



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

TOWN OF WEST BOYLSTON, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2023

TOWN OF WEST BOYLSTON, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditor's Report

To the Honorable Select Board
Town of West Boylston, Massachusetts

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Qualified Opinion on the Business-Type Activities and the Electric Light Enterprise Fund

Based on the report of other auditors, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Business-Type Activities and the Electric Light Enterprise Fund of the Town of West Boylston, Massachusetts, as of December 31, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Governmental General Fund, Governmental ARPA Grant Fund, Sewer Enterprise Fund, and the Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the governmental general fund, the governmental ARPA grant fund, the sewer enterprise fund, and the aggregate remaining fund information of the Town of West Boylston, Massachusetts, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the West Boylston Municipal Lighting Plant as of December 31, 2022, which represents 47%, 66% and 37%, respectively, of the assets, net position, and revenues of the business-type activities, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the West Boylston Municipal Lighting Plant, is based solely on the report of other auditors.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the

Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of West Boylston, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Business-Type Activities and the Electric Light Enterprise Fund

The Electric Light Plant has reported its December 31, 2022 portion of the Net Pension Liability and the related Deferred Inflows and Outflows based on reports provided by the Worcester Regional Retirement System (WRRS) that are not in compliance with GASB standards. Government accounting standards require that the pension amounts be reported using actuarial data that is not more than 30 months and one day old. The WRRS provided the pension amounts using data from an actuarial valuation dated January 1, 2020. The amount by which this departure would affect the assets, liabilities, deferred outflows, deferred inflows, net position, and revenues of the Plant has not been determined.

Other Matters, Financial Statement Restatements

As described in Note 1 to the financial statements, the beginning net position of the Governmental Activities, the Business-Type Activities, and the Sewer Enterprise Fund, respectively, have been restated. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of West Boylston, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of West Boylston, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of West Boylston, Massachusetts' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024, on our consideration of the Town of West Boylston, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of West Boylston, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of West Boylston, Massachusetts' internal control over financial reporting and compliance.



January 16, 2024

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of West Boylston, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators, and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$28.0 million.
- The Town recognized their total net pension liability of \$21.0 million on the statement of net position.
- The Town recognized their total net other postemployment liability of \$26.4 million on the statement of net position.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$7.0 million, an increase of \$1.2 over the prior year. Total fund balance represents 23.3% of total general fund expenditures.
- The Town's long-term debt decreased by \$1.7 million during the current year bringing total debt to \$18.1 million.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business. These statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic position at the end of the year. The statements are prepared using the full accrual basis of accounting. All revenues and expenses connected with the year are considered even if cash involved has not been received or disbursed.

The government-wide financial statements include two statements:

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

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

Both of the government-wide financial statements distinguish functions that are primarily 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, culture and recreation, capital outlay and interest.

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

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

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

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

Proprietary Funds. The Town maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and electric lighting activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's governmental liabilities and deferred inflows exceeded assets and deferred outflows by \$14.1 million at the close of 2023. Key components of the Town's governmental activities financial position are listed below.

	2023	2022 (as restated)
Assets:		
Current assets.....	\$ 20,349,858	\$ 16,971,391
Capital assets, nondepreciable.....	1,335,969	1,335,969
Capital assets, net of accumulated depreciation....	25,629,639	25,853,860
Total assets.....	47,315,466	44,161,220
Deferred outflows of resources.....	2,963,901	2,876,639
Liabilities:		
Current liabilities (excluding debt).....	3,179,347	2,039,853
Noncurrent liabilities (excluding debt).....	43,601,284	38,498,839
Current debt.....	928,196	921,207
Noncurrent debt.....	9,903,864	10,832,060
Total liabilities.....	57,612,691	52,291,959
Deferred inflows of resources.....	6,734,210	11,637,347
Net position:		
Net investment in capital assets.....	16,133,548	15,436,562
Restricted.....	9,664,288	8,559,139
Unrestricted.....	(39,865,370)	(40,887,148)
Total net position.....	\$ (14,067,534)	\$ (16,891,447)

Beginning net position of the governmental activities has been restated to correct an error in the previously reported deferred outflows and inflows of resources related to other postemployment benefits. Therefore, previously reported net position totaling a deficit of \$21.8 million has been revised and now totals a deficit of \$16.9 million.

Net position of \$16.1 million reflects its investment in capital assets (e.g., land, buildings, vehicles); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$9.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a \$39.9 million deficit, due mainly to the cumulative effect of recording \$25.4 million of net other postemployment benefit liabilities and a net pension liability of \$18.0 million.

Governmental activities increased the Town's net position by \$2.8 million. Key elements of this increase are as follows:

	2023	2022 (as restated)
Program Revenues:		
Charges for services.....	\$ 2,559,854	\$ 2,044,748
Operating grants and contributions.....	10,231,945	10,251,810
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	20,611,167	20,211,380
Tax and other liens.....	104,572	82,511
Motor vehicle and other excise taxes.....	1,191,939	1,112,169
Hotel/motel/meals tax.....	264,323	395,003
Penalties and interest on taxes.....	79,616	47,830
Payments in lieu of taxes.....	683,582	683,582
Grants and contributions not restricted to specific programs.....	1,472,293	1,420,885
Unrestricted investment income.....	143,434	38,281
Miscellaneous.....	185,368	95,187
Total revenues.....	37,528,093	36,383,386
Expenses:		
General government.....	1,881,649	1,724,668
Public safety.....	4,930,521	4,592,801
Education.....	23,399,240	21,985,465
Town Hall flood expenses.....	-	1,143,481
Public works.....	2,852,266	2,902,406
Health and human services.....	521,765	535,349
Culture and recreation.....	754,468	730,721
Interest.....	364,271	398,106
Total expenses.....	34,704,180	34,012,997
Change in net position.....	2,823,913	2,370,389
Net position, beginning of year (as restated).....	(16,891,447)	(19,261,836)
Net position, end of year.....	\$ (14,067,534)	\$ (16,891,447)

The governmental expenses totaled \$34.7 million of which \$12.8 million (37%) was directly supported by program revenues consisting of charges for services and operating grants and contributions.

General revenues totaled \$24.7 million, primarily coming from property taxes, motor vehicle excise and nonrestricted grants and contributions.

The governmental net position increased by \$2.8 million during the current year. Total revenues increased by \$1.1 million, while total expenses increased by \$691,000.

Business-type Activities

There was an increase of \$144,000 in connection with the Town's Business-type activities. Key elements of the business-type activities financial position are listed below.

	2023	2022 (as restated)
Assets:		
Current assets.....	\$ 15,956,753	\$ 16,238,441
Noncurrent assets (excluding capital).....	5,621,300	6,096,527
Capital assets, nondepreciable.....	1,259,865	983,880
Capital assets, net of accumulated depreciation....	34,902,172	35,543,295
Total assets.....	57,740,090	58,862,143
Deferred outflows of resources.....	1,559,817	1,119,570
Liabilities:		
Current liabilities (excluding debt).....	767,058	857,058
Noncurrent liabilities (excluding debt).....	4,144,493	4,131,129
Current debt.....	774,365	775,198
Noncurrent debt.....	6,454,401	7,254,766
Total liabilities.....	12,140,317	13,018,151
Deferred inflows of resources.....	5,083,940	5,031,752
Net position:		
Net investment in capital assets.....	28,933,271	28,497,211
Restricted for depreciation.....	3,888,929	3,397,504
Unrestricted.....	9,253,450	10,037,095
Total net position.....	\$ 42,075,650	\$ 41,931,810
Program Revenues:		
Charges for services.....	\$ 10,224,726	\$ 9,675,384
Capital grants and contributions.....	191,978	202,130
General Revenues:		
Unrestricted investment income (loss).....	(426,431)	(17,152)
Total revenues.....	9,990,273	9,860,362
Expenses:		
Sewer.....	2,060,612	2,260,408
Municipal Light.....	7,785,821	6,901,882
Total expenses.....	9,846,433	9,162,290
Change in net position.....	143,840	698,072
Net position, beginning of year (as restated).....	41,931,810	41,233,738
Net position, end of year.....	\$ 42,075,650	\$ 41,931,810

Beginning net position of the business-type activities has been restated to correct an error in the previously reported deferred outflows and inflows of resources related to other postemployment benefits. Therefore, previously reported net position increased by \$27,000.

