



TOWN OF KINGSTON, MASSACHUSETTS

Financial Statements
For the Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Kingston, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kingston, Massachusetts (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Kingston, Massachusetts, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in the notes to the financial statements, in the year ending June 30, 2022, the Town adopted GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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Responsibilities of Management for the Financial Statements

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

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

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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information, 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 evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2023, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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 with the results of that testing, and not provide an opinion on the effectiveness of the Town’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Melanson".

Andover, Massachusetts
January 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Kingston, Massachusetts (the Town) we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows and inflows of resources with the difference 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 Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, health and human services, and culture and recreation. The business-type activities include water, sewer, and renewable energy 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. The Town's 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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town'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 Town's near-term financing decisions. Reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water, and sewer, and renewable energy operations.

Fiduciary Funds

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

Notes to 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$(1,237,034), a change of \$(988,847), and the net position in business-type activities was \$49,172,615, a change of \$6,004,606 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$19,109,338, a change of \$1,281,025 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,673,308, a change of \$2,140,027 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year.

	NET POSITION (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 33,201	\$ 28,446	\$ 18,281	\$ 13,680	\$ 51,482	\$ 42,126
Capital assets	<u>49,251</u>	<u>49,685</u>	<u>72,212</u>	<u>56,956</u>	<u>121,463</u>	<u>106,641</u>
Total Assets	82,452	78,131	90,493	70,636	172,945	148,767
Deferred Outflows of Resources	13,326	15,778	522	618	13,848	16,396
Liabilities						
Other liabilities	5,033	5,356	66	3,140	5,099	8,496
Long-term liabilities	<u>61,368</u>	<u>72,596</u>	<u>40,764</u>	<u>24,311</u>	<u>102,132</u>	<u>96,907</u>
Total Liabilities	66,401	77,952	40,830	27,451	107,231	105,403
Deferred Inflows of Liabilities	30,614	16,205	1,012	635	31,626	16,840
Net Position						
Net investment in capital assets	47,963	48,343	33,830	30,583	81,793	78,926
Restricted	7,153	6,738	-	-	7,153	6,738
Unrestricted	<u>(56,353)</u>	<u>(55,329)</u>	<u>15,343</u>	<u>12,585</u>	<u>(41,010)</u>	<u>(42,744)</u>
Total Net Position	\$ <u>(1,237)</u>	\$ <u>(248)</u>	\$ <u>49,173</u>	\$ <u>43,168</u>	\$ <u>47,936</u>	\$ <u>42,920</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$47,935,581, a change of \$5,015,759 in comparison to the prior year.

The largest portion of net position \$81,793,080 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment and furnishings, infrastructure, and construction in progress), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending.

Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$7,153,282 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(41,010,781) primarily resulting from unfunded pension and OPEB liabilities.

CHANGE IN NET POSITION						
(in thousands)						
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services	\$ 6,061	\$ 5,391	\$ 4,604	\$ 4,810	\$ 10,665	\$ 10,201
Operating grants and contributions	8,940	12,637	-	-	8,940	12,637
Capital grants and contributions	-	-	6,434	5,476	6,434	5,476
General revenues:						
Property taxes	37,703	36,169	-	-	37,703	36,169
Excise taxes	2,956	2,713	-	-	2,956	2,713
Penalties, interest, and other taxes	275	224	-	-	275	224
Grants and contributions not restricted to specific programs	1,491	1,075	-	-	1,491	1,075
Investment income (loss)	(95)	297	3	4	(92)	301
Miscellaneous	49	48	-	-	49	48
Total Revenues	<u>57,380</u>	<u>58,554</u>	<u>11,041</u>	<u>10,290</u>	<u>68,421</u>	<u>68,844</u>
Expenses						
General government	4,889	5,405	-	-	4,889	5,405
Public safety	12,078	11,462	-	-	12,078	11,462
Education	32,640	33,185	-	-	32,640	33,185
Public works	4,780	4,820	-	-	4,780	4,820
Health and human services	1,243	939	-	-	1,243	939
Culture and recreation	1,954	1,735	-	-	1,954	1,735
Interest on long-term debt	35	6	-	-	35	6
Intergovernmental	537	529	-	-	537	529
Water services	-	-	2,200	2,835	2,200	2,835
Sewer services	-	-	3,049	3,710	3,049	3,710
Total Expenses	<u>58,156</u>	<u>58,081</u>	<u>5,249</u>	<u>6,545</u>	<u>63,405</u>	<u>64,626</u>
Change in Net Position Before Transfers	(776)	473	5,792	3,745	5,016	4,218
Transfers In (Out)	<u>(213)</u>	<u>(224)</u>	<u>213</u>	<u>224</u>	<u>-</u>	<u>-</u>
Change in Net Position	(989)	249	6,005	3,969	5,016	4,218
Net Position - Beginning of Year	<u>(248)</u>	<u>(497)</u>	<u>43,168</u>	<u>39,199</u>	<u>42,920</u>	<u>38,702</u>
Net Position - End of Year	<u>\$ (1,237)</u>	<u>\$ (248)</u>	<u>\$ 49,173</u>	<u>\$ 43,168</u>	<u>\$ 47,936</u>	<u>\$ 42,920</u>

Fiscal year 2021 amounts were not restated because the application of Governmental Accounting Standards Board Statement No. 87, *Leases*, to prior amounts was not practical.

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(988,847). Key elements of this change are as follows:

General Fund operations	\$ 1,601,265
Decrease in pension expense from GASB 68	800,740
Increase in OPEB expense from GASB 75	(594,038)
Current year depreciation	(2,621,136)
Other	<u>(175,678)</u>
Total	\$ <u><u>(988,847)</u></u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$6,004,606. Key elements of this change are as follows:

Water operations	\$ 1,154,022
Sewer operations (the positive sewer results were mainly from capital contributions)	4,850,579
Renewable energy operations	<u>5</u>
Total	\$ <u><u>6,004,606</u></u>

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,673,308, while total fund balance was \$11,952,937. Unassigned fund balance increased by \$2,140,027 primarily from favorable budgetary results of \$3,066,421, less \$1,209,504 of certified "Free Cash" used for the fiscal year 2023 capital budget.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned fund balance	\$ 7,673,308	\$ 5,533,281	\$ 2,140,027	15.4%
Total fund balance	\$ 11,952,937	\$ 10,351,672	\$ 1,601,265	24.1%

* Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$1,527,119.

The total fund balance of the General Fund changed by \$1,601,265 during the current fiscal year. Key factors in this change are as follows:

Use of free cash as a funding source	\$ (1,844,846)
Revenues in excess of budget	1,820,244
Budgetary appropriation turnbacks by departments	1,241,109
Change in stabilization	168,920
Other	215,838
Total	\$ <u>1,601,265</u>

Included in the total fund balance of the General Fund are the Town's stabilization accounts as follows:

	<u>6/30/22</u>	<u>6/30/21</u>	<u>Change</u>
General stabilization	\$ 2,885,767	\$ 2,790,957	\$ 94,810
Capital stabilization	1,123,236	1,102,145	21,091
Smart growth stabilization	629,767	629,702	65
Special education stabilization	217,158	233,104	(15,946)
Employee liability stabilization	<u>79,596</u>	<u>10,696</u>	<u>68,900</u>
Total	\$ <u>4,935,524</u>	\$ <u>4,766,604</u>	\$ <u>168,920</u>

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$(320,240) primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital assets.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$15,342,632, a change of \$2,768,947 in comparison to the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$4,200,100. Major reasons for these amendments include:

- \$1,050,803 increase in general government appropriations.
- \$851,886 increase in public safety appropriations.
- \$835,410 increase in public works appropriations.
- \$549,925 increase in intergovernmental appropriations.

Of this increase, \$1,844,446 was funded through the use of free cash, \$710,875 was funded through the use of prior year unspent appropriations, \$1,105,238 in additional transfers from other funds, and \$539,141 in additional intergovernmental revenues.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$121,462,835 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, and furnishings, infrastructure, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- \$10,203,283 for water treatment facility expansion
- \$5,484,793 for manganese treatment infrastructure

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$22,196,722, all of which was backed by the full faith and credit of the Town.

The Town maintained their AA+ rating from S&P for general obligation debt.

