	(244,858)	81,275	(5,751,447)
Total accumulated depreciation.....	(7,003,670)	(363,272)	299,236	(7,067,706)
Total capital assets being depreciated, net.....	5,288,486	438,166	-	5,726,652
Total electric light activities capital assets, net.....	\$ 5,742,686	\$ 438,166	\$ -	\$ 6,180,852

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

Governmental Activities:

General government.....	\$	131,490
Public safety.....		246,241
Education.....		347,419
Public works.....		344,650
Health and human services.....		15,195
Culture and recreation.....		53,276
Total depreciation expense - governmental activities.....	\$	<u>1,138,271</u>

Business-Type Activities:

Water.....	\$	208,348
Sewer.....		138,495
Electric Light.....		363,272
Total depreciation expense - business-type activities.....	\$	<u>710,115</u>

NOTE 5 – INTERFUND TRANSFERS

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

Transfers Out:	Transfers In:			
	General fund	Nonmajor governmental funds	Total	
General fund.....	\$ -	\$ 143,559	\$ 143,559	(1)
Nonmajor governmental funds.....	45,179	-	45,179	(2)
Electric Light Enterprise fund.....	40,000	-	40,000	(3)
Total.....	\$ <u>85,179</u>	\$ <u>143,559</u>	\$ <u>228,738</u>	

- (1) Budgeted appropriation from the general fund to various nonmajor funds, mainly to the capital projects fund to paydown an outstanding bond anticipation note.
- (2) Budgeted transfer from the conservation special revenue fund to the general fund for budgetary operations as well as transfers from the Town's grant funds to the general fund.
- (3) Represents a payment in lieu of tax to the general fund from the Electric Light Department for administration.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Detail related to the Town's short-term debt activity for the year ended June 30, 2023, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
Governmental Funds:							
BAN	Bond Anticipation Note.....	2.10%	06/02/23	\$ 120,781	\$ -	\$ (120,781)	\$ -
BAN	Bond Anticipation Note.....	4.41%	05/31/24	-	59,981	-	59,981
	Total Governmental Funds.....			<u>\$ 120,781</u>	<u>\$ 59,981</u>	<u>\$ (120,781)</u>	<u>\$ 59,981</u>
Water Enterprise Fund:							
BAN	Bond Anticipation Note.....	2.10%	06/02/23	\$ 360,000	\$ -	\$ (360,000)	\$ -
BAN	Bond Anticipation Note.....	4.41%	05/31/24	-	360,000	-	360,000
	Total Water Enterprise Fund.....			<u>\$ 360,000</u>	<u>\$ 360,000</u>	<u>\$ (360,000)</u>	<u>\$ 360,000</u>

NOTE 7 – LONG-TERM DEBT

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

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. As of June 30, 2023, the Town had authorized and unissued of \$600,000 relating to water supply.

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

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Land acquisition.....	2035	\$ 3,675,000	2-4.00%	\$ 2,195,000
Aerial Ladder Truck.....	2036	734,675	2-3.25%	490,000
Total Bonds Payable.....				2,685,000
Add: Unamortized premium on bonds.....				54,797
Total Bonds Payable, net.....				<u>\$ 2,739,797</u>

Debt service requirements for principal and interest for the Governmental Funds bonds payable are as follows:

Year	Principal	Interest	Total
2024.....	\$ 225,000	\$ 82,962	\$ 307,962
2025.....	225,000	74,362	299,362
2026.....	225,000	65,762	290,762
2027.....	225,000	59,938	284,938
2028.....	225,000	53,650	278,650
2029.....	225,000	47,362	272,362
2030.....	225,000	41,076	266,076
2031.....	215,000	34,326	249,326
2032.....	215,000	27,876	242,876
2033.....	215,000	21,426	236,426
2034.....	215,000	14,663	229,663
2035.....	215,000	7,901	222,901
2036.....	35,000	1,138	36,138
Total.....	<u>\$ 2,685,000</u>	<u>\$ 532,441</u>	<u>\$ 3,217,441</u>

Bonds Payable Schedule – Water Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Water Well.....	2032	\$ 120,000	2-3%	\$ 65,000
Water storage tank & mains.....	2032	925,000	2-3%	480,000
Water storage tank & mains II.....	2032	700,000	2-3%	360,000
Water 2.....	2032	338,000	2-3%	175,000
Water Mains	2037	1,470,325	2-3.250%	1,020,000
Total Water Enterprise Debt.....				<u>\$ 2,100,000</u>

Debt service requirements for principal and interest for the Water Enterprise Fund bonds payable are as follows:

Year	Principal	Interest	Total
2024.....	\$ 175,000	\$ 63,875	\$ 238,875
2025.....	185,000	58,625	243,625
2026.....	190,000	53,075	243,075
2027.....	190,000	47,375	237,375
2027.....	195,000	41,675	236,675
2027.....	200,000	35,825	235,825
2030.....	200,000	29,825	229,825
2031.....	210,000	23,825	233,825
2032.....	205,000	17,525	222,525
2033.....	70,000	11,375	81,375
2034.....	70,000	9,100	79,100
2035.....	70,000	6,825	76,825
2036.....	70,000	4,550	74,550
2037.....	70,000	2,275	72,275
Total.....	<u>\$ 2,100,000</u>	<u>\$ 405,750</u>	<u>\$ 2,505,750</u>