The Sewer Enterprise Fund is used to account for the Town's sewer activities. Operating revenues amounted to \$1.6 million which is similar to 2022. Net position decreased by \$249,000 compared to a decrease of \$531,000 in 2022. Total revenues increased by \$66,000 and operating expenses decreased by \$184,000.

The Electric Lighting Enterprise Fund net position increased by \$393,000 during the current year compared to an increase of \$1.2 million in 2022. Revenues increased by \$483,000 and operating expenses increased by \$907,000. Investment earnings decreased by \$450,000 during the year.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current year, the Town's governmental funds reported combined ending fund balances of \$16.1 million, an increase of \$2.0 million. The increase is mainly due to favorable budgetary results in the general fund and to the timing of revenues and expenditures in the nonmajor funds.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$5.5 million, of which \$1.9 million relates to the general stabilization fund, \$856,000 relates to the capital stabilization fund and \$128,000 relates to the tax levy stabilization fund. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 18.2% of the total general fund expenditures, while total fund balance represents 23.3% of that same amount.

The general fund increased by \$1.2 during the current year. This is attributable to a transfer in from nonmajor funds and better than expected budgetary results.

The ARPA grant fund is used to account for funds received through the American Rescue Plan Act (ARPA). During the year, the Town recognized revenue and related expenditures of \$628,000. Additionally, the fund reported an unearned revenue of \$1.3 million due to the receipt of grant funds that were not fully expended as of year-end.

General Fund Budgetary Highlights

The general fund original budget authorized \$30.2 million in appropriations and other amounts to be raised and \$509,000 in encumbrances and continuing appropriations carried over from prior years. Actual revenues exceeded budget by \$828,000, and actual expenditures and encumbrances were less than budgeted amounts by \$1.1 million.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$63.1 million (net of accumulated depreciation). Total capital asset additions for the current year were \$2.3 million and total depreciation expense amounted to \$3.9 million.

Debt Administration. Outstanding long-term governmental general obligation debt of the Town, as of June 30, 2023 totaled \$8.6 million. The Town's long-term debt associated with the capital financing of energy conservation equipment totaled \$1.7 million. Collectively, the Town has outstanding long-term debt totaling \$10.8 million at June 30, 2023.

At year-end, the business-type activities have \$7.2 million of long-term debt.

There was no new debt issued during the year and scheduled principal payments totaled \$1.7 million.

Please refer to the Notes 6, 8, and 9 for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of West Boylston's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 140 Worcester Street, West Boylston, MA 01583.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 18,457,921	\$ 6,124,085	\$ 24,582,006
Investments.....	-	5,774,283	5,774,283
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	360,291	-	360,291
Tax liens.....	291,649	-	291,649
Community preservation fund surtax.....	7,201	-	7,201
Motor vehicle and other excise taxes.....	113,001	-	113,001
User charges.....	-	1,224,180	1,224,180
Departmental and other.....	587,454	1,013,355	1,600,809
Intergovernmental.....	531,959	-	531,959
Special assessments.....	-	202,914	202,914
Inventory.....	-	526,375	526,375
Other assets.....	382	89,014	89,396
Purchased power advanced deposits.....	-	1,002,547	1,002,547
Total current assets.....	20,349,858	15,956,753	36,306,611
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	825,853	825,853
Funds on deposit with MMWEC.....	-	4,548,756	4,548,756
Investment in associated companies.....	-	246,691	246,691
Capital assets, nondepreciable.....	1,335,969	1,259,865	2,595,834
Capital assets, net of accumulated depreciation.....	25,629,639	34,902,172	60,531,811
Total noncurrent assets.....	26,965,608	41,783,337	68,748,945
TOTAL ASSETS.....	47,315,466	57,740,090	105,055,556
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	2,003,797	685,133	2,688,930
Deferred outflows related to other postemployment benefits....	960,104	874,684	1,834,788
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	2,963,901	1,559,817	4,523,718
LIABILITIES			
CURRENT:			
Warrants payable.....	892,309	638,708	1,531,017
Accrued payroll.....	363,451	3,102	366,553
Tax refunds payable.....	200,000	-	200,000
Other liabilities.....	310,231	125,248	435,479
Unearned revenue.....	1,263,492	-	1,263,492
Compensated absences.....	149,864	-	149,864
Long-term debt.....	928,196	774,365	1,702,561
Total current liabilities.....	4,107,543	1,541,423	5,648,966
NONCURRENT:			
Customer deposits.....	-	153,929	153,929
Compensated absences.....	197,935	-	197,935
Net pension liability.....	18,026,645	2,932,202	20,958,847
Net other postemployment benefits liability.....	25,376,704	1,058,362	26,435,066
Long-term debt.....	9,903,864	6,454,401	16,358,265
Total noncurrent liabilities.....	53,505,148	10,598,894	64,104,042
TOTAL LIABILITIES.....	57,612,691	12,140,317	69,753,008
DEFERRED INFLOWS OF RESOURCES			
Customer advances in aid of construction.....	-	83,417	83,417
Rate stabilization reserve.....	-	4,137,815	4,137,815
Deferred inflows related to pensions.....	551,686	709,376	1,261,062
Deferred inflows related to other postemployment benefits.....	6,182,524	153,332	6,335,856
TOTAL DEFERRED INFLOWS OF RESOURCES.....	6,734,210	5,083,940	11,818,150
NET POSITION			
Net investment in capital assets.....	16,133,548	28,933,271	45,066,819
Restricted for:			
Depreciation.....	-	3,888,929	3,888,929
Permanent funds:			
Expendable.....	728,847	-	728,847
Nonexpendable.....	546,061	-	546,061
Gifts and grants.....	5,522,063	-	5,522,063
Community preservation.....	2,867,317	-	2,867,317
Unrestricted.....	(39,865,370)	9,253,450	(30,611,920)
TOTAL NET POSITION.....	\$ (14,067,534)	\$ 42,075,650	\$ 28,008,116

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
<i>Governmental Activities:</i>						
General government.....	\$ 1,881,649	\$ 471,409	\$ 193,312	\$ -	\$ (1,216,928)	
Public safety.....	4,930,521	1,410,621	242,893	-	(3,277,007)	
Education.....	23,399,240	361,344	8,545,902	-	(14,491,994)	
Public works.....	2,852,266	216,823	1,049,473	-	(1,585,970)	
Health and human services.....	521,765	63,735	139,212	-	(318,818)	
Culture and recreation.....	754,468	35,922	61,153	-	(657,393)	
Interest.....	364,271	-	-	-	(364,271)	
Total Governmental Activities.....	34,704,180	2,559,854	10,231,945	-	(21,912,381)	
<i>Business-Type Activities:</i>						
Sewer.....	2,060,612	1,603,050	-	184,701	(272,861)	
Electric light.....	7,785,821	8,621,676	-	7,277	843,132	
Total Business-Type Activities.....	9,846,433	10,224,726	-	191,978	570,271	
Total Primary Government.....	\$ 44,550,613	\$ 12,784,580	\$ 10,231,945	\$ 191,978	\$ (21,342,110)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(21,912,381)	570,271	(21,342,110)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	20,611,167	-	20,611,167
Tax and other liens.....	104,572	-	104,572
Motor vehicle and other excise taxes.....	1,191,939	-	1,191,939
Hotel/motel/meal tax.....	264,323	-	264,323
Penalties and interest on taxes.....	79,616	-	79,616
Payments in lieu of taxes.....	683,582	-	683,582
Grants and contributions not restricted to specific programs.....	1,472,293	-	1,472,293
Unrestricted investment income (loss).....	143,434	(426,431)	(282,997)
Miscellaneous.....	185,368	-	185,368
Total general revenues.....	24,736,294	(426,431)	24,309,863
Change in net position.....	2,823,913	143,840	2,967,753
<i>Net position:</i>			
Beginning of year (as restated).....	(16,891,447)	41,931,810	25,040,363
End of year..... \$	(14,067,534)	42,075,650	28,008,116