Additional information on long-term debt can be found in the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of Kingston's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Town Accountant
Town of Kingston, Massachusetts
26 Evergreen Street
Kingston, Massachusetts 02364

TOWN OF KINGSTON, MASSACHUSETTS

Statement of Net Position

June 30, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 17,927,444	\$ 9,213,890	\$ 27,141,334
Investments	6,398,553	-	6,398,553
Receivables, net of allowance for uncollectibles:			
Property taxes	1,090,762	-	1,090,762
Excises	342,850	-	342,850
User fees	247,563	1,016,094	1,263,657
Departmental and other	146,782	-	146,782
Intergovernmental	238,594	-	238,594
Leases	54,275	-	54,275
Total Current Assets	26,446,823	10,229,984	36,676,807
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	1,870,696	-	1,870,696
Betterments	164,016	8,051,053	8,215,069
Leases	4,719,634	-	4,719,634
Capital assets:			
Nondepreciable capital assets	8,828,314	6,264,546	15,092,860
Other capital assets, net of accumulated depreciation	40,422,767	65,947,208	106,369,975
Total Noncurrent Assets	56,005,427	80,262,807	136,268,234
Total Assets	82,452,250	90,492,791	172,945,041
Deferred Outflows of Resources			
Related to pension	2,763,398	108,261	2,871,659
Related to OPEB	10,562,332	413,800	10,976,132
Total Deferred Outflows of Resources	13,325,730	522,061	13,847,791

(continued)

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Statement of Net Position

June 30, 2022

(continued)	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Liabilities			
Current:			
Warrants and accounts payable	\$ 1,665,998	\$ 63,792	\$ 1,729,790
Accrued liabilities	1,112,474	-	1,112,474
Unearned revenue	565,487	-	565,487
Other current liabilities	1,689,389	1,922	1,691,311
Current portion of long-term liabilities:			
Bonds and loans payable	393,197	1,798,881	2,192,078
Compensated absences	58,498	4,971	63,469
Landfill liability	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Current Liabilities	5,515,043	1,869,566	7,384,609
Noncurrent:			
Notes payable	200,000	18,739,925	18,939,925
Bonds and loans payable, net of current portion	2,120,179	17,884,468	20,004,647
Compensated absences, net of current portion	1,111,472	94,458	1,205,930
Landfill liability, net of current portion	240,000	-	240,000
Net pension liability	15,705,766	615,304	16,321,070
Net OPEB liability	<u>41,508,928</u>	<u>1,626,194</u>	<u>43,135,122</u>
Total Noncurrent Liabilities	<u>60,686,345</u>	<u>20,220,424</u>	<u>80,906,769</u>
Total Liabilities	66,201,388	22,089,990	88,291,378
Deferred Inflows of Resources			
Related to pension	4,324,897	169,436	4,494,333
Related to OPEB	21,514,820	842,886	22,357,706
Related to leases	<u>4,773,909</u>	<u>-</u>	<u>4,773,909</u>
Total Deferred Inflows of Resources	30,613,626	1,012,322	31,625,948
Net Position			
Net investment in capital assets	47,963,097	33,829,983	81,793,080
Restricted for:			
Community preservation	1,520,978	-	1,520,978
Education	499,015	-	499,015
Other special revenue funds	295,149	-	295,149
Affordable housing	612,159	-	612,159
Endowment funds:			
Nonexpendable	1,701,111	-	1,701,111
Expendable	2,524,870	-	2,524,870
Unrestricted	<u>(56,353,413)</u>	<u>15,342,632</u>	<u>(41,010,781)</u>
Total Net Position	\$ <u>(1,237,034)</u>	\$ <u>49,172,615</u>	\$ <u>47,935,581</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Statement of Activities
For the Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 4,888,690	\$ 508,720	\$ 1,442,928	\$ -	\$ (2,937,042)	\$ -	\$ (2,937,042)
Public safety	12,077,702	2,731,544	96,804	-	(9,249,354)	-	(9,249,354)
Education	32,640,438	284,646	6,097,971	-	(26,257,821)	-	(26,257,821)
Public works	4,779,888	1,962,829	378,056	-	(2,439,003)	-	(2,439,003)
Health and human services	1,243,489	199,466	852,591	-	(191,432)	-	(191,432)
Culture and recreation	1,954,284	374,010	72,210	-	(1,508,064)	-	(1,508,064)
Interest on long-term debt	35,201	-	-	-	(35,201)	-	(35,201)
Intergovernmental	536,524	-	-	-	(536,524)	-	(536,524)
Total Governmental Activities	<u>58,156,216</u>	<u>6,061,215</u>	<u>8,940,560</u>	<u>-</u>	<u>(43,154,441)</u>	<u>-</u>	<u>(43,154,441)</u>
Business-Type Activities							
Water services	2,200,429	2,122,050	-	1,230,908	-	1,152,529	1,152,529
Sewer services	3,048,565	2,481,399	-	5,202,797	-	4,635,631	4,635,631
Renewable energy services	-	-	-	-	-	-	-
Total Business-Type Activities	<u>5,248,994</u>	<u>4,603,449</u>	<u>-</u>	<u>6,433,705</u>	<u>-</u>	<u>5,788,160</u>	<u>5,788,160</u>
Total	<u>\$ 63,405,210</u>	<u>\$ 10,664,664</u>	<u>\$ 8,940,560</u>	<u>\$ 6,433,705</u>	<u>(43,154,441)</u>	<u>5,788,160</u>	<u>(37,366,281)</u>
			General Revenues, Contributions, and Transfers				
					37,702,948	-	37,702,948
					2,955,929	-	2,955,929
					275,496	-	275,496
					1,490,547	-	1,490,547
					(95,403)	3,171	(92,232)
					49,352	-	49,352
					(213,275)	213,275	-
					<u>42,165,594</u>	<u>216,446</u>	<u>42,382,040</u>
					(988,847)	6,004,606	5,015,759
			Net Position				
					(248,187)	43,168,009	42,919,822
					<u>\$ (1,237,034)</u>	<u>\$ 49,172,615</u>	<u>\$ 47,935,581</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2022

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets			
Cash and short-term investments	\$ 11,855,575	\$ 6,071,869	\$ 17,927,444
Investments	3,798,146	2,600,407	6,398,553
Receivables:			
Property taxes	3,336,985	6,473	3,343,458
Excises	417,850	-	417,850
User fees	335,959	-	335,959
Departmental and other	142,238	4,544	146,782
Intergovernmental	27,216	211,378	238,594
Leases	4,773,909	-	4,773,909
Betterments	<u>308</u>	<u>163,708</u>	<u>164,016</u>
Total Assets	<u>\$ 24,688,186</u>	<u>\$ 9,058,379</u>	<u>\$ 33,746,565</u>
Liabilities			
Warrants and accounts payable	\$ 1,468,179	\$ 197,819	\$ 1,665,998
Accrued liabilities	1,101,305	11,169	1,112,474
Notes payable	-	200,000	200,000
Unearned revenue	-	565,487	565,487
Other liabilities	<u>1,148,117</u>	<u>541,272</u>	<u>1,689,389</u>
Total Liabilities	3,717,601	1,515,747	5,233,348
Deferred Inflows of Resources			
Unavailable revenues	4,243,739	386,231	4,629,970
Related to leases	4,773,909	-	4,773,909
Fund Balances			
Nonspendable	-	1,701,111	1,701,111
Restricted	-	5,463,818	5,463,818
Committed	4,087,109	-	4,087,109
Assigned	192,520	-	192,520
Unassigned	<u>7,673,308</u>	<u>(8,528)</u>	<u>7,664,780</u>
Total Fund Balances	<u>11,952,937</u>	<u>7,156,401</u>	<u>19,109,338</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,688,186</u>	<u>\$ 9,058,379</u>	<u>\$ 33,746,565</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2022

Total Governmental Fund Balances	\$ 19,109,338
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	49,251,081
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	4,084,574
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds and loans payable	(2,513,376)
Compensated absences	(1,169,970)
Landfill liability	(270,000)
Net pension liability and related deferred outflows and inflows	(17,267,265)
Net OPEB liability and related deferred outflows and inflows	<u>(52,461,416)</u>
Net Position of Governmental Activities	\$ <u>(1,237,034)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 37,403,408	\$ 281,096	\$ 37,684,504
Excise taxes	3,183,550	4,429	3,187,979
Penalties, interest, and other taxes	273,949	1,547	275,496
Charges for services	1,811,988	2,620,102	4,432,090
Intergovernmental	7,650,371	3,990,810	11,641,181
Licenses and permits	1,283,630	8,000	1,291,630
Fines and forfeitures	26,642	-	26,642
Investment income (loss)	(183,762)	26,076	(157,686)
Miscellaneous	128,905	-	128,905
	51,578,681	6,932,060	58,510,741
Expenditures			
General government	3,696,010	1,532,417	5,228,427
Public safety	7,443,606	736,590	8,180,196
Education	27,328,688	2,259,350	29,588,038
Public works	2,412,088	1,716,871	4,128,959
Health and human services	757,598	308,375	1,065,973
Culture and recreation	937,319	547,466	1,484,785
Employee benefits	6,577,883	-	6,577,883
Debt service:			
Principal	190,654	-	190,654
Interest	35,002	-	35,002
Intergovernmental	536,524	-	536,524
Capital outlay	1,300,000	-	1,300,000
	51,215,372	7,101,069	58,316,441
Excess (Deficiency) of Revenues over Expenditures	363,309	(169,009)	194,300
Other Financing Sources (Uses)			
Issuance of bonds	1,300,000	-	1,300,000
Transfers in	151,231	-	151,231
Transfers out	(213,275)	(151,231)	(364,506)
	1,237,956	(151,231)	1,086,725
Change in Fund Balance	1,601,265	(320,240)	1,281,025
Fund Balances, at Beginning of Year	10,351,672	7,476,641	17,828,313
Fund Balances, at End of Year	\$ 11,952,937	\$ 7,156,401	\$ 19,109,338