Bonds Payable Schedule – Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Sewer.....	2032	\$ 146,000	2-3%	\$ 90,000
Sewer pump station repairs.....	2032	625,000	2-3%	325,000
Sewer.....	2035	140,000	2-4%	60,000
Total Sewer Enterprise Debt.....				<u>\$ 475,000</u>

Debt service requirements for principal and interest for the Sewer Enterprise Fund bonds are as follows:

Year	Principal	Interest	Total
2024.....	\$ 45,000	\$ 14,306	\$ 59,306
2025.....	50,000	12,906	62,906
2026.....	50,000	11,356	61,356
2027.....	50,000	9,882	59,882
2028.....	50,000	8,394	58,394
2029.....	50,000	6,906	56,906
2030.....	55,000	5,418	60,418
2031.....	55,000	3,768	58,768
2032.....	55,000	2,118	57,118
2033.....	5,000	468	5,468
2034.....	5,000	312	5,312
2035.....	5,000	156	5,156
Total.....	<u>\$ 475,000</u>	<u>\$ 75,990</u>	<u>\$ 550,990</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 2,910,000	\$ -	\$ (225,000)	\$ -	\$ -	\$ 2,685,000	\$ 225,000
Add: Unamortized premium on bonds.....	64,424	-	(9,627)	-	-	54,797	8,681
Total long-term debt.....	2,974,424	-	(234,627)	-	-	2,739,797	233,681
Compensated absences.....	148,200	-	-	50,050	(37,050)	161,200	40,300
Net pension liability.....	5,185,079	-	-	3,342,133	(1,428,236)	7,098,976	-
Net OPEB liability.....	4,261,718	-	-	109,131	(260,021)	4,110,828	-
Capital assessment payable.....	4,569,439	-	-	-	(300,462)	4,268,977	311,133
Total governmental activity long-term liabilities.....	<u>\$ 17,138,860</u>	<u>\$ -</u>	<u>\$ (234,627)</u>	<u>\$ 3,501,314</u>	<u>\$ (2,025,769)</u>	<u>\$ 18,379,778</u>	<u>\$ 585,114</u>
Business-Type Activities:							
Long-term bonds payable.....	\$ 2,795,000	\$ -	\$ (220,000)	\$ -	\$ -	\$ 2,575,000	\$ 220,000
Compensated absences.....	10,200	-	-	2,550	(1,750)	11,000	2,750
Net pension liability.....	2,926,769	-	-	1,026,414	(934,100)	3,019,083	-
Net OPEB liability.....	1,247,924	-	-	557,311	(373,267)	1,431,968	-
Total business-type activity long-term liabilities.....	<u>\$ 6,979,893</u>	<u>\$ -</u>	<u>\$ (220,000)</u>	<u>\$ 1,586,275</u>	<u>\$ (1,309,117)</u>	<u>\$ 7,037,051</u>	<u>\$ 222,750</u>

NOTE 8 – CAPITAL ASSESSMENT PAYABLE

The Town has voted and authorized debt through the Pentucket Regional School District (PRSD) for renovations and construction at the Town's Bagnall Elementary School. PRSD maintains the bonds payable on their ledgers and assesses the Town its portion over the life of the debt service. The capital assessment due for the Bagnall Elementary School as of June 30, 2023, based on expenditures incurred to date is \$4.3 million.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose and the deficit fund balances for other funds that would otherwise be restricted, committed, or assigned.

The Town has classified its fund balances with the following hierarchy:

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 450,318	\$ 450,318
Restricted for:				
Community preservation.....	-	4,583,642	-	4,583,642
Town grant funds.....	-	-	938,772	938,772
Receipts reserved for appropriations.....	-	-	470,840	470,840
Town revolving funds.....	-	-	102,149	102,149
Town donation fund.....	-	-	72,051	72,051
Other special revenue funds.....	-	-	239,044	239,044
Committed to:				
General government.....	5,028	-	-	5,028
Education.....	42,798	-	-	42,798
Assigned to:				
General government.....	15,369	-	-	15,369
Public safety.....	1,201	-	-	1,201
Public works.....	495	-	-	495
Health and human services.....	1,136	-	-	1,136
Free cash used for subsequent year budget.....	560,932	-	-	560,932
Unassigned.....	2,744,398	-	(475,013)	2,269,385
Total Fund Balances.....	\$ 3,371,357	\$ 4,583,642	\$ 1,798,161	\$ 9,753,160

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with appropriations from the fund requires a two-thirds vote of the legislative body. Additions to the fund may be made by a majority vote of the legislative

body. At year-end, the balance of the Town's stabilization fund and capital stabilization fund were \$1,463,741 and \$350,025, respectively and were reported as unassigned fund balance within the general fund.