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 8,221,099	\$ 1,263,492	\$ 8,973,330	\$ 18,457,921
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	360,291	-	-	360,291
Tax liens.....	291,649	-	-	291,649
Community preservation fund surtax.....	-	-	7,201	7,201
Motor vehicle and other excise taxes.....	113,001	-	-	113,001
Departmental and other.....	44,245	-	543,209	587,454
Intergovernmental.....	87,842	-	444,117	531,959
Other assets.....	382	-	-	382
TOTAL ASSETS.....	\$ 9,118,509	\$ 1,263,492	\$ 9,967,857	\$ 20,349,858
LIABILITIES				
Warrants payable.....	\$ 689,064	\$ -	\$ 203,245	\$ 892,309
Accrued payroll.....	296,745	-	66,706	363,451
Tax refunds payable.....	200,000	-	-	200,000
Other liabilities.....	290,274	-	19,957	310,231
Unearned revenue.....	-	1,263,492	-	1,263,492
TOTAL LIABILITIES.....	1,476,083	1,263,492	289,908	3,029,483
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	628,068	-	550,410	1,178,478
FUND BALANCES				
Nonspendable.....	-	-	546,061	546,061
Restricted.....	-	-	8,581,478	8,581,478
Committed.....	1,440,376	-	-	1,440,376
Assigned.....	112,081	-	-	112,081
Unassigned.....	5,461,901	-	-	5,461,901
TOTAL FUND BALANCES.....	7,014,358	-	9,127,539	16,141,897
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 9,118,509	\$ 1,263,492	\$ 9,967,857	\$ 20,349,858

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$ 16,141,897
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	26,965,608
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	1,178,478
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....	(3,770,309)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Long-term debt.....	(10,832,060)
Net pension liability.....	(18,026,645)
Net other postemployment benefits liability.....	(25,376,704)
Compensated absences.....	(347,799)
Net effect of reporting long-term liabilities.....	<u>(54,583,208)</u>
Net position of governmental activities.....	\$ <u><u>(14,067,534)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 20,661,904	\$ -	\$ -	\$ 20,661,904
Tax liens.....	82,062	-	-	82,062
Motor vehicle and other excise taxes.....	1,202,549	-	-	1,202,549
Hotel/motel tax.....	264,323	-	-	264,323
Charges for services.....	259,106	-	-	259,106
Penalties and interest on taxes.....	79,616	-	-	79,616
Payments in lieu of taxes.....	683,582	-	-	683,582
Licenses and permits.....	208,349	-	-	208,349
Fines and forfeitures.....	15,994	-	-	15,994
Intergovernmental.....	6,698,767	628,023	4,115,092	11,441,882
Departmental and other.....	-	-	1,593,017	1,593,017
Special assessments.....	-	-	304,942	304,942
Contributions and donations.....	-	-	205,239	205,239
Investment income.....	96,636	-	46,798	143,434
Miscellaneous.....	157,260	-	19,596	176,856
TOTAL REVENUES.....	30,410,148	628,023	6,284,684	37,322,855
EXPENDITURES:				
Current:				
General government.....	1,181,425	6,900	102,241	1,290,566
Public safety.....	3,466,152	71,262	351,005	3,888,419
Education.....	15,595,899	-	3,146,626	18,742,525
Public works.....	2,039,774	99,044	850,808	2,989,626
Health and human services.....	186,859	50,817	66,986	304,662
Culture and recreation.....	530,844	-	77,898	608,742
Pension benefits.....	1,642,044	-	-	1,642,044
Employee benefits.....	3,790,321	400,000	-	4,190,321
State and county charges.....	415,121	-	-	415,121
Debt service:				
Principal.....	836,585	-	-	836,585
Interest.....	364,271	-	-	364,271
TOTAL EXPENDITURES.....	30,049,295	628,023	4,595,564	35,272,882
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	360,853	-	1,689,120	2,049,973
OTHER FINANCING SOURCES (USES):				
Transfers in.....	869,406	-	41,360	910,766
Transfers out.....	(41,360)	-	(869,406)	(910,766)
TOTAL OTHER FINANCING SOURCES (USES).....	828,046	-	(828,046)	-
NET CHANGE IN FUND BALANCES.....	1,188,899	-	861,074	2,049,973
FUND BALANCES AT BEGINNING OF YEAR.....	5,825,459	-	8,266,465	14,091,924
FUND BALANCES AT END OF YEAR.....	\$ 7,014,358	\$ -	\$ 9,127,539	\$ 16,141,897

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....	\$	2,049,973
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	1,344,483	
Depreciation expense.....	<u>(1,568,705)</u>	
Net effect of reporting capital assets.....		(224,222)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		205,238
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Net amortization of premium from issuance of bonds.....	84,622	
Debt service principal payments.....	<u>836,585</u>	
Net effect of reporting long-term debt.....		921,207
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(19,582)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	3,489,233	
Net change in net pension liability.....	(4,131,547)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	1,501,167	
Net change in other postemployment benefits liability.....	<u>(967,554)</u>	
Net effect of recording long-term liabilities.....		(128,283)
Change in net position of governmental activities.....	\$	<u>2,823,913</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Sewer	Electric Light December 31, 2022	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 4,783,716	\$ 1,340,369	\$ 6,124,085
Investments.....	-	5,774,283	5,774,283
Receivables, net of allowance for uncollectibles:			
User charges.....	310,618	913,562	1,224,180
Departmental and other.....	-	1,013,355	1,013,355
Special assessments.....	202,914	-	202,914
Inventory.....	-	526,375	526,375
Prepaid expenses and other assets.....	-	89,014	89,014
Purchased power advanced deposits.....	-	1,002,547	1,002,547
Total current assets.....	5,297,248	10,659,505	15,956,753
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	825,853	-	825,853
Funds on deposit with MMWEC.....	-	4,548,756	4,548,756
Investment in associated companies.....	-	246,691	246,691
Capital assets, nondepreciable.....	-	1,259,865	1,259,865
Capital assets, net of accumulated depreciation.....	24,554,426	10,347,746	34,902,172
Total noncurrent assets.....	25,380,279	16,403,058	41,783,337
TOTAL ASSETS.....	30,677,527	27,062,563	57,740,090
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	12,623	672,510	685,133
Deferred outflows related to other postemployment benefits.....	5,407	869,277	874,684
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	18,030	1,541,787	1,559,817
LIABILITIES			
CURRENT:			
Warrants payable.....	59,913	578,795	638,708
Accrued payroll.....	3,102	-	3,102
Other liabilities.....	75,418	49,830	125,248
Bonds and notes payable.....	330,460	443,905	774,365
Total current liabilities.....	468,893	1,072,530	1,541,423
NONCURRENT:			
Customer deposits.....	-	153,929	153,929
Net pension liability.....	98,390	2,833,812	2,932,202
Net other postemployment benefits liability.....	142,910	915,452	1,058,362
Bonds and notes payable.....	3,405,690	3,048,711	6,454,401
Total noncurrent liabilities.....	3,646,990	6,951,904	10,598,894
TOTAL LIABILITIES.....	4,115,883	8,024,434	12,140,317
DEFERRED INFLOWS OF RESOURCES			
Customer advances in aid of construction.....	-	83,417	83,417
Rate stabilization reserve.....	-	4,137,815	4,137,815
Deferred inflows related to pensions.....	5,920	703,456	709,376
Deferred inflows related to other postemployment benefits.....	34,817	118,515	153,332
TOTAL DEFERRED INFLOWS OF RESOURCES.....	40,737	5,043,203	5,083,940
NET POSITION			
Net investment in capital assets.....	20,818,276	8,114,995	28,933,271
Restricted for:			
Depreciation.....	-	3,888,929	3,888,929
Unrestricted.....	5,720,661	3,532,789	9,253,450
TOTAL NET POSITION.....	\$ 26,538,937	\$ 15,536,713	\$ 42,075,650