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,281,025																				
<ul style="list-style-type: none"> • 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay</td> <td style="text-align: right;">2,204,504</td> </tr> <tr> <td>Net effect from disposal of assets</td> <td style="text-align: right;">(17,270)</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(2,621,136)</td> </tr> </table> • 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, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Issuance of general obligation bonds and loans</td> <td style="text-align: right;">(1,300,000)</td> </tr> <tr> <td>Repayments of general obligation bonds and loans</td> <td style="text-align: right;">432,977</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for certain types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue, net of change in allowance doubtful accounts. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">(1,177,152)</td> </tr> </table> • 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 governmental funds: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Change in accrued compensated absences</td> <td style="text-align: right;">(28,497)</td> </tr> <tr> <td>Change in landfill liability</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>Change in net pension liability and related deferred outflows and inflows</td> <td style="text-align: right;">800,740</td> </tr> <tr> <td>Change in net OPEB liability and related deferred outflows and inflows</td> <td style="text-align: right;"><u>(594,038)</u></td> </tr> </table> 		Capital outlay	2,204,504	Net effect from disposal of assets	(17,270)	Depreciation	(2,621,136)	Issuance of general obligation bonds and loans	(1,300,000)	Repayments of general obligation bonds and loans	432,977		(1,177,152)	Change in accrued compensated absences	(28,497)	Change in landfill liability	30,000	Change in net pension liability and related deferred outflows and inflows	800,740	Change in net OPEB liability and related deferred outflows and inflows	<u>(594,038)</u>
Capital outlay	2,204,504																				
Net effect from disposal of assets	(17,270)																				
Depreciation	(2,621,136)																				
Issuance of general obligation bonds and loans	(1,300,000)																				
Repayments of general obligation bonds and loans	432,977																				
	(1,177,152)																				
Change in accrued compensated absences	(28,497)																				
Change in landfill liability	30,000																				
Change in net pension liability and related deferred outflows and inflows	800,740																				
Change in net OPEB liability and related deferred outflows and inflows	<u>(594,038)</u>																				
Change in Net Position of Governmental Activities	\$ <u>(988,847)</u>																				

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2022

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	Nonmajor Renewable Energy <u>Fund</u>	
Assets				
Current:				
Cash and short-term investments	\$ 2,998,192	\$ 6,206,458	\$ 9,240	\$ 9,213,890
User fees receivable, net of allowance for uncollectibles	<u>628,325</u>	<u>387,769</u>	<u>-</u>	<u>1,016,094</u>
Total Current Assets	3,626,517	6,594,227	9,240	10,229,984
Noncurrent:				
Betterments	-	8,051,053	-	8,051,053
Capital assets:				
Nondepreciable capital assets	462,693	5,801,853	-	6,264,546
Other capital assets, net of accumulated depreciation	<u>28,579,142</u>	<u>37,368,066</u>	<u>-</u>	<u>65,947,208</u>
Total Noncurrent Assets	<u>29,041,835</u>	<u>51,220,972</u>	<u>-</u>	<u>80,262,807</u>
Total Assets	32,668,352	57,815,199	9,240	90,492,791
Deferred Outflows of Resources				
Related to pension	67,771	40,490	-	108,261
Related to OPEB	<u>259,037</u>	<u>154,763</u>	<u>-</u>	<u>413,800</u>
Total Deferred Outflows of Resources	326,808	195,253	-	522,061
Liabilities				
Current:				
Warrants and accounts payable	42,105	21,687	-	63,792
Notes payable	7,333,538	11,406,387	-	18,739,925
Other current liabilities	1,922	-	-	1,922
Current portion of long-term liabilities:				
Bonds and loans payable	375,069	1,423,812	-	1,798,881
Compensated absences	<u>2,792</u>	<u>2,179</u>	<u>-</u>	<u>4,971</u>
Total Current Liabilities	7,755,426	12,854,065	-	20,609,491
Noncurrent:				
Bonds and loans payable, net of current portion	3,152,733	14,731,735	-	17,884,468
Compensated absences, net of current portion	53,055	41,403	-	94,458
Net pension liability	385,177	230,127	-	615,304
Net OPEB liability	<u>1,017,989</u>	<u>608,205</u>	<u>-</u>	<u>1,626,194</u>
Total Noncurrent Liabilities	<u>4,608,954</u>	<u>15,611,470</u>	<u>-</u>	<u>20,220,424</u>
Total Liabilities	12,364,380	28,465,535	-	40,829,915
Deferred Inflows of Resources				
Related to pension	106,066	63,370	-	169,436
Related to OPEB	<u>527,642</u>	<u>315,244</u>	<u>-</u>	<u>842,886</u>
Total Deferred Inflows of Resources	633,708	378,614	-	1,012,322
Net Position				
Net investment in capital assets	18,219,142	15,610,841	-	33,829,983
Unrestricted	<u>1,777,930</u>	<u>13,555,462</u>	<u>9,240</u>	<u>15,342,632</u>
Total Net Position	<u>\$ 19,997,072</u>	<u>\$ 29,166,303</u>	<u>\$ 9,240</u>	<u>\$ 49,172,615</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	Nonmajor Renewable Energy <u>Fund</u>	
Operating Revenues				
Charges for services	\$ 2,122,050	\$ 2,481,399	\$ -	\$ 4,603,449
Total Operating Revenues	2,122,050	2,481,399	-	4,603,449
Operating Expenses				
Salaries and wages	540,312	421,197	-	961,509
Other operating expenses	782,565	1,027,628	-	1,810,193
Depreciation	791,279	967,134	-	1,758,413
Total Operating Expenses	<u>2,114,156</u>	<u>2,415,959</u>	<u>-</u>	<u>4,530,115</u>
Operating Income	7,894	65,440	-	73,334
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	1,230,908	1,066,127	-	2,297,035
Investment income	1,493	1,673	5	3,171
Interest expense	<u>(86,273)</u>	<u>(632,606)</u>	<u>-</u>	<u>(718,879)</u>
Total Nonoperating Revenues (Expenses), Net	<u>1,146,128</u>	<u>435,194</u>	<u>5</u>	<u>1,581,327</u>
Income (Loss) Before Transfers and Capital Contributions	1,154,022	500,634	5	1,654,661
Capital Contributions	-	4,136,670	-	4,136,670
Transfers In	<u>-</u>	<u>213,275</u>	<u>-</u>	<u>213,275</u>
Change in Net Position	1,154,022	4,850,579	5	6,004,606
Net Position, Beginning of Year	<u>18,843,050</u>	<u>24,315,724</u>	<u>9,235</u>	<u>43,168,009</u>
Net Position, End of Year	<u>\$ 19,997,072</u>	<u>\$ 29,166,303</u>	<u>\$ 9,240</u>	<u>\$ 49,172,615</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2022

	Business-Type Activities			Total
	Enterprise Funds			
	Water Fund	Sewer Fund	Nonmajor Renewable Energy Fund	
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 2,225,341	\$ 2,478,760	\$ -	\$ 4,704,101
Payments to employees	(607,348)	(419,824)	-	(1,027,172)
Payments to vendors	<u>(780,832)</u>	<u>(1,215,576)</u>	<u>(42,868)</u>	<u>(2,039,276)</u>
Net Cash Provided By (Used For) Operating Activities	837,161	843,360	(42,868)	1,637,653
Cash Flows From Noncapital Financing Activities				
Transfers in	<u>-</u>	<u>213,275</u>	<u>-</u>	<u>213,275</u>
Net Cash Provided By Noncapital Financing Activities	-	213,275	-	213,275
Cash Flows From Capital and Related Financing Activities				
Proceeds of notes	6,184,603	9,709,870	-	15,894,473
Acquisition and construction of capital assets	(6,738,655)	(10,276,258)	-	(17,014,913)
Principal payments on bonds and loans	(370,707)	(762,588)	-	(1,133,295)
Interest expense	(86,273)	(181,055)	-	(267,328)
Capital contributions	-	3,192,860	-	3,192,860
Intergovernmental revenue	<u>1,230,908</u>	<u>-</u>	<u>-</u>	<u>1,230,908</u>
Net Cash Used For Capital and Related Financing Activities	219,876	1,682,829	-	1,902,705
Cash Flows From Investing Activities				
Investment income	<u>1,493</u>	<u>1,673</u>	<u>5</u>	<u>3,171</u>
Net Cash Provided By Investing Activities	1,493	1,673	5	3,171
Net Change in Cash and Short-Term Investments	1,058,530	2,741,137	(42,863)	3,756,804
Cash and Short-Term Investments, Beginning of Year	<u>1,939,662</u>	<u>3,465,321</u>	<u>52,103</u>	<u>5,457,086</u>
Cash and Short-Term Investments, End of Year	<u>\$ 2,998,192</u>	<u>\$ 6,206,458</u>	<u>\$ 9,240</u>	<u>\$ 9,213,890</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 7,894	\$ 65,440	\$ -	\$ 73,334
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	791,279	967,134	-	1,758,413
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees receivable	103,291	(2,639)	-	100,652
Deferred outflows - related to pension	(7,983)	(4,769)	-	(12,752)
Deferred outflows - related to OPEB	68,119	40,699	-	108,818
Warrants and accounts payable	(189)	(45,305)	-	(45,494)
Accrued liabilities	1,922	(142,643)	(42,873)	(183,594)
Net pension liability	(70,992)	(42,414)	-	(113,406)
Net OPEB liability	(230,507)	(137,718)	-	(368,225)
Other liabilities	(61,965)	4,400	-	(57,565)
Deferred inflows - related to pension	59,336	35,451	-	94,787
Deferred inflows - related to OPEB	<u>176,956</u>	<u>105,724</u>	<u>-</u>	<u>282,680</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 837,161</u>	<u>\$ 843,360</u>	<u>\$ (42,873)</u>	<u>\$ 1,637,648</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2022