NOTE 10 – RISK FINANCING

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

The Town participates in a health insurance risk pool trust administered by the Massachusetts Interlocal Insurance Association, Inc. (MIIA). The MIIA obtains health insurance for member governments at costs eligible to larger groups. The MIIA offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the MIIA. The Town is obligated to pay the MIIA its required premiums and, in the event the MIIA is terminated, its pro-rata share of any deficit, should one exist.

The Town participates in a premium-based workers' compensation plan for its active employees. The Town is not liable for any payments in excess of the annual premium.

NOTE 11 – PENSION PLAN

Plan Descriptions

The Town is a member of the Essex Regional Retirement System (ERRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 47 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

Benefits Provided

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

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

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

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the ERRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2022, which was \$1,036,384, and 27.49% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2023, the Town reported a liability of \$10,118,059 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. Accordingly, procedures were used to roll the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2022, the total Town's proportion was 2.318%, which increased by 0.056% from its proportion measured at December 31, 2021.

Pension Expense

For the year ended June 30, 2023, the Town recognized pension expense of \$1,172,419 and the Town reported net deferred outflows/(inflows) of resources related to pensions of \$1,251,939. The balances of deferred outflows and inflows at June 30, 2023, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 405	\$ (196,970)	\$ (196,565)
Difference between projected and actual earnings.....	777,954	(383,132)	394,822
Changes in assumptions.....	649,288	-	649,288
Changes in proportion and proportionate share of contributions...	199,867	(23,477)	176,390
Contributions made subsequent to the measurement date.....	228,004	-	228,004
Total deferred outflows/(inflows) of resources.....	\$ 1,855,518	\$ (603,579)	\$ 1,251,939

The Town's deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024.....	\$ 436,259
2025.....	151,516
2026.....	220,693
2027.....	443,471
Total.....	\$ 1,251,939

Actuarial Assumptions

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

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

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2022, are summarized in the following table:

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

Rate of Return

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

Discount Rate

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

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

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
The Town's proportionate share of the net pension liability.....	\$ 12,852,889	\$ 10,118,059	\$ 7,821,726

Changes of Assumptions

None.

Changes in Plan Provisions

None.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement #74 and #75 – OPEB Plan and Employer Financial Reporting for the Town, Exclusive of the Groveland Electric Light Department

Plan Description

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

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 75 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25 percent of their premium costs. For 2023, the Town's age-adjusted contribution to the plan totaled \$280,860. For the year ended June 30, 2023, the Town's average contribution rate was 6.46% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and enabled the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2023, the Town pre-funded future OPEB liabilities by contributing \$85,000 to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2023, the balance of this fund totaled \$697,580.

Employees Covered by Benefit Terms

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

Active members.....	46
Inactive members currently receiving benefits.....	35
Total.....	<u>81</u>

Components of OPEB Liability

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

Total OPEB liability.....	\$ 5,220,823
Less: OPEB plan's fiduciary net position.....	<u>(697,580)</u>
Net OPEB liability.....	<u>\$ 4,523,243</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	13.36%

Significant Actuarial Methods and Assumptions

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

Valuation date.....	Actuarially Determined Contribution was calculated as of July 1, 2022.
Actuarial cost method.....	Individual Entry Age Normal.
Asset-valuation method.....	Fair Value of Assets as of the Measurement Date, June 30, 2023.

Investment rate of return.....	5.88%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20 Year High Grad Index- SAPIHG)
Single Equivalent Discount Rate.....	5.47%, net of OPEB plan investment expense, including inflation.
Inflation rate.....	2.50% as of June 30, 2023, and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2023, and for future periods.
Mortality Rates:	
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.

Rate of return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	32.75%	4.10%
Domestic Equity - Small/Mid Cap.....	15.75%	4.55%
International Equity - Developed Market..	14.00%	4.64%
International Equity - Emerging Market..	8.75%	5.45%
Domestic Fixed Income.....	20.50%	1.05%
International Fixed Income.....	4.75%	0.96%
Alternatives.....	3.00%	5.95%
Real Estate.....	0.00%	6.25%
Cash.....	0.50%	0.00%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.47% as of June 30, 2023, and as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to the initial periods where the assets are expected to be sufficient to provide benefit payments, and the 4.13% municipal bond rate, based on the Municipal Bond 20-Year High Grade Index - SAPIHG, was applied to all periods thereafter to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 5,234,095	\$ 558,762	\$ 4,675,333
Changes for the year:			
Service cost.....	145,981	-	145,981
Interest.....	289,005	-	289,005
Net investment income.....	-	53,818	(53,818)
Employer contributions to the trust.....	-	280,860	(280,860)
Differences between expected and actual experience.....	(341,631)	-	(341,631)
Changes in assumptions.....	89,233	-	89,233
Benefit payments.....	(195,860)	(195,860)	-
Net change.....	(13,272)	138,818	(152,090)
Balances at June 30, 2023.....	\$ 5,220,823	\$ 697,580	\$ 4,523,243

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

The following table presents the net other postemployment benefit liability, calculated using the discount rate of 5.47%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.47%) or 1-percentage-point higher (6.47%) than the current discount rate.