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Sewer	Electric Light December 31, 2022	Total
OPERATING REVENUES:			
Charges for services.....	\$ 1,603,050	\$ 8,621,676	\$ 10,224,726
OPERATING EXPENSES:			
Cost of services and administration.....	1,222,592	7,049,221	8,271,813
Depreciation.....	651,042	631,855	1,282,897
TOTAL OPERATING EXPENSES.....	1,873,634	7,681,076	9,554,710
OPERATING INCOME (LOSS).....	(270,584)	940,600	670,016
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss).....	23,962	(450,393)	(426,431)
Interest expense.....	(186,978)	(104,745)	(291,723)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(163,016)	(555,138)	(718,154)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS.....	(433,600)	385,462	(48,138)
CAPITAL CONTRIBUTIONS.....	184,701	7,277	191,978
CHANGE IN NET POSITION.....	(248,899)	392,739	143,840
NET POSITION AT BEGINNING OF YEAR (as restated)	26,787,836	15,143,974	41,931,810
NET POSITION AT END OF YEAR.....	\$ 26,538,937	\$ 15,536,713	\$ 42,075,650

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Sewer	Electric Light December 31, 2022	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 1,867,246	\$ 8,080,888	\$ 9,948,134
Payments to vendors.....	(1,120,657)	(6,001,283)	(7,121,940)
Payments to employees.....	(80,739)	(1,358,637)	(1,439,376)
NET CASH FROM OPERATING ACTIVITIES.....	665,850	720,968	1,386,818
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets.....	(73,255)	(844,504)	(917,759)
Principal payments on bonds and notes.....	(326,293)	(473,007)	(799,300)
Interest expense.....	(186,978)	(110,852)	(297,830)
Capital contributions.....	184,701	7,277	191,978
Customer advances for construction.....	-	5,000	5,000
Contribution in aid of construction.....	-	44,958	44,958
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(401,825)	(1,371,128)	(1,772,953)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in funds on deposit with MMWEC.....	-	254,685	254,685
Purchase of investments.....	-	(5,774,283)	(5,774,283)
Investment income (loss).....	23,962	(450,393)	(426,431)
NET CASH FROM INVESTING ACTIVITIES.....	23,962	(5,969,991)	(5,946,029)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	287,987	(6,620,151)	(6,332,164)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,495,729	7,960,520	12,456,249
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,783,716	\$ 1,340,369	\$ 6,124,085
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH			
FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ (270,584)	\$ 940,600	\$ 670,016
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	651,042	631,855	1,282,897
Rate stabilization reserve.....	-	(254,685)	(254,685)
Deferred (outflows)/inflows related to pensions.....	(14,914)	341,417	326,503
Deferred (outflows)/inflows related to OPEB.....	(35,875)	(500,734)	(536,609)
Changes in assets and liabilities:			
User charges.....	8,549	(164,580)	(156,031)
Department and other receivables.....	-	(121,523)	(121,523)
Special assessments.....	255,647	-	255,647
Inventory.....	-	3,881	3,881
Prepaid expenses and other assets.....	-	(33,443)	(33,443)
Purchased power advanced deposits.....	-	(4,182)	(4,182)
Warrants payable.....	29,722	(97,793)	(68,071)
Accrued payroll and other liabilities.....	(7,387)	(14,542)	(21,929)
Net pension liability.....	16,781	(434,099)	(417,318)
Net other postemployment benefits liability.....	32,869	428,796	461,665
Total adjustments.....	936,434	(219,632)	716,802
NET CASH FROM OPERATING ACTIVITIES.....	\$ 665,850	\$ 720,968	\$ 1,386,818

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Electric OPEB Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ASSETS			
Cash and cash equivalents.....	\$ -	\$ -	\$ 74,052
Investments:			
Money Market Mutual funds.....	<u>1,225,521</u>	<u>537,586</u>	<u>-</u>
TOTAL ASSETS	<u>1,225,521</u>	<u>537,586</u>	<u>74,052</u>
NET POSITION			
Restricted for other postemployment benefits.....	1,225,521	537,586	-
Held in trust for other purposes.....	<u>-</u>	<u>-</u>	<u>74,052</u>
TOTAL NET POSITION	<u>\$ 1,225,521</u>	<u>\$ 537,586</u>	<u>\$ 74,052</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Electric OPEB (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ADDITIONS:			
Contributions:			
Employer contributions to the trust.....	\$ 60,000	\$ 100,000	\$ -
Employer contributions for other postemployment benefit payments.....	78,704	968,254	-
Private donations.....	-	-	3,945
Total contributions.....	138,704	1,068,254	3,945
Net investment income:			
Investment income (loss).....	(191,581)	43,067	2,250
TOTAL ADDITIONS.....	(52,877)	1,111,321	6,195
DEDUCTIONS:			
Other postemployment benefit payments.....	78,704	968,254	-
Educational scholarships.....	-	-	25,900
TOTAL DEDUCTIONS.....	78,704	968,254	25,900
NET INCREASE (DECREASE) IN NET POSITION.....	(131,581)	143,067	(19,705)
NET POSITION AT BEGINNING OF YEAR.....	1,357,102	394,519	93,757
NET POSITION AT END OF YEAR.....	\$ 1,225,521	\$ 537,586	\$ 74,052

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected five member Select Board and an appointed Town Administrator.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions, and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. There are no component units that meet the requirements for inclusion in the Town's basic financial statements.

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

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *ARPA grant fund* is used to account for funds received through the American Rescue Plan Act (ARPA), these funds are to be used in accordance with the guidelines within the final rule related to the COVID-19 public health emergency.

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *town capital project fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds).

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

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

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

The *sewer enterprise fund* is a major proprietary fund and was established by the Town to account for the operating cost of the sewer activities, such as personnel, maintenance, and repairs. Sewer rates are set to cover these operating expenses.

The *electric lighting fund* is a major proprietary fund and is used to account for the operations of the West Boylston Municipal Lighting Plant (WBMLP).

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *other postemployment benefits trust funds* are used to accumulate resources to provide funding for future other postemployment benefit (OPEB) liabilities of the Town and WBMLP.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially

affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed annually on delinquent properties and are recorded as receivables in the year they are processed.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of the increase in the property tax levy in any given year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assets value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½% of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

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

Motor Vehicle Excise Taxes

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

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

Sewer User Fees

User fees are levied on usage data received and are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed once a year and are included as a lien on the property owner's tax bill. Sewer charges and related liens are recorded as receivables in the year of the levy.

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

Departmental and Other

Departmental and other receivables consist primarily of public buildings and other receivables and are recorded as receivables in the year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Special assessments consist of sewer betterments levied on properties that have benefited by the construction of the Town's sewer project. The sewer betterment assessment is a one-time tax that can be paid in one lump sum or apportioned up to a maximum of twenty (20) years and is primarily designed to pay back all or a portion of the debt service associated with the sewer project.

Intergovernmental – Federal and State

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

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

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

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

Inventories of the Electric Lighting enterprise fund are stated at original cost, using the average cost method.

H. Capital Assets***Government-Wide Financial Statements***

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

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	30
Machinery, equipment, and furnishings.....	40
Vehicles.....	3 - 40
Infrastructure.....	40 - 50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

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

Net position has been "restricted for" the following:

"Depreciation" represents the amounts related to the depreciation reserves of the WBMLP.

"Permanent funds - expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings that support governmental programs.

"Permanent funds - nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Select Board has, by resolution, authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

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

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

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

Governmental Fund Financial Statements

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

N. Pensions

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

O. Investment Income

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

Investment income of the Sewer and Lighting Enterprise Funds is retained within those funds.

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

R. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

S. Restatements

The beginning net position of the Governmental Activities, the Business-Type Activities, and the Sewer Enterprise Fund been restated to correct an error in reporting deferred outflows and inflows of resources related to other postemployment benefits. These net amounts were previously overstated by \$4.9 million and \$27,000, respectively.

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy to limit custodial credit risk of deposits. At year-end, the carrying amount of deposits totaled \$17,297,420 and the bank balance totaled \$18,149,168. Of the bank balance, \$1,500,000 was covered by Federal Depository Insurance, \$9,628,906 was covered by the Depositors Insurance Fund and \$7,020,262 was collateralized. The \$1,225,521 of cash and cash equivalents in the Lighting Plant's OPEB fund is held by MMWEC and is not included in the deposits discussed here.