	Other Post-Employment Benefits Trust <u>Fund</u>	Private Purpose Trust <u>Funds</u>
Assets		
Cash and short-term investments	\$ 2,216	\$ -
Investments:		
Corporate equities	74,657	-
Equity mutual funds	336,385	-
Fixed income mutual funds	<u>151,666</u>	<u>477,825</u>
Total Investments	<u>562,708</u>	<u>477,825</u>
Total Assets	564,924	477,825
Net Position		
Restricted for OPEB	564,924	-
Restricted for individuals and organizations	<u>-</u>	<u>477,825</u>
Total Net Position	\$ <u><u>564,924</u></u>	\$ <u><u>477,825</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Other Post-Employment Benefits Trust <u>Fund</u>	Private Purpose <u>Trust Funds</u>
Additions		
Employer Contributions	\$ 1,112,419	\$ -
Investment income (loss), net	<u>(94,062)</u>	<u>15,797</u>
Total Additions	1,018,357	15,797
Deductions		
Benefit payments to plan members and beneficiaries	1,012,419	-
Other	<u>-</u>	<u>28,001</u>
Total Deductions	<u>1,012,419</u>	<u>28,001</u>
Change in Net Position	5,938	(12,204)
Restricted Net Position		
Beginning of Year	<u>558,986</u>	<u>490,029</u>
End of Year	<u>\$ 564,924</u>	<u>\$ 477,825</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KINGSTON, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Kingston, Massachusetts (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2022, it was determined that no entities met the component unit requirements of GASB 14 (as amended).

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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.

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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of an enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- *Water operations*
- *Sewer operations*

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

The Town reports the following fiduciary funds:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health and benefits for retired employees.
- *Private-Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the OPEB trust fund or permanent fund, under which principal and investment income exclusively benefit individuals and private organizations.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments".

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

The Town's invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

Property Tax Limitations

Legislation known as “Proposition 2½” has limited the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth), unless an override is voted. Certain provisions of Proposition 2½ can be overridden by a referendum.

Leases

Town as a Lessor

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease receivable and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statement and proprietary fund statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund

balance classification includes General Fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes General Fund encumbrances for non-lapsing special article appropriations approved by Town Meeting resolution, special purpose stabilization funds, and various special revenue funds.
- *Assigned* represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.
- *Unassigned* represents amounts that are available to be spent in future periods, general stabilization funds, and deficit funds. The General Fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

At the annual Town Meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as

enacted by Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line-item budget as approved if it is for an emergency and for the safety of the general public. Formal budgetary integration is employed as a management control device during the year for the General Fund and proprietary funds. At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2022. It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

3. Deposits and Investments (Excluding the OPEB Trust Fund)

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. MMDT has a maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2022, \$2,081,339 of the Town's bank balance of \$28,240,253 was exposed to custodial credit risk as uninsured and uncollateralized, and \$23,718,567 was collateralized by securities held by the pledging financial institution's trust department or agent but not in the Town's name. Additionally, \$2,440,347 was invested in MMDT, which is not subject to this disclosure.

Investments

The following is a summary of the Town's investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 1,639,862
Corporate equities	1,917,807
Fixed income mutual funds	1,140,648
Federal agency securities	662,538
U.S. Treasury notes	<u>1,515,523</u>
Total	\$ <u><u>6,876,378</u></u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's formal investment policies related to custodial credit risk include reviewing the financial institution's financial statements and the background of the advisor 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. Further, all securities not held directly by the Town will be held in the Town's name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

As of June 30, 2022, \$5,735,730 was subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and held by the Town's brokerage firm, which was also the counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Trust or Agent</u>
Corporate bonds	\$ 1,639,862	\$ 1,639,862
Corporate equities	1,917,807	1,917,807
Federal agency securities	662,538	662,538
U.S. Treasury notes	<u>1,515,523</u>	<u>1,515,523</u>
Total	\$ <u><u>5,735,730</u></u>	\$ <u><u>5,735,730</u></u>

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Town will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Agency obligations. In regard to other investments, the Town will only purchase investment grade securities with a high concentration in securities rated A or better. The Town may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund.

As of June 30, 2022, the credit quality ratings, as rated by S&P Global Ratings, of the Town's debt securities were as follows (U.S. Treasury notes have an implied rating of AAA):

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>			
		<u>AAA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Corporate bonds	\$ 1,639,862	\$ -	\$ 605,452	\$ 1,034,410	\$ -
Fixed income mutual funds	1,140,648	-	-	-	1,140,648
Federal agency securities	<u>662,538</u>	<u>662,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,443,048</u>	<u>\$ 662,538</u>	<u>\$ 605,452</u>	<u>\$ 1,034,410</u>	<u>\$ 1,662,295</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount that may be invested in any one issuer. The Town will minimize 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, 2022, the Town did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk – Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policies limit investment *maturities* as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations was as follows as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Corporate bonds	\$ 1,639,862	\$ 90,133	\$ 1,483,283	\$ 66,446
Federal agency securities	662,538	99,898	537,560	25,080
U.S. Treasury notes	<u>1,515,523</u>	<u>305,401</u>	<u>923,461</u>	<u>286,661</u>
Total	<u>\$ 3,817,923</u>	<u>\$ 495,432</u>	<u>\$ 2,944,304</u>	<u>\$ 378,187</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town’s investment policies state that the Town will limit investment in any instrument exposed to foreign currency risk.

At June 30, 2022 none of the Town’s investments were exposed to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town had the following fair value measurements as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate bonds	\$ 1,639,862	\$ -	\$ 1,639,862	\$ -
Corporate equities	1,917,807	1,917,807	-	-
Fixed income mutual funds	1,140,648	-	1,140,648	-
Federal agency securities	662,538	662,538	-	-
U.S. Treasury notes	<u>1,515,523</u>	<u>1,515,523</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,876,378</u>	<u>\$ 4,095,868</u>	<u>\$ 2,780,510</u>	<u>\$ -</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Investments - OPEB Trust Fund

Generally, the OPEB Trust Fund's investment policies mirror that of the Town as discussed in the previous note.

The following is a summary of the OPEB Trust Fund’s investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 74,657
Equity mutual funds	336,385
Fixed income mutual funds	<u>151,666</u>
Total	<u>\$ 562,708</u>

Custodial Credit Risk

As of June 30, 2022, the OPEB Trust Fund did not have investments subject to custodial credit risk exposure as all assets were held in the Town’s name.

Credit Risk – Investments in Debt Securities

As of June 30, 2022, the credit quality ratings as rated by S&P Global Ratings, of the OPEB Trust Fund’s debt securities were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Unrated</u>
Fixed income mutual funds	\$ <u>151,666</u>	\$ <u>151,666</u>
Total	\$ <u>151,666</u>	\$ <u>151,666</u>

Concentration of Credit Risk

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

As of June 30, 2022, the OPEB Trust Fund did not have an investment in one issuer greater than 5% of total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The OPEB Trust Fund does not have formal investment policies related to foreign currency risk.

At June 30, 2022, none of the OPEB Trust Fund’s investments were exposed to foreign currency risk.