	1% Decrease (4.47%)	Current Discount Rate (5.47%)	1% Increase (6.47%)
Net OPEB liability.....	\$ 5,357,125	\$ 4,523,243	\$ 3,857,828

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

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 3,775,422	\$ 4,523,243	\$ 5,485,569

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

For the financial reporting year ended June 30, 2023, the Town recognized OPEB expense of \$197,090 and reported deferred outflows/(inflows) of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (735,843)	\$ (735,843)
Changes in assumptions.....	535,850	(263,391)	272,459
Changes in proportion and proportionate share of contributions...	30,332	-	30,332
Total deferred outflows/(inflows) of resources.....	\$ 566,182	\$ (999,234)	\$ (433,052)

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

Year ended June 30:	
2024.....	\$ (95,748)
2025.....	(53,280)
2026.....	(88,330)
2027.....	(100,390)
2028.....	(59,248)
Thereafter.....	(36,056)
Total.....	\$ <u>(433,052)</u>

Changes of Assumptions

- The assumption for future increases in healthcare costs was updated.

Changes in Plan Provisions

- None.

GASB Statement #74 and #75 – OPEB Employer Financial Reporting for the Groveland Electric Light Department as of December 31, 2021

Plan Description

The Groveland Electric Light Department (Department) participates in the Town sponsored single employer defined benefit healthcare plan (Plan). The Plan provides certain health care and life insurance benefits for eligible retirees, spouse, and dependents. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. All benefits are provided through the Department's premium-based insurance program. The Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Town's financial statements.

Funding Policy

The contribution requirements of OPEB Plan members and the Department are established and may be amended by the Department. Currently, members receiving these benefits contribute 25% of the cost of the plan. The remainder of the cost is funded by general revenues of the Department. The Department 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 Department. For the year ended December 31, 2022, the Department's age-adjusted contribution to the plan totaled \$115,732 and the Department's average contribution rate was 14.49% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Department to establish a postemployment benefit trust fund and enabled the Department to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2022, the Department pre-funded future OPEB liabilities by contributing \$70,000 to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of December 31, 2022, the balance of this fund totaled \$448,536.

Employees Covered by Benefit Terms

As of December 31, 2022, the Department's membership consisted of the following:

Active members.....	9
Retirees and beneficiaries.....	<u>7</u>
Total.....	<u>16</u>

Discount Rate

The blended discount rate used to measure the total OPEB liability was 5.32% as of December 31, 2022 and 6.00% as of December 31, 2021.

Components of OPEB Liability

The Department's new OPEB liability was measured as of December 31, 2022, using an actuarial valuation as of January 1, 2021. The components of the net OPEB liability of the Department at December 31, 2022, were as follows:

Total OPEB liability.....	\$ 1,468,089
Less: OPEB plan's fiduciary net position.....	<u>(448,536)</u>
Net OPEB liability.....	<u>\$ 1,019,553</u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability..	30.6%
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Significant Actuarial Methods and Assumptions

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:

Valuation date.....	January 1, 2021
Actuarial Cost Method.....	Individual entry age normal.
Investment Rate of Return.....	5.33%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate.....	4.31% as of December 31, 2022.
Discount Rate.....	5.32% as of December 31, 2022.
Inflation.....	2.50% annually as of December 31, 2022, and for future periods.

Health Care Trend Rate.....	4.50%
Salary Increases.....	3.00% annually as of December 31, 2022, and for future periods.
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 for females.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -14.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using 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 rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return were as reflected in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap.....	29.00%	4.10%
Domestic equity - sm/mid cap.....	16.50%	4.55%
International equities - developed market.....	9.00%	4.64%
International equities - emerging market.....	3.00%	5.45%
Domestic Fixed Income.....	36.75%	1.05%
International Fixed Income.....	3.00%	0.96%
Alternatives.....	2.50%	5.95%
Real Estate.....	0.00%	6.25%
Cash.....	0.25%	0.00%
Total.....	100.00%	

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

The following table presents the net other postemployment benefit liability, calculated using the discount rate of 5.32%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.32%) or 1-percentage-point higher (6.32%) than the current discount rate.