Fair Value of Investments

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

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

As of June 30, 2023, the Town had the following investments:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
Government sponsored enterprises.....	\$ 2,719,591	\$ 2,719,591	\$ -	\$ -
Corporate bonds.....	3,054,692	-	3,054,692	-
Total debt securities.....	5,774,283	2,719,591	3,054,692	-
Other investments:				
Money market mutual funds.....	7,110,442	7,110,442	-	-
Total investments measured at fair value.....	12,884,725	\$ 9,830,033	\$ 3,054,692	\$ -
Investments measured at amortized cost:				
MMDT - cash portfolio.....	248,196			
Total investments.....	\$ 13,132,921			

Government sponsored enterprises and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. MMDT maintains a cash portfolio with combined average maturities of approximately 27 days. The Town's investment in MMDT is unrated.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of the outside party. The Town has a policy for custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Town has a policy for interest rate risk.

Credit Risk

This is the risk of loss due to the failure of a security issuer or backer. The Town does not have a policy relating to credit risk. The Town's debt securities are rated as follows by Moody's Investor's Services:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds	Total
AAA.....	\$ -	\$ 301,360	\$ 301,360
AA+.....	2,719,591	-	2,719,591
A+.....	-	1,092,238	1,092,238
A.....	-	302,785	302,785
A-.....	-	294,829	294,829
BBB+.....	-	375,984	375,984
BBB.....	-	687,496	687,496
Total.....	\$ 2,719,591	\$ 3,054,692	\$ 5,774,283

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer except for bank deposits of any kind as other checking, savings, or money market accounts, or certificates of deposit, certificate of deposit account registry services (CDARS), or repurchase agreements which are limited to no more than 5% of the financial institution's assets.

NOTE 3 – PURCHASE POWER WORKING CAPITAL

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), the Plant's power supply agent. MMWEC requires that they hold a set amount of capital from which it may pay power obligations when they are due. They replenish the fund as needed from the monthly invoice payments. The balance in the fund as of December 31, 2022 was \$1,002,547.

NOTE 4 – FUNDS ON DEPOSIT WITH MMWEC

The West Boylston Municipal Lighting Plant has the following funds on deposit with the Massachusetts Municipal Wholesale Electric Company (MMWEC) as of December 31, 2022:

Pool financing loan reserve.....	\$ 410,941
Rate stabilization reserve.....	4,137,815
Total.....	\$ 4,548,756

Pool Financing Loan Reserve

This amount represents a reserve requirement to serve as collateral for the Pooled Loan Program Agreement with MMWEC to finance the construction of a solar facility which the Plant participates in. These funds will either be returned to the Plant or be used as the final loan payment at the end of the amortization period.

Rate Stabilization Reserve

The rate stabilization reserve was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases.

These funds are commingled and deposited in investment pools of which WBMLP's ownership was approximately 5%.

NOTE 5 – RECEIVABLES

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 364,134	\$ (3,843)	\$ 360,291
Tax liens and foreclosures.....	291,649	-	291,649
Community preservation fund surtax.....	7,201	-	7,201
Motor vehicle and other excise taxes.....	131,605	(18,604)	113,001
Departmental and other.....	587,454	-	587,454
Intergovernmental.....	531,959	-	531,959
Total.....	<u>\$ 1,914,002</u>	<u>\$ (22,447)</u>	<u>\$ 1,891,555</u>

At June 30, 2023, receivables for enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Sewer user charges.....	\$ 310,618	\$ -	\$ 310,618
Sewer special assessments.....	1,028,767	-	1,028,767
Electric light user charges.....	925,090	(11,528)	913,562
Electric light departmental and other.....	1,013,355	-	1,013,355
Total.....	<u>\$ 3,277,830</u>	<u>\$ (11,528)</u>	<u>\$ 3,266,302</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 223,418	\$ -	\$ 223,418
Tax liens and foreclosures.....	291,649	-	291,649
Community preservation fund surtax.....	-	7,201	7,201
Motor vehicle and other excise taxes.....	113,001	-	113,001
Departmental and other.....	-	543,209	543,209
Total.....	<u>\$ 628,068</u>	<u>\$ 550,410</u>	<u>\$ 1,178,478</u>

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,335,969	\$ -	\$ -	\$ 1,335,969
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	34,145,840	145,284	-	34,291,124
Machinery, equipment and furnishings.....	8,077,806	579,596	(407,682)	8,249,720
Infrastructure.....	29,211,683	619,603	-	29,831,286
Total capital assets being depreciated.....	<u>71,435,329</u>	<u>1,344,483</u>	<u>(407,682)</u>	<u>72,372,130</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(15,653,828)	(940,507)	-	(16,594,335)
Machinery, equipment and furnishings.....	(5,929,685)	(419,996)	407,682	(5,941,999)
Infrastructure.....	(23,997,955)	(208,202)	-	(24,206,157)
Total accumulated depreciation.....	<u>(45,581,468)</u>	<u>(1,568,705)</u>	<u>407,682</u>	<u>(46,742,491)</u>
Total capital assets being depreciated, net.....	<u>25,853,861</u>	<u>(224,222)</u>	<u>-</u>	<u>25,629,639</u>
Total governmental activities capital assets, net.....	<u>\$ 27,189,830</u>	<u>\$ (224,222)</u>	<u>\$ -</u>	<u>\$ 26,965,608</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 7,634,035	\$ -	\$ -	\$ 7,634,035
Machinery, equipment and furnishings.....	1,109,964	73,256	-	1,183,220
Infrastructure.....	30,301,881	-	-	30,301,881
Total capital assets being depreciated.....	39,045,880	73,256	-	39,119,136
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(5,051,773)	(250,705)	-	(5,302,478)
Machinery, equipment and furnishings.....	(1,059,886)	(9,703)	-	(1,069,589)
Infrastructure.....	(7,802,009)	(390,634)	-	(8,192,643)
Total accumulated depreciation.....	(13,913,668)	(651,042)	-	(14,564,710)
Total capital assets being depreciated, net.....	\$ 25,132,212	\$ (577,786)	\$ -	\$ 24,554,426
Municipal Light Plant:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 895,922	\$ -	\$ -	\$ 895,922
Construction in progress.....	87,958	275,985	-	363,943
Total capital assets not being depreciated....	983,880	275,985	-	1,259,865
<u>Capital assets being depreciated:</u>				
Distribution plant.....	11,009,789	439,244	(31,338)	11,417,695
General plant.....	3,731,304	129,275	-	3,860,579
Generation plant.....	6,355,528	-	-	6,355,528
Total capital assets being depreciated.....	21,096,621	568,519	(31,338)	21,633,802
<u>Less accumulated depreciation for:</u>				
Distribution plant.....	(7,084,793)	(329,244)	31,338	(7,382,699)
Vehicles and equipment.....	(2,018,842)	(111,948)	-	(2,130,790)
Generation plant.....	(1,581,904)	(190,663)	-	(1,772,567)
Total accumulated depreciation.....	(10,685,539)	(631,855)	31,338	(11,286,056)
Total capital assets being depreciated, net.....	10,411,082	(63,336)	-	10,347,746
Total sewer activities capital assets, net.....	\$ 11,394,962	\$ 212,649	\$ -	\$ 11,607,611

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

Governmental Activities:	
General government.....	\$ 268,951
Public safety.....	289,711
Education.....	311,206
Public works.....	413,972
Human services.....	236,273
Culture and recreation.....	48,592
Total depreciation expense - governmental activities.....	<u>\$ 1,568,705</u>
Business-Type Activities:	
Sewer.....	\$ 651,042
Municipal Light.....	631,855
Total depreciation expense - business-type activities.....	<u>\$ 1,282,897</u>

NOTE 7 – INTERFUND TRANSFERS

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

Transfers Out:	Transfers In:		
	General fund	Nonmajor governmental funds	Total
General fund.....	\$ -	\$ 41,360	\$ 41,360 (1)
Nonmajor governmental funds.....	869,406	-	869,406 (2)
Total.....	<u>\$ 869,406</u>	<u>\$ 41,360</u>	<u>\$ 910,766</u>

- 1) Represents transfers from the general fund to various special revenue funds.
- 2) Represents budgeted transfers from various nonmajor funds to the general fund.