Fair Value

The OPEB Trust Fund had the following fair value measurements as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>
Investments by fair value level:				
Corporate equities	\$ 74,657	\$ -	\$ 74,657	\$ -
Equity mutual funds	336,385	336,385	-	-
Fixed income mutual funds	<u>151,666</u>	<u>-</u>	<u>151,666</u>	<u>-</u>
Total	<u>\$ 562,708</u>	<u>\$ 336,385</u>	<u>\$ 226,323</u>	<u>\$ -</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

5. Property Taxes and Excises Receivable

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property taxes revenues have been recorded using the accrual and modified accrual basis of accounting in the government-wide and fund basis statements, respectively.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town’s experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as “Proposition 2 ½” limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 1/2 % of the prior year’s levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2022 tax levy reflected an excess capacity of \$1,282,504.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Boat excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2022 consisted of the following (in thousands):

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long- Term Portion
Real estate taxes	\$ 1,095	\$ (110)	\$ 985	\$ -
Personal property taxes	132	(64)	68	-
Community preservation act	6	-	6	-
Tax liens	2,079	(208)		1,871
Deferred taxes	<u>31</u>	<u>-</u>	<u>31</u>	<u>-</u>
Total property taxes	<u>\$ 3,343</u>	<u>\$ (382)</u>	<u>\$ 1,091</u>	<u>\$ 1,871</u>
Motor vehicle excise	\$ 408	\$ (69)	\$ 339	
Boat excise	<u>10</u>	<u>(6)</u>	<u>4</u>	
Total excises	<u>\$ 418</u>	<u>\$ (75)</u>	<u>\$ 343</u>	

6. User Fees Receivable

Receivables for user charges and betterments at June 30, 2022 consisted of the following (in thousands):

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Water	\$ 726	\$ (98)	\$ 628
Sewer	449	(61)	388
Ambulance	<u>336</u>	<u>(88)</u>	<u>248</u>
Total	<u>\$ 1,511</u>	<u>\$ (247)</u>	<u>\$ 1,264</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2022.

8. Leases Receivable

In fiscal year 2022, the Town implemented GASB Statement No. 87, *Leases*, which changed the definition of a lease and requires a lease receivable, offset with a deferred inflow, to be recognized in the financial statements. A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

Leases receivable consisted of the following at June 30, 2022:

<u>Purpose</u>	<u>Interest Rate(s) %</u>	<u>Amount</u>
AT&T Cell Tower Lease (Elm St)	3.38%	\$ 282,954
AT&T Cell Tower Lease (Pembroke St)	3.38%	378,131
Sprint Water Tower Lease	1.25%	1,660,093
GTP Infrastructure LLC	2.00%	680,933
T-Mobile - Pembroke	1.25%	1,398,002
Verizon Wireless	3.38%	<u>373,796</u>
Total		\$ <u>4,773,909</u>

Future minimum lease payments under these leases consisted of the following at June 30, 2022:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 54,275	\$ 181,132
2024	62,721	179,747
2025	71,593	178,152
2026	80,904	176,332
2027	90,672	174,281
2028 - 2032	470,255	671,491
2033 - 2037	871,062	760,661
Thereafter	<u>3,072,427</u>	<u>1,255,982</u>
Total	\$ <u>4,773,909</u>	\$ <u>3,577,778</u>

9. Interfund Accounts

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of major interfund transfers for the year ended June 30, 2022:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 151,231	\$ (213,275)
Nonmajor Governmental Funds:		
Special revenue funds	-	(147,344)
Trust funds	-	<u>(3,887)</u>
Subtotal Nonmajor Governmental Funds	-	(151,231)
<u>Business-Type Funds:</u>		
Sewer Fund	<u>213,275</u>	-
Subtotal Business-type Funds	<u>213,275</u>	-
Total	\$ <u>364,506</u>	\$ <u>(364,506)</u>

Of the transfer into the General Fund, \$64,000 was transferred from the Waterways Special Revenue Fund for capital expenditures, \$69,276 was transferred from the Septic Loan Fund for the Town operating budget, \$9,000 was transferred from the Inspectional Revolving Fund for the Town operating budget, \$5,068 was transferred from the Circuit Breaker Fund, and \$3,887 was transferred from the Sampson Trust Fund for various Sampson Fund expenditures as recommended by the Trustees. Of the transfers out of the General Fund, \$213,275 was transferred to the Sewer Fund.

10. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital Assets, Being Depreciated:				
Buildings and improvements	\$ 43,949	\$ 1,354	\$ -	\$ 45,303
Machinery, equipment, and furnishings	11,699	472	(81)	12,090
Infrastructure	<u>23,858</u>	<u>528</u>	<u>-</u>	<u>24,386</u>
Total Capital Assets, Being Depreciated	79,506	2,354	(81)	81,779
Less Accumulated Depreciation For:				
Buildings and improvements	(20,892)	(1,202)	-	(22,094)
Machinery, equipment, and furnishings	(7,943)	(783)	63	(8,663)
Infrastructure	<u>(9,963)</u>	<u>(636)</u>	<u>-</u>	<u>(10,599)</u>
Total Accumulated Depreciation	<u>(38,798)</u>	<u>(2,621)</u>	<u>63</u>	<u>(41,356)</u>
Capital Assets, Being Depreciated, Net	40,708	(267)	(18)	40,423
Capital Assets, Not Being Depreciated:				
Land	8,828	-	-	8,828
Construction in progress (CIP)	<u>149</u>	<u>-</u>	<u>(149)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>8,977</u>	<u>-</u>	<u>(149)</u>	<u>8,828</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,685</u>	<u>\$ (267)</u>	<u>\$ (167)</u>	<u>\$ 49,251</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance
Business-Type Activities				
Capital Assets, Being Depreciated:				
Buildings and improvements	\$ 27,345	\$ -	\$ -	\$ 27,345
Machinery, equipment, and furnishings	812	141	-	953
Infrastructure	<u>53,978</u>	<u>20,996</u>	<u>-</u>	<u>74,974</u>
Total Capital Assets, Being Depreciated	82,135	21,137	-	103,272
Less Accumulated Depreciation For:				
Buildings and improvements	(10,489)	(755)	-	(11,244)
Machinery, equipment, and furnishings	(650)	(36)	-	(686)
Infrastructure	<u>(24,427)</u>	<u>(968)</u>	<u>-</u>	<u>(25,395)</u>
Total Accumulated Depreciation	<u>(35,566)</u>	<u>(1,759)</u>	<u>-</u>	<u>(37,325)</u>
Capital Assets, Being Depreciated, Net	46,569	19,378	-	65,947
Capital Assets, Not Being Depreciated:				
Land	463	-	-	463
Construction in progress (CIP)	<u>9,924</u>	<u>-</u>	<u>(4,122)</u>	<u>5,802</u>
Total Capital Assets, Not Being Depreciated	<u>10,387</u>	<u>-</u>	<u>(4,122)</u>	<u>6,265</u>
Business-Type Activities Capital Assets, Net	<u>\$ 56,956</u>	<u>\$ 19,378</u>	<u>\$ (4,122)</u>	<u>\$ 72,212</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities	
General government	\$ 142
Public safety	579
Education	763
Public works	791
Culture and recreation	<u>346</u>
Total Governmental Activities	<u>\$ 2,621</u>
Business-Type Activities	
Water	\$ 791
Sewer	<u>968</u>
Total Business-Type Activities	<u>\$ 1,759</u>

11. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

12. Notes Payable

The Town had the following notes outstanding at June 30, 2022:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/22</u>
MWPAT T5-97-1211-E	0.00%	04/15/19	10/04/22	\$ 200,000
MCWT Interim Loan	0.00%	03/01/21	03/01/23	7,333,538
MCWT Interim Loan	0.00%	12/01/20	12/01/22	<u>11,406,387</u>
Total				<u>\$ 18,939,925</u>

The following summarizes activity in notes payable during fiscal year 2022:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
MWPAT T5-97-1211-E	\$ 200,000	\$ -	\$ -	\$ 200,000
MCWT Interim Loan	1,148,935	6,184,603	-	7,333,538
General Obligation BAN	1,600,000	-	(1,600,000)	-
MCWT Interim Loan	<u>96,517</u>	<u>11,309,870</u>	<u>-</u>	<u>11,406,387</u>
Total	<u>\$ 3,045,452</u>	<u>\$ 17,494,473</u>	<u>\$ (1,600,000)</u>	<u>\$ 18,939,925</u>

13. Unearned Revenue

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

14. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and direct borrowings have been issued for governmental and business-type activities. General obligation bonds and direct borrowings outstanding are as follows:

Governmental Activities		Serial		Amount
	Original	Maturities	Interest	Outstanding
<u>General Obligation Bonds</u>	<u>Issue</u>	<u>Through</u>	<u>Rate(s) %</u>	as of
				<u>6/30/22</u>
Public offerings:				
Senior center	\$ 1,600,000	01/15/30	3.80%	\$ <u>640,000</u>
Total general obligation bonds				640,000
<u>Loans - Direct Borrowings</u>				
MWPAT - septic	442,725	08/01/23	0.00%	44,676
Septic loan program Title 5	125,000	07/15/26	0.00%	31,390
Septic loan program Title 5	265,352	07/15/27	0.00%	83,794
MWPAT stormwater CW-07-16	287,643	07/15/28	2.00%	124,294
MPWAT 97-1211-D	334,648	01/15/33	0.00%	185,299
MCWT series 21 loan	200,000	07/15/38	0.00%	170,000
Front End Loader	164,410	12/06/22	3.80%	34,382
Backhoe	118,500	07/25/26	2.50%	68,916
Fire Ladder	1,300,000	02/15/29	1.55%	<u>1,130,622</u>
Total loans - direct borrowings				<u>1,873,373</u>
Total Governmental Activities				\$ <u><u>2,513,373</u></u>