	1% Decrease (4.32%)	Current Discount Rate (5.32%)	1% Increase (6.32%)
Net OPEB liability..... \$	<u>1,243,606</u>	<u>\$ 1,019,553</u>	<u>\$ 838,609</u>

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

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

	1% Decrease	Current	1% Increase
Net OPEB liability..... \$	<u>817,834</u>	<u>\$ 1,019,553</u>	<u>\$ 1,272,994</u>

Changes in the Net OPEB Liability

The following table summarizes the changes in the Department's net OPEB liability for the year ended December 31, 2022.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2021..... \$	1,285,733	\$ 451,424	\$ 834,309
Changes for the year:			
Service cost.....	27,888	-	27,888
Interest.....	77,465	-	77,465
Net investment income (loss).....	-	(72,888)	72,888
Employer contributions to the trust.....	-	115,732	(115,732)
Changes in assumptions and other inputs.....	122,735	-	122,735
Benefit payments.....	<u>(45,732)</u>	<u>(45,732)</u>	<u>-</u>
Net change.....	<u>182,356</u>	<u>(2,888)</u>	<u>185,244</u>
Balances at December 31, 2022..... \$	<u>1,468,089</u>	<u>\$ 448,536</u>	<u>\$ 1,019,553</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related To OPEB

For the year ended December 31, 2022, the Department recognized OPEB income of \$56,896. Deferred inflows of resources related to OPEB at December 31, 2022, were reported as follows:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 85,992	\$ (27,137)	\$ 58,855
Difference between projected and actual earnings, net.....	59,832	-	59,832
Changes in assumptions.....	216,035	-	216,035
Total deferred outflows/(inflows) of resources.....	<u>\$ 361,859</u>	<u>\$ (27,137)</u>	<u>\$ 334,722</u>

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

<u>December 31:</u>	
2023.....	\$ 85,778
2024.....	105,612
2025.....	98,555
2026.....	44,777
Total.....	<u>\$ 334,722</u>

Changes of Assumptions

- The discount rate decreased from 6.00% to 5.32%.
- The investment rate of return was lowered from 5.82% to 5.33%.

Changes in Plan Provisions

- None.

NOTE 13 – COMMITMENTS AND CONTINGENCIESCommitments

The general fund has various commitments for goods and services related to encumbrances and articles and continuing appropriations totaling \$18,201 and \$47,826, respectively.

Contingencies

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

NOTE 14 – FINANCIAL STATEMENTS FOR OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund Plan are reported in the notes to the financial statements. Provided on the following page are the individual financial statements for the Town's OPEB trust fund Plan, as of June 30, 2023, and the electric light Department's OPEB trust fund Plan, as of December 31, 2022, that are included in the Fiduciary Funds as Other Postemployment Benefit Funds.

	Electric Light Other Postemployment Benefit Trust Fund (as of December 31, 2022)	Town Other Postemployment Benefit Trust Fund	Total Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 989	\$ 3,003	\$ 3,992
Investments:			
Equity mutual funds.....	303,689	525,164	828,853
Fixed income mutual funds.....	143,858	169,413	313,271
TOTAL ASSETS.....	448,536	697,580	1,146,116
NET POSITION			
Restricted for other postemployment benefits.....	\$ 448,536	\$ 697,580	\$ 1,146,116
	Electric Light Other Postemployment Benefit Trust Fund (as of December 31, 2022)	Town Other Postemployment Benefit Trust Fund	Total Other Postemployment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 70,000	\$ 85,000	\$ 155,000
Employer contributions for other postemployment benefit payments.....	45,732	195,860	241,592
Total contributions.....	115,732	280,860	396,592
Net investment income:			
Investment income (loss).....	(72,888)	53,818	(19,070)
TOTAL ADDITIONS.....	42,844	334,678	377,522
DEDUCTIONS:			
Other postemployment benefit payments.....	45,732	195,860	241,592
NET INCREASE (DECREASE) IN NET POSITION...	(2,888)	138,818	135,930
NET POSITION AT BEGINNING OF YEAR.....	451,424	558,762	1,010,186
NET POSITION AT END OF YEAR.....	\$ 448,536	\$ 697,580	\$ 1,146,116

NOTE 15 – RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE PREVIOUSLY REPORTED

Beginning net position and fund balance in the Town's governmental activities and general fund, respectively, have been restated to reflect a correction of an error in reporting cash. The effect of the restatement is as follows:

	Previous reported balances June 30, 2022	Correction of an Error in Reporting Cash	Restated balances June 30, 2022
Government Wide:			
Governmental activities..... \$	<u>18,764,173</u>	<u>(284,449)</u>	<u>18,479,724</u>
Governmental Funds:			
General fund..... \$	<u>3,303,698</u>	<u>(284,449)</u>	<u>3,019,249</u>