NOTE 8 – SHORT-TERM FINANCING

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

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

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

There was no short-term financing activity for the year ended June 30, 2023.

NOTE 9 – LONG-TERM DEBT

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

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Capital Financing:				
Energy Conservation Equipment.....	2030	\$ 2,951,087	2.81%	\$ 1,675,922
General Obligation Bonds Payable:				
USDA (Library Building).....	2030	1,359,030	4.75%	317,107
Municipal Purpose Bonds of 2018 (land acquisition).....	2028	770,000	3.50 -5.00%	375,000
Municipal Purpose Bonds of 2018 (police station).....	2038	2,713,500	3.50 -5.00%	2,023,500
Municipal Purpose Bonds of 2018 (police station).....	2038	2,056,500	3.50 -5.00%	1,531,500
State House Serial Loan.....	2024	530,000	2.40%	100,000
Senior Center.....	2040	4,725,000	2.00 -5.00%	4,235,000
Total General Obligation Bonds Payable.....				8,582,107
Add: Unamortized premium on bonds.....				574,031
Total Long-term Debt, net.....				\$ 10,832,060

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

Years ending June 30:	Capital Financing Payable		
	Principal	Interest	Total
2024.....	\$ 215,011	\$ 47,093	\$ 262,104
2025.....	229,366	41,052	270,418
2026.....	244,373	34,606	278,979
2027.....	260,060	27,739	287,799
2028.....	276,452	20,432	296,884
2029.....	293,577	12,664	306,241
2030.....	157,083	4,415	161,498
Total	\$ 1,675,922	\$ 188,001	\$ 1,863,923

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2024.....	\$ 635,301	\$ 282,601	\$ 917,902
2025.....	545,301	253,550	798,851
2026.....	555,301	229,548	784,849
2027.....	560,301	208,198	768,499
2028.....	575,301	185,021	760,322
2029.....	565,301	162,218	727,519
2030.....	560,301	138,866	699,167
2031.....	510,000	115,840	625,840
2032.....	510,000	95,040	605,040
2033.....	510,000	82,490	592,490
2034.....	510,000	69,940	579,940
2035.....	510,000	57,390	567,390
2036.....	505,000	44,840	549,840
2037.....	505,000	32,390	537,390
2038.....	495,000	20,014	515,014
2039.....	265,000	11,263	276,263
2040.....	265,000	5,631	270,631
Total.....	\$ 8,582,107	\$ 1,994,832	\$ 10,576,939

Bonds Payable Schedule – Sewer

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
MCWT (00-44-A) Pool 8.....	2033	\$ 2,792,759	5.00 - 3.00%	\$ 1,310,000
MCWT (CW-00-44).....	2031	439,465	5.125 - 3.00%	174,057
MCWT (Series 9).....	2034	4,183,613	5.50 - 2.30%	2,180,000
MCWT Pool 10 Title V.....	2025	671,778	5.25 -5.00%	72,093
Total Direct Borrowings Payable, net.....				\$ 3,736,150

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

Year	Principal	Interest	Total
2024.....	\$ 330,460	\$ 171,800	\$ 502,260
2025.....	341,131	151,028	492,159
2026.....	315,753	138,281	454,034
2027.....	331,422	121,411	452,833
2028.....	342,092	104,258	446,350
2029.....	352,761	86,413	439,174
2030.....	368,431	67,850	436,281
2031.....	374,100	48,923	423,023
2032.....	365,000	29,117	394,117
2033.....	380,000	11,919	391,919
2034.....	235,000	-	235,000
Total.....	\$ <u>3,736,150</u>	\$ <u>931,000</u>	\$ <u>4,667,150</u>

Bonds Payable Schedule – Municipal Lighting Plant

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at December 31, 2022
Temple Street Substation.....	2027	\$ 2,000,000	1.0-2.0%	\$ 650,000
Massachusetts Municipal Wholesale Electric Company.....	2032	4,649,198	3.15%	2,834,064
Sub-total Municipal Light Plant.....				3,484,064
Add: Unamortized premium on bonds.....				8,552
Total Bonds Payable, net.....				\$ <u>3,492,616</u>

Debt service requirements for principal and interest for Municipal Lighting Plant bonds payable in future years are as follows:

Year	Principal	Interest	Total
2023.....	\$ 442,007	\$ 13,000	\$ 455,007
2024.....	442,007	10,238	452,245
2025.....	442,007	7,312	449,319
2026.....	442,007	5,850	447,857
2027.....	442,007	2,925	444,932
Thereafter.....	1,274,029	-	1,274,029
Total.....	\$ <u>3,484,064</u>	\$ <u>39,325</u>	\$ <u>3,523,389</u>

In August 2016, WBMLP entered into a Pooled Loan Program Agreement with the Massachusetts Municipal Wholesale Electric Company (MMWEC) for the purpose of financing the construction of a solar facility. Interest only was due monthly at a fixed interest rate of 1.75% per annum. On March 21, 2017, the Plant termed out its

Pooled Financing Loan Agreement through MMWEC. Principal and interest are payable monthly. The interest rate is fixed at 3.15% and the loan matures February 2032. The outstanding principal balance as of December 31, 2022, was \$2.8 million. Interest expense relating to this loan was \$92,000 for the year ended December 31, 2022.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2023, the Town did not have any authorized and unissued debt.

Changes in Long-term Liabilities

As of June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Long-term Debt Issued	Long-term Debt Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable..	\$ 9,217,408	\$ -	\$ (635,301)	\$ -	\$ -	\$ 8,582,107	\$ 635,301
Long-term capital financing.....	1,877,206	-	(201,284)	-	-	1,675,922	215,011
Add: Unamortized premium on bonds.....	658,653	-	(84,622)	-	-	574,031	77,884
Total long-term debt.....	11,753,267	-	(921,207)	-	-	10,832,060	928,196
Compensated absences.....	328,217	-	-	153,208	(133,626)	347,799	149,864
Net pension liability.....	13,895,098	-	-	5,532,184	(1,400,637)	18,026,645	-
Net other postemployment benefits liability...	24,409,150	-	-	2,029,826	(1,062,272)	25,376,704	-
Total governmental activity long-term liabilities.....	\$ 50,385,732	\$ -	\$ (921,207)	\$ 7,715,218	\$ (2,596,535)	\$ 54,583,208	\$ 1,078,060
Business-Type Activities:							
Long-term general obligation bonds payable..	\$ 3,957,071	\$ -	\$ (473,007)	\$ -	\$ -	\$ 3,484,064	\$ 442,007
Long-term direct borrowings payable.....	4,062,443	-	(326,293)	-	-	3,736,150	330,460
Add: Unamortized premium on bonds.....	10,450	-	(1,898)	-	-	8,552	1,898
Total long-term debt.....	8,029,964	-	(801,198)	-	-	7,228,766	774,365
Net pension liability.....	3,349,520	-	-	165,834	(583,152)	2,932,202	-
Net other postemployment benefits liability...	624,117	-	-	578,931	(144,686)	1,058,362	-
Total business-type activity long-term liabilities.....	\$ 12,003,601	\$ -	\$ (801,198)	\$ 744,765	\$ (727,838)	\$ 11,219,330	\$ 774,365

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable.

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

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

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

Massachusetts General Law CH.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any changes to the purpose of the fund along with any additions to or appropriation from the fund requires a two-thirds vote of the legislative body.

At June 30, 2023, \$1,888,633, \$855,811, and \$128,405 have been set aside in a general stabilization fund, a capital investment fund, and a tax levy stabilization fund, respectively, and are reported as unassigned fund balance in the general fund. These funds can be used for general and/or capital purposes upon Town Meeting approval.