Business-Type Activities		Serial		Amount
	Original	Maturities	Interest	Outstanding
	<u>Issue</u>	<u>Through</u>	<u>Rate(s) %</u>	as of
				<u>6/30/22</u>
<u>General Obligation Bonds</u>				
Public offerings:				
Water mains	\$ 350,000	01/15/30	3.72%	\$ 120,000
Water system improvement	400,000	01/15/30	3.80%	160,000
Water mains	250,000	01/15/30	3.68%	80,000
Refunding April 2013	1,460,200	03/01/23	1.36%	<u>125,000</u>
Total general obligation bonds				485,000
<u>Loans - Direct Borrowings</u>				
MA clean water trust	4,506,759	01/15/35	2.00%	\$ 3,042,802
MWPAT	1,380,732	08/01/29	1.73%	510,000
MWPAT	7,694,995	08/01/29	1.73%	2,855,000
MWPAT	2,565,044	08/01/29	1.73%	950,000
MWPAT	1,516,060	08/01/30	1.73%	625,000
MWPAT	7,580,104	08/01/30	1.73%	3,135,000
MWPAT	621,626	02/01/31	1.85%	255,000
MWPAT	6,321,273	02/01/31	1.85%	2,630,000
MWPAT	474,779	08/01/32	2.60%	235,000
MWPAT CW-04-02	3,509,766	07/15/35	2.31%	1,948,734
MWPAT CW-04-42A	5,120,234	07/15/36	2.35%	<u>3,011,813</u>
Total loans - direct borrowings				<u>19,198,349</u>
Total Business-Type Activities				<u>\$ 19,683,349</u>

Future Debt Service

The annual payments to retire all general obligation bonds and loans outstanding as of June 30, 2022 are as follows:

Governmental Activities	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 80,000	\$ 25,960	\$ 313,197	\$ 36,066
2024	80,000	22,760	284,408	28,848
2025	80,000	19,560	286,085	23,861
2026	80,000	16,360	255,465	16,513
2027	80,000	13,160	260,793	16,414
2028 - 2032	240,000	19,920	386,453	749
2033 - 2037	-	-	66,972	-
2038 - 2039	-	-	20,000	-
Total	<u>\$ 640,000</u>	<u>\$ 117,720</u>	<u>\$ 1,873,373</u>	<u>\$ 122,451</u>

Business-Type Activities	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 170,000	\$ 17,103	\$ 1,628,881	\$ 318,472
2024	45,000	12,802	1,685,146	288,312
2025	45,000	11,003	1,741,666	259,241
2026	45,000	9,202	1,788,450	227,199
2027	45,000	7,403	1,850,503	194,069
2028 - 2032	135,000	11,205	7,953,175	527,354
2033 - 2037	-	-	2,550,528	127,645
Total	<u>\$ 485,000</u>	<u>\$ 68,718</u>	<u>\$ 19,198,349</u>	<u>\$ 1,942,292</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Governmental Activities						
Bonds payable:						
Public offerings	\$ 745	\$ -	\$ (105)	\$ 640	\$ 80	\$ 560
Loans payable (direct borrowings)	<u>902</u>	<u>1,300</u>	<u>(328)</u>	<u>1,874</u>	<u>313</u>	<u>1,561</u>
Subtotal	1,647	1,300	(433)	2,514	393	2,121
Compensated absences	1,141	86	(58)	1,169	58	1,111
Landfill liability	300	-	(30)	270	30	240
Net pension liability	18,600	-	(2,894)	15,706	-	15,706
Net OPEB liability	<u>50,908</u>	<u>-</u>	<u>(9,399)</u>	<u>41,509</u>	<u>-</u>	<u>41,509</u>
Total	<u>\$ 72,596</u>	<u>\$ 1,386</u>	<u>\$ (12,814)</u>	<u>\$ 61,168</u>	<u>\$ 481</u>	<u>\$ 60,687</u>
Business-Type Activities						
Bonds payable:						
Public offerings	\$ 655	\$ -	\$ (170)	\$ 485	\$ 170	\$ 315
Loans payable (direct borrowings)	<u>20,776</u>	<u>-</u>	<u>(1,578)</u>	<u>19,198</u>	<u>1,629</u>	<u>17,569</u>
Subtotal	21,431	-	(1,748)	19,683	1,799	17,884
Compensated absences	157	4	(62)	99	5	94
Net pension liability	729	-	(114)	615	-	615
Net OPEB liability	<u>1,994</u>	<u>-</u>	<u>(368)</u>	<u>1,626</u>	<u>-</u>	<u>1,626</u>
Total	<u>\$ 24,311</u>	<u>\$ 4</u>	<u>\$ (2,292)</u>	<u>\$ 22,023</u>	<u>\$ 1,804</u>	<u>\$ 20,219</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

Bonds and loans issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds.

15. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$270,000 reported as landfill postclosure care liability at June 30, 2022 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

16. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Deferred inflows related to leases will be recognized as revenue over the lease term. *Unavailable revenues* are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

17. Governmental Funds - Fund Balances

The Town's fund balances at June 30, 2022 are comprised of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Permanent funds	\$ <u>-</u>	\$ <u>1,701,111</u>	\$ <u>1,701,111</u>
Total Nonspendable	-	1,701,111	1,701,111
Restricted			
Special revenue funds:			
Community preservation	-	1,520,978	1,520,978
Education	-	499,015	499,015
Other special revenue funds	-	306,796	306,796
Affordable housing trust fund	-	612,159	612,159
Permanent funds	<u>-</u>	<u>2,524,870</u>	<u>2,524,870</u>
Total Restricted	-	5,463,818	5,463,818
Committed			
Continuing appropriations	907,444	-	907,444
Smart growth stabilization	629,767	-	629,767
Capital stabilization	1,123,236	-	1,123,236
Special education stabilization	217,158	-	217,158
For capital expenditures	<u>1,209,504</u>	<u>-</u>	<u>1,209,504</u>
Total Committed	4,087,109	-	4,087,109
Assigned			
General government	61,593	-	61,593
Public safety	33,567	-	33,567
Education	83,559	-	83,559
Public works	213	-	213
Health and human services	5,568	-	5,568
Employee benefits	<u>8,020</u>	<u>-</u>	<u>8,020</u>
Total Assigned	192,520	-	192,520
Unassigned			
General Fund	4,707,945	-	4,707,945
General stabilization fund	2,885,767	-	2,885,767
Employee liability stabilization	79,596	-	79,596
Deficit funds	<u>-</u>	<u>(8,528)</u>	<u>(8,528)</u>
Total Unassigned	<u>7,673,308</u>	<u>(8,528)</u>	<u>7,664,780</u>
Total Fund Balances	\$ <u><u>11,952,937</u></u>	\$ <u><u>7,156,401</u></u>	\$ <u><u>19,109,338</u></u>

18. Plymouth County Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to employees’ retirement funds.

Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Plymouth County Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report that can be obtained through the Plymouth County Retirement System, 11 South Russell Street, Plymouth, Massachusetts 02360.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee’s individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member’s accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member’s highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the

average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For

members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employees are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town’s contribution to the System for the year ended June 30, 2022 was \$2,882,108, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the 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 benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported a liability of \$16,321,070 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. 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 employers, actuarially determined. At December 31, 2021, the Town’s proportion was 3.49%, which was an increase of 0.19% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$2,049,996. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 1,810,148	\$ -
Changes of assumptions	55,446	-
Net difference between projected and actual investment earnings on pension plan investments	-	4,478,250
Changes in proportion and differences between contributions and proportionate share of contributions	<u>1,006,065</u>	<u>16,083</u>
Total	\$ <u>2,871,659</u>	\$ <u>4,494,333</u>

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

<u>Year Ended June 30:</u>	
2023	\$ 581,119
2024	(993,228)
2025	(617,125)
2026	<u>(593,440)</u>
Total	\$ <u>(1,622,674)</u>

Actuarial Assumptions

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2022
Actuarial cost method	Entry Age
Actuarial Assumptions:	
COLA	3.00% of the first \$16,000
Salary increases	3.75% per year, including longevity
Investment rate of return	7.875%

Mortality rates were based on the RP-2014 Blue Collar Mortality table with scale MP-2016, fully generational. For members retired for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational.

Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of the 2015 actuarial experience study.

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	Long-term Expected Asset Allocation	Long-term Expected Nominal Rate of Return
Domestic Equity	23.00%	6.80%
International developed equity	3.00%	7.50%
Emerging markets equity	9.00%	4.60%
Global equity	11.00%	7.20%
Core bonds	10.00%	2.40%
Value-added fixed income	7.00%	4.00%
Hedge funds	7.00%	4.40%
Real estate	10.00%	7.40%
Private equity	12.00%	7.30%
Real assets	6.00%	7.70%
Cash	2.00%	1.70%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.875%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
<u>(6.875%)</u>	<u>(7.875%)</u>	<u>(8.875%)</u>
\$ 23,129,626	\$ 16,321,070	\$ 10,517,566

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

19. Massachusetts Teachers’ Retirement System (MTRS)

Plan Description

The Massachusetts Teachers’ Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts’ reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers’ Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation

retirement allowance benefits up to a maximum of 80% of a member’s highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS’ funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

Actuarial Assumptions

The net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

- (a) 7.00% (changed from 7.15%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase per year.

- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 – 2020.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
 - Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct)

Target Allocations

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.30%
Private equity	13.00%	7.80%
Portfolio completion strategies	11.00%	2.90%
Real estate	10.00%	3.70%
Value added fixed income	8.00%	3.90%
Timber/natural resources	4.00%	4.30%
Total	<u>100.00%</u>	

Discount Rate

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

pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease to <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase to <u>8.00%</u>
\$ 29,687,706	\$ 22,706,876	\$ 16,882,184

Special Funding Situation

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

Town Proportions

In fiscal year 2021 (the most recent measurement period), the Town’s proportionate share of the MTRS’ collective net pension liability was \$19,832,107 based on a proportionate share of 0.087340%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts’ contribution of \$1,527,119 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and its portion of the collective pension expense of approximately \$1,591,444 as both a revenue and expense on the Statement of Activities.

20. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2010, the Town established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement

establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2022.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town’s plan. The Town provides health insurance coverage through Blue Cross Blue Shield, Harvard Pilgrim Health Care, and Medex. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Funding Policy

The Town’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on budget limitations/authorizations.

Plan Membership

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	156
Active employees	<u>252</u>
Total	<u>408</u>

Investments

The OPEB trust fund assets consist of corporate equities and equity and fixed income mutual funds.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (14.44)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Payroll growth	3.50% per year
Investment rate of return	6.00%, net of investment expenses, including inflation
Municipal bond rate	3.54%
Discount rate	3.54%
Healthcare cost trend rates	7.00% for 2022, fluctuating 0.40% to an ultimate rate of 4.00% as of 2075 and later years
Participation rate	Medical - 85% of eligible retired employees will elect to participate. Life - 85% of eligible retirees will elect to participate. Dental - Not offered to retired employees.

Mortality rates were based on the following:

Pre-retirement Mortality – General and Public Safety employees	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using Scale BB.
Post-retirement Mortality – General and Public Safety employees	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using Scale BB.
Pre-retirement Mortality – Teachers	RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using Scale MP-2016.
Post-retirement Mortality – Teachers	RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using Scale MP-2016.

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic bond	20.00%	1.30%
Domestic equity	34.00%	4.66%
International equity	22.00%	5.88%
Alternatives	20.00%	5.28%
International bond	4.00%	1.33%
Cash and equivalents	<u>0.00%</u>	0.00%
	<u>100.00%</u>	

Contributions

In addition to the implicit study contribution, the Town’s policy is to contribute amounts provided annually by the budget.

Discount Rate

The discount rate used to measure the net OPEB liability was 3.54%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.00% through fiscal year 2023 and municipal bond rate of 3.54% thereafter (based on the Bond Buyer 20-Bond GO Index published on June 30, 2022).

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2022, were as follows:

Total OPEB liability	\$ 43,700,046
Plan fiduciary net position	<u>(564,924)</u>
Net OPEB liability	<u>\$ 43,135,122</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 1.29%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
		Plan	
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 53,461,350	\$ 558,986	\$ 52,902,364
Changes for the year:			
Service cost	2,597,048	-	2,597,048
Interest	1,199,927	-	1,199,927
Contributions - employer	-	1,112,419	(1,112,419)
Net investment income	-	(94,062)	94,062
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	(12,545,860)	-	(12,545,860)
Benefit payments	<u>(1,012,419)</u>	<u>(1,012,419)</u>	<u>-</u>
Net Changes	<u>(9,761,304)</u>	<u>5,938</u>	<u>(9,767,242)</u>
Balances, end of year	<u>\$ 43,700,046</u>	<u>\$ 564,924</u>	<u>\$ 43,135,122</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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

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

1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 51,524,359	\$ 43,135,122	\$ 36,576,603

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease <u>(6.00%)</u>	Current Healthcare Cost Trend Rates <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
\$ 35,297,891	\$ 43,135,122	\$ 53,502,058

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

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$1,729,731. At June 30, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 10,694,828
Change in assumptions	10,907,226	11,662,878
Net difference between projected and actual OPEB investment earnings	<u>68,906</u>	<u>-</u>
Total	<u>\$ 10,976,132</u>	<u>\$ 22,357,706</u>

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

<u>Year Ended June 30:</u>	
2023	\$ (2,030,764)
2024	(2,018,848)
2025	(1,702,635)
2026	(1,843,824)
2027	(2,820,435)
Thereafter	<u>(965,068)</u>
Total	<u>\$ (11,381,574)</u>

21. Commitments and Contingencies

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

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

Encumbrances

At year-end the Town's General Fund had \$192,520 in encumbrances that will be honored in the next fiscal year.

22. Change in Accounting Principle

During fiscal year 2022, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as the right to use another entity's asset over a definitive period of time.

23. Subsequent Events

Management has evaluated subsequent events through January 20, 2023, which is the date the financial statements were available to be issued.

TOWN OF KINGSTON, MASSACHUSETTS

Required Supplementary Information
General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual
For the Year Ended June 30, 2022

(Unaudited)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Property taxes	\$ 37,060,709	\$ 37,060,709	\$ 37,403,408	\$ 342,699
Excise taxes	2,098,020	2,098,020	2,804,773	706,753
Penalties, interest, and other taxes	165,000	165,000	273,949	108,949
Charges for services	1,619,295	1,619,295	1,811,988	192,693
Intergovernmental	5,236,929	5,814,130	6,125,943	311,813
Licenses and permits	1,213,400	1,213,400	1,283,630	70,230
Fines and forfeitures	10,000	10,000	26,642	16,642
Investment income	13,000	13,000	14,560	1,560
Miscellaneous	<u>60,000</u>	<u>60,000</u>	<u>128,905</u>	<u>68,905</u>
Total Revenues	47,476,353	48,053,554	49,873,798	1,820,244
Expenditures				
General government	3,377,418	4,428,221	4,333,858	94,363
Public safety	7,182,503	8,034,389	7,758,491	275,898
Education	25,760,872	26,006,692	25,901,158	105,534
Public works	2,172,377	3,007,787	2,837,275	170,512
Health and human services	822,559	882,360	763,166	119,194
Culture and recreation	922,075	1,018,529	945,340	73,189
Employee benefits	7,099,108	7,033,108	6,644,090	389,018
Debt service	223,164	223,164	223,164	-
Intergovernmental	<u>-</u>	<u>549,925</u>	<u>536,524</u>	<u>13,401</u>
Total Expenditures	<u>47,560,076</u>	<u>51,184,175</u>	<u>49,943,066</u>	<u>1,241,109</u>
Excess (Deficiency) of Revenues over Expenditures	(83,723)	(3,130,621)	(69,268)	3,061,353
Other Financing Sources (Uses)				
Transfers in	-	1,105,238	1,110,306	5,068
Transfers out	-	(603,277)	(603,277)	-
Use of free cash:				
Operating budget	-	505,608	505,608	-
Capital budget	-	1,089,238	1,089,238	-
Transfer to stabilization funds	-	100,000	100,000	-
Transfer to renewable energy fund	-	100,000	100,000	-
OPEB trust fund contribution	-	50,000	50,000	-
Other source: prior year articles and encumbrances	-	710,875	710,875	-
Other	<u>83,723</u>	<u>72,939</u>	<u>72,939</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>83,723</u>	<u>3,130,621</u>	<u>3,135,689</u>	<u>5,068</u>
Overall Budgetary Excess (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,066,421</u>	\$ <u>3,066,421</u>

See Independent Auditor's Report and Notes to Required Supplementary Information.