NOTE 16 – SUBSEQUENT EVENTS

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

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

Required Supplementary Information

Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	To Next Year	Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 18,152,904	\$ 18,152,904	\$ 18,129,130	\$ -	\$ (23,774)
Tax liens.....	-	-	154,778	-	154,778
Motor vehicle and other excise taxes.....	1,110,000	1,110,000	1,077,622	-	(32,378)
Penalties and interest on taxes.....	126,801	126,801	130,489	-	3,688
Payments in lieu of taxes.....	23,000	23,000	46,761	-	23,761
Intergovernmental.....	1,130,092	1,130,092	1,147,977	-	17,885
Departmental and other.....	289,419	289,419	394,125	-	104,706
Investment income.....	11,000	11,000	77,769	-	66,769
TOTAL REVENUES.....	20,843,216	20,843,216	21,158,651	-	315,435
EXPENDITURES:					
Current:					
General government.....	1,246,185	1,285,685	1,104,717	20,397	160,571
Public safety.....	2,158,183	2,135,183	2,043,121	1,201	90,861
Education.....	13,470,310	13,470,310	13,427,417	42,798	95
Public works.....	1,685,362	1,732,162	1,689,270	495	42,397
Health and human services.....	262,275	233,975	243,505	1,136	(10,666)
Culture and recreation.....	292,710	292,710	283,610	-	9,100
Pension benefits.....	684,013	684,013	684,013	-	-
Property and liability insurance.....	233,260	242,260	241,420	-	840
Employee benefits.....	712,715	718,715	705,853	-	12,862
State and county charges.....	87,948	87,948	88,128	-	(180)
Debt service:					
Principal.....	225,000	225,000	225,000	-	-
Interest.....	94,574	94,574	94,092	-	482
TOTAL EXPENDITURES.....	21,152,535	21,202,535	20,830,146	66,027	306,362
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(309,319)	(359,319)	328,505	(66,027)	621,797
OTHER FINANCING SOURCES (USES):					
Use of prior year reserves.....	40,295	40,295	-	-	(40,295)
Use of free cash.....	310,163	360,163	-	-	(360,163)
Use of overlay.....	140,000	140,000	-	-	(140,000)
Transfers in.....	62,420	62,420	85,179	-	22,759
Transfers out.....	(243,559)	(243,559)	(243,559)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	309,319	359,319	(158,380)	-	(517,699)
NET CHANGE IN FUND BALANCE.....	-	-	170,125	(66,027)	104,098
BUDGETARY FUND BALANCE, Beginning of year (As Restated).....	1,352,749	1,352,749	1,352,749	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 1,352,749	\$ 1,352,749	\$ 1,522,874	\$ (66,027)	\$ 104,098

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	2.318%	\$ 10,118,059	\$ 3,696,496	273.72%	57.57%
December 31, 2021.....	2.262%	8,111,848	3,525,739	230.08%	67.01%
December 31, 2020.....	2.272%	9,123,728	3,432,016	265.84%	59.73%
December 31, 2019.....	2.254%	9,474,734	3,297,922	287.29%	55.46%
December 31, 2018.....	2.224%	9,168,111	2,876,912	318.68%	51.89%
December 31, 2017.....	2.223%	8,270,880	2,770,480	298.54%	55.40%
December 31, 2016.....	2.161%	8,317,251	2,778,252	299.37%	51.12%
December 31, 2015.....	2.279%	8,112,592	2,663,576	304.58%	51.01%
December 31, 2014.....	2.331%	6,340,753	2,557,548	247.92%	52.27%

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

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
ESSEX REGIONAL RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 1,036,384	\$ (1,036,384)	\$ -	\$ 3,770,426	27.49%
June 30, 2022.....	940,229	(940,229)	-	3,596,254	26.14%
June 30, 2021.....	880,245	(880,245)	-	3,500,656	25.15%
June 30, 2020.....	812,563	(812,563)	-	3,363,880	24.16%
June 30, 2019.....	745,929	(745,929)	-	2,934,450	25.42%
June 30, 2018.....	694,361	(694,361)	-	2,825,890	24.57%
June 30, 2017.....	628,220	(628,220)	-	2,833,817	22.17%
June 30, 2016.....	639,922	(639,922)	-	2,716,848	23.55%
June 30, 2015.....	598,799	(598,799)	-	2,608,699	22.95%