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:			
Nonspendable:			
Permanent fund principal..... \$	-	\$ 546,061	\$ 546,061
Restricted for:			
Community preservation.....	-	2,860,116	2,860,116
Town grants.....	-	456,503	456,503
School grants.....	-	112,351	112,351
School lunch.....	-	498,471	498,471
Receipts reserved.....	-	1,238,738	1,238,738
Town revolving.....	-	440,384	440,384
School revolving.....	-	1,748,683	1,748,683
Septic repair.....	-	119,528	119,528
Town other.....	-	334,035	334,035
Chapter 90.....	-	30,161	30,161
Town capital projects.....	-	13,661	13,661
Expendable trust funds.....	-	554,050	554,050
Affordable housing trust.....	-	58,983	58,983
Unemployment trust.....	-	115,814	115,814
Committed to:			
Articles and continuing appropriations:			
General government.....	3,500	-	3,500
Public safety.....	615,914	-	615,914
Education.....	255,000	-	255,000
Public works.....	547,464	-	547,464
Health and human services.....	13,583	-	13,583
Culture and recreation.....	4,915	-	4,915
Assigned to:			
General government.....	15,158	-	15,158
Public safety.....	4,875	-	4,875
Education.....	78,048	-	78,048
Public works.....	7,802	-	7,802
Human services.....	2,396	-	2,396
Culture and recreation.....	1,870	-	1,870
Employee benefits.....	1,932	-	1,932
Unassigned.....	5,461,901	-	5,461,901
Total Fund Balances..... \$	<u>7,014,358</u>	<u>\$ 9,127,539</u>	<u>\$ 16,141,897</u>

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town participates in a premium-based health care plan for its active employees.

The WBMLP participates in the Massachusetts Municipal Self-Insurance Trust (Trust) with 17 other municipalities for the purpose of sharing excess liability and officer's liability risks. Each participating municipality contributes an annual premium to the Trust based on frequency and severity of claims and share of group's total kilowatt-hour sales. Payments for claims are funded by Trust assets or, if required, additional contributions from the participants. Generally accepted accounting principles require that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2022, the WBMLP considers its pro rata share of these losses to be immaterial to the financial statements.

NOTE 12 – PENSION PLAN*Plan Descriptions*

The Town is a member of the Worcester Regional Retirement System (WRRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 97 member units. The WRRS is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://www.macomptroller.org/gasb-68-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2022. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$2,230,210 is reported in the general fund as intergovernmental revenue and education expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$27,111,797 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest

three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

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

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the WRRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2022 and was \$1,657,286, 29.95% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

The WBMLP's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2022 and was \$248,869, 21.10% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2023, the Town reported a liability of \$18,125,035 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2022, the Town's proportion was 2.038%, which changed from its proportion measured at December 31, 2021 of 2.048%.

At December 31, 2022, the WBMLP reported a liability of \$2,833,812 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The WBMLP's proportion of the net pension liability was based on a percentage of the WBMLP contributions to the Town's total contributions as of December 31, 2022. At December 31, 2022, the WBMLP proportion was 16.43% of the Town's total contribution.

Pension Expense

For the year ended June 30, 2023, the Town recognized a pension expense of \$2,052,599. At June 30, 2023, the Town reported deferred outflows of resources related to pensions of \$2,016,420 and deferred inflows of resources related to pensions of \$557,606. Detailed on the following page are the components of these amounts.

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (283,624)	\$ (283,624)
Difference between projected and actual earnings, net.....	1,060,669	-	1,060,669
Changes in assumptions.....	832,886	-	832,886
Changes in proportion and proportionate share of contributions.....	122,865	(273,982)	(151,117)
Total deferred outflows/(inflows) of resources.....	\$ <u>2,016,420</u>	\$ <u>(557,606)</u>	\$ <u>1,458,814</u>

The Town's net deferred outflows and inflows of resources related to pensions that will be recognized in pension expense as follows:

Year ended June 30:

2024.....	\$ (158,587)
2025.....	362,466
2026.....	415,752
2027.....	836,688
2028.....	<u>2,495</u>
	\$ <u>1,458,814</u>

For the year ended December 31, 2022, the WBMLP recognized a pension expense of \$182,844 and reported deferred outflows of resources related to pensions of \$672,510 and deferred inflows related to pensions of \$703,456. Detailed below are the components of these amounts.

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (59,269)	\$ (59,269)
Difference between projected and actual earnings, net.....	-	(399,805)	(399,805)
Changes in assumptions.....	243,673	-	243,673
Changes in proportion and proportionate share of contributions...	153,311	(244,382)	(91,071)
Contributions made subsequent to the measurement date.....	<u>275,526</u>	<u>-</u>	<u>275,526</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>672,510</u>	\$ <u>(703,456)</u>	\$ <u>(30,946)</u>

The WBMLP's net deferred outflows of resources related to pensions that will be recognized in pension expense as follows:

Year ended December 31:

2023.....	\$	(42,912)
2024.....		(42,913)
2025.....		(81,813)
2026.....		(81,816)
2027.....		(57,018)
		<hr/>
Subtotal amortized deferred outflows (inflows) of resources.....		(306,472)
Contributions made subsequent to the measurement date.....		275,526
		<hr/>
Total deferred outflows (inflows) of resources.....	\$	<u>(30,946)</u>

Deferred outflows of resources related to pensions as of December 31, 2022 includes \$275,526 of contributions made after the measurement date.

Actuarial Assumptions

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

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual Entry Age Normal.
Amortization method.....	Increasing dollar amount at 4.0% to reduce the unfunded actuarial accrued liability to zero on or before June 30, 2036. The annual increase in appropriation is further limited to 9.95%. Increasing dollar amount at 4.5% to reduce the 2002 and 2003 ERI actuarial accrued liability to zero on or before June 30, 2028.
Asset valuation method.....	Fair value of assets as of the valuation date reduced by the sum of: a) 80% of gains and losses of the prior year. b) 60% of gains and losses of the second prior year. c) 40% of gains and losses of the third prior year. d) 20% of gains and losses of the fourth prior year.
Inflation.....	2.4% per year.
Projected salary increases.....	Group 1: 6% - 4.25%, based on service; Group 4: 7% - 4.75%, based on service.
Payroll growth.....	3.5% per year.
Investment rate of return.....	7.25%, net of pension plan investment expense, including inflation.
Cost-of-living allowance.....	Assumed to be 3% of the first \$16,000 of the annual retirement allowance.

Mortality rates:

Healthy retirees.....	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020.
Disabled retirees.....	RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2020, are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity.....	37%	4.74%
Core fixed income.....	15%	2.10%
Value-added fixed income.....	8%	5.20%
Private equity.....	16%	7.60%
Real estate.....	10%	3.10%
Timberland.....	4%	4.40%
Portfolio completion (PCS).....	10%	3.90%
Total.....	100%	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
The Town's proportionate share of the net pension liability.....	\$ 22,000,798	\$ 18,125,035	\$ 14,847,947
Municipal Lighting Plant's proportionate share of the net pension liability.....	\$ 3,574,644	\$ 2,833,812	\$ 2,207,866

Changes in Assumptions

None.

Changes in Plan Provisions

None.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*Plan Description*

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

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 60 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 40 percent of their premium costs. During 2023, the contributions for the Town totaled approximately \$1,065,637 and the WBMLP contribution totaled approximately \$138,704.

GASB Statement #74 and #75 – OPEB Employer Financial Reporting for the Town***Measurement Date***

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Plan Membership

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

	<u>Town</u>
Active members.....	210
Retirees and beneficiaries receiving benefits.....	<u>222</u>
Total.....	<u><u>432</u></u>

Components of OPEB Liability

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

Total OPEB liability.....	\$ 26,057,200
Less: OPEB plan's fiduciary net position.....	<u>(537,586)</u>
Net OPEB liability.....	<u><u>\$ 25,519,614</u></u>
The OPEB plan's fiduciary net position	
as a percentage of the total OPEB liability.....	2.06%

Significant Actuarial Methods and Assumptions

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

Valuation date.....	July 1, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Discount rate.....	4.50%
Investment rate of return.....	4.5%, net of investment expenses.
Inflation rate.....	3.00%

Medical care inflation.....	4.50%
Current employees.....	Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average current cost. This weighted average current cost is based on the medical plan coverage of current retirees under 65. At age 65 active participants are assumed to participate in the same manner as current retirees over age 65 in Medical Supplemental plans.
Pre-age 65 retirees.....	Current retirees, spouses and beneficiaries who are under age 65 are assumed to remain in their current medical plan until age 65. At age 65, all participants are assumed to participate in Medicare supplement plan in the same proportions as current post 65 retirees. Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65. At age 65, all participants are assumed to participate in post 65 Medicare Supplemental plans in the same proportions as current retirees over age 65.
Post-age 65 retirees.....	Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. Amounts to be received in the future for the Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.
Mortality.....	<p>It is assumed that both pre-retirement mortality and beneficiary mortality is presented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational.</p> <p>Mortality for retired members 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 PR-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational.</p> <p>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-2015.</p>

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

At June 30, 2023, the Town's OPEB assets are invested in a money market mutual fund.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.50% as of June 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to all the periods of projected future benefits payments to determine the total OPEB liability.