**Notes to Required Supplementary Information
for General Fund Budget**

Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 51,578,681	\$ 51,215,372	\$ 1,237,956
To record use of free cash	-	-	1,844,846
Prior year appropriations used to fund current year expenditures	-	-	710,875
Add end-of-year appropriation carryforwards to expenditures	-	1,099,964	-
To reclassify OPEB transfer	-	(100,000)	(100,000)
To reclassify overhead costs	-	672,275	672,275
Other timing issues	2,691	(2,691)	72,939
To reverse the effect of non-budgeted State contributions for teachers retirement	(1,527,119)	(1,527,119)	-
To record loans payable proceeds	-	(1,300,000)	(1,300,000)
To remove unbudgeted stabilization fund	<u>(180,455)</u>	<u>(114,735)</u>	<u>(3,202)</u>
Budgetary basis	<u>\$ 49,873,798</u>	<u>\$ 49,943,066</u>	<u>\$ 3,135,689</u>

See Independent Auditor's Report

TOWN OF KINGSTON, MASSACHUSETTS

Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
 (Unaudited)

Plymouth County Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2022	December 31, 2021	3.49%	\$16,321,070	\$10,888,390	149.89%	75.49%
June 30, 2021	December 31, 2020	3.30%	\$19,329,179	\$10,317,018	187.35%	67.90%
June 30, 2020	December 31, 2019	3.10%	\$21,176,743	\$ 9,120,073	232.20%	61.61%
June 30, 2019	December 31, 2018	3.05%	\$16,321,070	\$ 9,636,972	169.36%	56.11%
June 30, 2018	December 31, 2017	3.10%	\$16,687,404	\$10,106,048	165.12%	65.56%
June 30, 2017	December 31, 2016	3.09%	\$19,577,709	\$ 9,719,354	201.43%	58.32%
June 30, 2016	December 31, 2015	3.07%	\$19,473,824	\$ 9,172,923	212.30%	56.80%
June 30, 2015	December 31, 2014	3.07%	\$17,898,104	\$ 8,841,372	202.44%	58.88%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2022	June 30, 2021	0.087340%	\$ -	\$ 19,832,107	\$ 19,832,107	\$ 6,774,080	0.00%	62.03%
June 30, 2021	June 30, 2020	0.076911%	\$ -	\$ 21,954,184	\$ 21,954,184	\$ 5,827,637	0.00%	50.67%
June 30, 2020	June 30, 2019	0.087254%	\$ -	\$ 22,000,161	\$ 22,000,161	\$ 6,349,603	0.00%	53.95%
June 30, 2019	June 30, 2018	0.085791%	\$ -	\$ 20,342,190	\$ 20,342,190	\$ 6,024,987	0.00%	54.84%
June 30, 2018	June 30, 2017	0.085968%	\$ -	\$ 19,674,064	\$ 19,674,064	\$ 5,837,630	0.00%	54.25%
June 30, 2017	June 30, 2016	0.081997%	\$ -	\$ 18,332,740	\$ 18,332,740	\$ 5,393,480	0.00%	52.73%
June 30, 2016	June 30, 2015	0.083347%	\$ -	\$ 17,077,534	\$ 17,077,534	\$ 5,283,273	0.00%	55.38%
June 30, 2015	June 30, 2014	0.080606%	\$ -	\$ 12,813,374	\$ 12,813,374	\$ 4,942,352	0.00%	61.64%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF KINGSTON, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

Plymouth County Retirement System

Fiscal Year	Measurement Date	Contributions in Relation to the			Covered Payroll	Contributions as a Percentage of Covered Payroll
		Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
June 30, 2022	December 31, 2021	\$ 2,882,108	\$ 2,882,108	\$ -	\$ 11,020,197	26%
June 30, 2021	December 31, 2020	\$ 2,650,687	\$ 2,650,687	\$ -	\$ 10,317,018	26%
June 30, 2020	December 31, 2019	\$ 2,290,716	\$ 2,290,716	\$ -	\$ 9,120,073	25%
June 30, 2019	December 31, 2018	\$ 2,219,898	\$ 2,219,898	\$ -	\$ 9,636,972	23%
June 30, 2018	December 31, 2017	\$ 2,120,777	\$ 2,120,777	\$ -	\$ 10,106,048	21%
June 30, 2017	December 31, 2016	\$ 2,047,367	\$ 2,047,367	\$ -	\$ 9,719,354	21%
June 30, 2016	December 31, 2015	\$ 1,906,248	\$ 1,906,248	\$ -	\$ 9,172,923	21%
June 30, 2015	December 31, 2014	\$ 1,776,457	\$ 1,776,457	\$ -	\$ 8,841,372	20%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Contributions in Relation to the			Covered Payroll	Contributions as a Percentage of Covered Payroll
		Contractually Required Contribution Provided by Commonwealth	Contractually Required Contribution	Contribution Deficiency (Excess)		
June 30, 2022	June 30, 2021	\$ 1,527,119	\$ 1,527,119	\$ -	\$ 6,774,080	22.54%
June 30, 2021	June 30, 2020	\$ 1,194,764	\$ 1,194,764	\$ -	\$ 5,827,637	20.50%
June 30, 2020	June 30, 2019	\$ 1,259,690	\$ 1,259,690	\$ -	\$ 6,349,603	19.84%
June 30, 2019	June 30, 2018	\$ 1,127,968	\$ 1,127,968	\$ -	\$ 6,024,987	18.72%
June 30, 2018	June 30, 2017	\$ 1,062,145	\$ 1,062,145	\$ -	\$ 5,837,630	18.19%
June 30, 2017	June 30, 2016	\$ 922,120	\$ 922,120	\$ -	\$ 5,393,480	17.10%
June 30, 2016	June 30, 2015	\$ 851,750	\$ 851,750	\$ -	\$ 5,283,273	16.12%
June 30, 2015	June 30, 2014	\$ 755,582	\$ 755,582	\$ -	\$ 4,942,352	15.29%

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See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF KINGSTON, MASSACHUSETTS

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability

(Unaudited)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 2,597,048	\$ 3,159,640	\$ 2,179,690	\$ 1,901,684	\$ 1,987,912	\$ 2,371,143
Interest on unfunded liability - time value of \$	1,199,927	1,432,838	1,709,582	1,728,518	1,586,043	1,369,659
Changes of benefit terms	-	-	(1,673,739)	-	-	-
Differences between expected and actual experience	-	(11,763,354)	-	(5,918,584)	-	-
Changes of assumptions	(12,545,860)	(572,073)	13,726,951	7,048,910	(2,312,064)	(6,309,178)
Benefit payments, including refunds of member contributions	<u>(1,012,419)</u>	<u>(940,710)</u>	<u>(925,991)</u>	<u>(789,742)</u>	<u>(838,251)</u>	<u>(769,159)</u>
Net change in total OPEB liability	(9,761,304)	(8,683,659)	15,016,493	3,970,786	423,640	(3,337,535)
Total OPEB liability - beginning	<u>53,461,350</u>	<u>62,145,009</u>	<u>47,128,516</u>	<u>43,157,730</u>	<u>42,734,090</u>	<u>46,071,625</u>
Total OPEB liability - ending (a)	43,700,046	53,461,350	62,145,009	47,128,516	43,157,730	42,734,090
Plan Fiduciary Net Position						
Contributions - employer	1,112,419	940,710	975,991	789,742	938,251	869,159
Net investment income	(94,062)	101,326	14,978	21,023	10,594	9,634
Benefit payments, including refunds of member contributions	<u>(1,012,419)</u>	<u>(940,710)</u>	<u>(925,991)</u>	<u>(789,742)</u>	<u>(838,251)</u>	<u>(769,159)</u>
Net change in plan fiduciary net position	5,938	101,326	64,978	21,023	110,594	109,634
Plan fiduciary net position - beginning	<u>558,986</u>	<u>457,660</u>	<u>392,682</u>	<u>371,659</u>	<u>261,065</u>	<u>151,431</u>
Plan fiduciary net position - ending (b)	<u>564,924</u>	<u>558,986</u>	<u>457,660</u>	<u>392,682</u>	<u>371,659</u>	<u>261,065</u>
Net OPEB liability (asset) - ending (a-b)	\$ <u>43,135,122</u>	\$ <u>52,902,364</u>	\$ <u>61,687,349</u>	\$ <u>46,735,834</u>	\$ <u>42,786,071</u>	\$ <u>42,473,025</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF KINGSTON, MASSACHUSETTS

Required Supplementary Information
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability						
Total OPEB liability	\$ 43,700,046	\$ 53,461,350	\$ 62,145,009	\$ 47,128,516	\$ 43,157,730	\$ 42,734,090
Plan fiduciary net position	<u>564,924</u>	<u>558,986</u>	<u>457,660</u>	<u>392,682</u>	<u>371,659</u>	<u>261,065</u>
Net OPEB liability (asset)	\$ <u>43,135,122</u>	\$ <u>52,902,364</u>	\$ <u>61,687,349</u>	\$ <u>46,735,834</u>	\$ <u>42,786,071</u>	\$ <u>42,473,025</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.29%	1.05%	0.74%	0.83%	0.86%	0.61%
Schedule of Contributions						
Actuarially determined contribution*	\$ 5,068,026	\$ 6,064,487	\$ 4,796,504	\$ 4,410,451	\$ 4,391,717	\$ 3,902,060
Contributions in relation to the actuarially determined contribution	<u>1,112,419</u>	<u>940,710</u>	<u>975,991</u>	<u>789,742</u>	<u>938,251</u>	<u>869,159</u>
Contribution deficiency (excess)	\$ <u>3,955,607</u>	\$ <u>5,123,777</u>	\$ <u>3,820,513</u>	\$ <u>3,620,709</u>	\$ <u>3,453,466</u>	\$ <u>3,032,901</u>
Schedule of Investment Returns						
Annual money weighted rate of return, net of investment expense	-14.44%	22.14%	3.55%	5.66%	4.06%	6.04%

*Includes only the implicit subsidy, which is required to be funded by statute, and not an amount required to fully fund the plan over time.

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