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

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

GASB # 74 & GASB #75 – Town, Exclusive of the Electric Light Department

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

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

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

GASB # 74 & GASB #75 – Groveland Electric Light Department

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

The Schedule of the Electric Light Department's Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total OPEB Liability							
Service Cost.....	\$ 206,965	\$ 212,419	\$ 274,017	\$ 146,508	\$ 156,346	\$ 158,619	\$ 145,981
Interest.....	244,767	284,103	292,352	258,193	266,114	268,928	289,005
Differences between expected and actual experience.....	-	-	(215,489)	(507)	(790,451)	-	(341,631)
Changes of assumptions.....	-	(438,482)	(551,116)	255,905	624,082	(313,063)	89,233
Benefit payments.....	(177,756)	(188,554)	(212,712)	(192,498)	(205,875)	(198,226)	(195,860)
Net change in total OPEB liability.....	273,976	(130,514)	(412,948)	467,601	50,216	(83,742)	(13,272)
Total OPEB liability - beginning.....	5,069,506	5,343,482	5,212,968	4,800,020	5,267,621	5,317,837	5,234,095
Total OPEB liability - ending (a).....	<u>\$ 5,343,482</u>	<u>\$ 5,212,968</u>	<u>\$ 4,800,020</u>	<u>\$ 5,267,621</u>	<u>\$ 5,317,837</u>	<u>\$ 5,234,095</u>	<u>\$ 5,220,823</u>
Plan fiduciary net position							
Employer contributions.....	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Employer contributions for OPEB payments.....	177,756	188,554	212,712	192,498	205,875	198,226	195,860
Net investment income/(loss).....	3,277	(3,287)	17,035	8,507	103,664	(90,047)	53,818
Benefit payments.....	(177,756)	(188,554)	(212,712)	(192,498)	(205,875)	(198,226)	(195,860)
Net change in plan fiduciary net position.....	88,277	81,713	102,035	93,507	188,664	(5,047)	138,818
Plan fiduciary net position - beginning of year.....	9,613	97,890	179,603	281,638	375,145	563,809	558,762
Plan fiduciary net position - end of year (b).....	<u>\$ 97,890</u>	<u>\$ 179,603</u>	<u>\$ 281,638</u>	<u>\$ 375,145</u>	<u>\$ 563,809</u>	<u>\$ 558,762</u>	<u>\$ 697,580</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 5,245,592</u>	<u>\$ 5,033,365</u>	<u>\$ 4,518,382</u>	<u>\$ 4,892,476</u>	<u>\$ 4,754,028</u>	<u>\$ 4,675,333</u>	<u>\$ 4,523,243</u>
 Plan fiduciary net position as a percentage of the total OPEB liability.....	 1.83%	 3.45%	 5.87%	 7.12%	 10.60%	 10.68%	 13.36%
Covered-employee payroll.....	\$ 2,408,117	\$ 2,489,428	\$ 2,318,433	\$ 2,468,777	\$ 2,745,042	\$ 2,827,393	\$ 4,346,247
Net OPEB liability as a percentage of covered-employee payroll.....	217.83%	202.19%	194.89%	198.17%	173.19%	165.36%	104.07%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2023.....	\$ 354,172	\$ (280,860)	\$ 73,312	\$ 4,346,247	6.46%
June 30, 2022.....	373,810	(283,226)	90,584	2,827,393	10.02%
June 30, 2021.....	362,906	(290,875)	72,031	2,745,042	10.60%
June 30, 2020.....	449,615	(277,498)	172,117	2,468,777	11.24%
June 30, 2019.....	417,296	(246,831)	170,465	2,318,433	10.65%
June 30, 2018.....	462,808	(222,487)	240,321	2,489,428	8.94%
June 30, 2017.....	460,601	(212,927)	247,675	2,408,117	8.84%

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2023.....	8.66%
June 30, 2022.....	-15.97%
June 30, 2021.....	27.17%
June 30, 2020.....	2.52%
June 30, 2019.....	7.23%
June 30, 2018.....	-2.37%
June 30, 2017.....	10.60%

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

See notes to required supplementary information.

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

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Total OPEB Liability						
Service Cost.....	\$ 46,169	\$ 21,549	\$ 17,562	\$ 20,130	\$ 20,701	\$ 27,888
Interest.....	46,818	92,339	61,307	58,034	59,630	77,465
Differences between expected and actual experience.....	-	-	(135,681)	-	143,320	-
Changes of assumptions.....	-	(531,308)	41,596	51,466	148,232	122,735
Benefit payments.....	<u>(38,088)</u>	<u>(38,365)</u>	<u>(38,295)</u>	<u>(33,317)</u>	<u>(38,476)</u>	<u>(45,732)</u>
Net change in total OPEB liability.....	54,899	(455,785)	(53,511)	96,313	333,407	182,356
Total OPEB liability - beginning.....	<u>1,310,410</u>	<u>1,365,309</u>	<u>909,524</u>	<u>856,013</u>	<u>952,326</u>	<u>1,285,733</u>
Total OPEB liability - ending (a).....	<u>\$ 1,365,309</u>	<u>\$ 909,524</u>	<u>\$ 856,013</u>	<u>\$ 952,326</u>	<u>\$ 1,285,733</u>	<u>\$ 1,468,089</u>
Plan fiduciary net position						
Employer contributions.....	\$ 38,088	\$ 38,365	\$ 158,295	\$ 153,317	\$ 158,476	\$ 115,732
Net investment income/(loss).....	1,538	(664)	9,707	28,675	41,869	(72,888)
Benefit payments.....	<u>(38,088)</u>	<u>(38,365)</u>	<u>(38,295)</u>	<u>(33,317)</u>	<u>(38,476)</u>	<u>(45,732)</u>
Net change in plan fiduciary net position.....	1,538	(664)	129,707	148,675	161,869	(2,888)
Plan fiduciary net position - beginning of year.....	<u>10,299</u>	<u>11,837</u>	<u>11,173</u>	<u>140,880</u>	<u>289,555</u>	<u>451,424</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 11,837</u>	<u>\$ 11,173</u>	<u>\$ 140,880</u>	<u>\$ 289,555</u>	<u>\$ 451,424</u>	<u>\$ 448,536</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 1,353,472</u>	<u>\$ 898,351</u>	<u>\$ 715,133</u>	<u>\$ 662,771</u>	<u>\$ 834,309</u>	<u>\$ 1,019,553</u>
 Plan fiduciary net position as a percentage of the total OPEB liability.....	 0.87%	 1.23%	 16.46%	 30.41%	 35.11%	 30.55%
Covered-employee payroll.....	\$ 879,941	\$ 711,520	\$ 775,702	\$ 798,973	\$ 775,557	\$ 798,824
Net OPEB liability as a percentage of covered-employee payroll.....	153.81%	126.26%	92.19%	82.95%	107.58%	127.63%

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

See notes to required supplementary information.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
GROVELAND ELECTRIC LIGHT DEPARTMENT**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
December 31, 2022.....	\$ 73,968	\$ (115,732)	\$ (41,764)	\$ 798,824	14.49%
December 31, 2021.....	61,596	(158,476)	(96,880)	775,557	20.43%
December 31, 2020.....	53,571	(153,317)	(99,746)	798,973	19.19%
December 31, 2019.....	70,199	(158,295)	(88,096)	775,702	20.41%
December 31, 2018.....	87,671	(38,365)	49,306	711,520	5.39%
December 31, 2017.....	114,467	(38,088)	76,379	879,941	4.33%

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN
GROVELAND ELECTRIC LIGHT DEPARTMENT

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2022.....	-14.67%
December 31, 2021.....	12.19%
December 31, 2020.....	14.74%
December 31, 2019.....	14.98%
December 31, 2018.....	-5.61%
December 31, 2017.....	14.93%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Massachusetts General Law (MGL) requires the Town to adopt a balanced budget that is approved by Town Meeting. The Board of Selectmen presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

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

The majority of the Town’s appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Board of Selectmen and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2023 approved budget authorized \$21.4 million in appropriations and other amounts to be raised, including \$40,295 of prior year carryforwards. The final budget increased by \$50,000 as a result of snow & ice appropriations, which were funded from free cash.

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

Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$	170,125
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		156,167
<u>Basis of accounting differences:</u>		
Net change in recording 60 day receipts.....		25,816
Net change in fund balance - GAAP basis.....	\$	<u>352,108</u>

Appropriation Deficits

During 2023, actual expenditures exceeded appropriations for state and county charges and health and human services expenditures. State and county charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the State. The Town is not required to raise the state and county assessment deficit. The deficit of the health and human services expenditures will be funded by the subsequent years' tax levy.

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

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

Schedule of the Town's Contributions

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

Changes of Assumptions

None.

Changes in Plan Provisions

None.

NOTE C – OTHER POST-EMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (Other Postemployment Benefit Plan). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members.

The Other Postemployment Benefit Plan – Town, exclusive of the Groveland Electric Light DepartmentSchedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

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

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	Actuarially Determined Contribution was calculated as of July 1, 2022.
Actuarial cost method.....	Individual Entry Age Normal.
Asset-valuation method.....	Fair Value of Assets as of the Measurement Date, June 30, 2023.
Investment rate of return.....	5.88%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20 Year High Grad Index- SAPIHG)
Single Equivalent Discount Rate.....	5.47%, net of OPEB plan investment expense, including inflation.
Inflation rate.....	2.50% as of June 30, 2023, and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2023, and for future periods.
Mortality Rates:	
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.

Schedule of Investment Returns

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

Changes of Assumptions

The assumption for future increases in healthcare costs was updated.

Changes in Provisions

None.

The Other Postemployment Benefit Plan –Groveland Electric Light Department (Department)

Schedule of Changes in the Department’s Net Other Postemployment Benefit Liability and Related Ratios

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

Schedule of the Department’s Contributions

The Schedule of the Department’s Contributions includes the Department’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Department is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	January 1, 2021
Actuarial Cost Method.....	Individual entry age normal.
Investment Rate of Return.....	5.33%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate.....	4.31% as of December 31, 2022.
Discount Rate.....	5.32% as of December 31, 2022.
Inflation.....	2.50% annually as of December 31, 2022, and for future periods.
Health Care Trend Rate.....	4.50%
Salary Increases.....	3.00% annually as of December 31, 2022, and for future periods.

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 for females.

Schedule of Investment Returns

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

Changes of Assumptions

The discount rate decreased from 6.00% to 5.32%.

The investment rate of return was lowered from 5.82% to 5.33%.

Changes in Provisions

None.

***Report on Internal Control Over Financial
Reporting and on Compliance***



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Groveland, Massachusetts

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Groveland, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Groveland, Massachusetts' basic financial statements, and have issued our report thereon dated January 11, 2024. Our report includes a reference to other auditors who audited the financial statements of the Groveland Electric Light Department as described in our report on the Town of Groveland, Massachusetts' financial statements. The financial statements of the Groveland Electric Light Department were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Groveland Electric Light Department or that are reported on separately by those auditors who audited the financial statements of the Groveland Electric Light Department.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Groveland, Massachusetts' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Groveland, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Groveland, Massachusetts' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Groveland, Massachusetts' financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal

control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Groveland, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Groveland, Massachusetts' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Groveland, Massachusetts' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "Pomeroy & Sullivan, LLC".

January 11, 2024