Summary of Significant Accounting Policies

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

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 4.5%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current rate.

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
Net OPEB liability.....	\$ 38,210,877	\$ 25,519,614	\$ 27,851,803

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

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 27,035,661	\$ 25,519,614	\$ 39,505,022

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 24,941,130	\$ 394,519	\$ 24,546,611
Changes for the year:			
Service cost.....	941,164	-	941,164
Interest.....	1,143,160	-	1,143,160
Net investment income.....	-	43,067	(43,067)
Employer contributions.....	-	1,068,254	(1,068,254)
Benefit payments.....	(968,254)	(968,254)	-
Net change.....	1,116,070	143,067	973,003
Balances at June 30, 2023.....	\$ 26,057,200	\$ 537,586	\$ 25,519,614

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$531,636 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience... \$	-	\$ (1,710,400)	\$ (1,710,400)
Difference between projected and actual earnings, net..	-	(21,776)	(21,776)
Changes in assumptions.....	965,511	(4,485,165)	(3,519,654)
Total deferred outflows/(inflows) of resources.....	\$ 965,511	\$ (6,217,341)	\$ (5,251,830)

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

Year ended June 30:

2024.....	\$ (1,575,605)
2025.....	(1,895,100)
2026.....	(1,767,400)
2027.....	(13,725)
	<u>\$ (5,251,830)</u>

Changes in Assumptions

None.

Changes in Plan Provisions

None.

GASB Statement #74 and #75 – OPEB Plan Financial Reporting for the Municipal Lighting Plant

The Commonwealth of Massachusetts passed special legislation that has allowed the Municipal Lighting Plant to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2022 the Plant pre-funded future OPEB liabilities totaling \$60,000 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of December 31, 2022, the net position of the WBMLP’s OPEB trust fund totaled \$1,225,521.

Investment Policy

The WBMLP’s policy in regard to the allocation of invested assets is established by MMWEC and may be amended any time. It is the policy of MMWEC to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Measurement Date

The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at December 31, 2022:

	MLP
Active members.....	10
Inactive members currently receiving benefits.....	13
Total.....	23

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of December 31, 2022:

Total OPEB liability.....	\$	2,140,973
Less: OPEB plan's fiduciary net position.....		<u>(1,225,521)</u>
Net OPEB liability.....	\$	<u>915,452</u>
The OPEB plan's fiduciary net position		
as a percentage of the total OPEB liability.....		57.24%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to December 31, 2022.

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual Entry Age Normal.
Asset valuation method.....	Fair value of assets as of the measurement date, December 31, 2022.
Inflation rate.....	2.5%.
Investment rate of return.....	5.06%, net of investment expense, including inflation.
Annual compensation increase.....	3.0% annually.
Municipal bond rate.....	4.31% as of December 31, 2022 (source:S&P Municipal Bond 20-Year Hig Grade Index).
Pre-retirement mortality.....	RP-2014 Moratlity Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-retirement mortality.....	RP-2014 Moratlity Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled mortality	RP-2014 Moratlity Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.

Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the OPEB plan investments to the ending fair value of OPEB plan investments.

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

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap.....	39.25%	4.42%
Domestic equity - small/mid cap.....	7.50%	4.81%
International equity - developed market....	6.25%	4.91%
Domestic fixed income.....	31.75%	1.00%
International fixed income.....	9.00%	1.04%
Cash and cash equivalents.....	6.25%	0.00%
Total.....	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.06% as of December 31, 2022 and 5.25% as of December 31, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Summary of Significant Accounting Policies

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

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 5.06%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (4.06%) or 1-percentage-point higher (6.06%) than the current rate.

	1% Decrease (4.06%)	Current Discount Rate (5.06%)	1% Increase (6.06%)
Net OPEB liability.....	\$ 1,212,884	\$ 915,452	\$ 675,441

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 8%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 652,401	\$ 915,452	\$ 1,241,171

Changes in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2021.....	\$ 1,843,758	\$ 1,357,102	\$ 486,656
Changes for the year:			
Service cost.....	47,324	-	47,324
Interest.....	97,242	-	97,242
Changes in benefit terms.....	(228,384)	-	(228,384)
Differences between expected and actual experience..	109,386	-	109,386
Changes in assumptions.....	350,351	-	350,351
Net investment income (loss).....	-	(191,581)	191,581
Employer contributions.....	-	138,704	(138,704)
Benefit payments.....	(78,704)	(78,704)	-
Net change.....	297,215	(131,581)	428,796
Balances at December 31, 2022.....	\$ 2,140,973	\$ 1,225,521	\$ 915,452

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

For the year ended December 31, 2022, the Lighting Plant recognized OPEB expense of \$66,766 and reported deferred inflows and outflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience... \$	87,509	\$ (6,448)	\$ 81,061
Difference between projected and actual earnings, net..	213,994	(112,067)	101,927
Changes in assumptions.....	567,774	-	567,774
Total deferred outflows/(inflows) of resources..... \$	<u>869,277</u>	<u>\$ (118,515)</u>	<u>\$ 750,762</u>

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

Year ended December 31:

2023.....	\$ 225,293
2024.....	222,720
2025.....	157,944
2026.....	144,805
	<u>\$ 750,762</u>

NOTE 14 – COMMITMENTS

The Mixer Field improvement project is an on-going project. The Town has received \$60,000 of a State Earmark Grant to assist with the design and engineering costs of the project as well as part of the construction cost. This is in addition to the \$652,000 of Community Preservation funding previously approved.

The Town approved \$150,000 for design, permitting, and bid documents costs of replacing the Prescott Street Bridge. This will result in future funding of this bridge replacement project with the cost to be determined.

The Town has contracted for design and engineering services for Pride Park playground with the goal of bringing it into ADA compliance. The Town received an initial Earmark Grant from the State for \$150,000 to assist with the project with an initial \$250,000 grant from the Community Preservation Committee to fund the construction of the playground. The Town has further appropriated \$182,000 from ARPA funds and an additional grant of \$318,000 from the Community Preservation Committee toward the two-phase project. The total cost of the project will be determined upon completion of the design and engineering phase.

The State awarded the Town a grant of \$130,000 for the design and development of another cemetery on Town owned land.

The Town has appropriated \$395,000 of Ambulance Receipts Reserved for the purchase of a new ambulance.

The general fund has various commitments for goods and services related to articles and encumbrances totaling \$1,552,457.

NOTE 15 – CONTINGENCIES

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

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

The WBMLP is subject, like other electric utilities, to evolving standards administered by federal, state, and local authorities relating to the quality of the environment. These standards affect the sighting of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on the WBMLP's operations in the past and they will continue to have an impact on future operations, capital costs and construction schedules.

NOTE 16 – MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

The WBMLP is a participant in certain projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprises and 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 3.7% interest in the W.F. Wyman Unit No.4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Lighting Plant has entered into PSAs with MMWEC. Under the PSAs the Plant is required to make certain payments to MMWEC payable solely from Municipal Lighting Plant revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds

issued by MMWEC to finance the Project. In addition, should any Project Participant fail to make any payment when due, other Project Participants of the Project may be required to increase (step-up) their payments and correspondingly their Participants' share of Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

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

As of July 1, 2019, MMWEC has no debt service obligations outstanding relating to the Projects. MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) associated with the Plant's Project Capability of the Projects in which it participates for the years ended December 31, 2022 and 2021, respectively are listed in the table below.

Projects	Percentage Share	Total Capital Expenditures 2022	Capacity, Fuel and Transmission Billed 2022	Capacity, Fuel and Transmission Billed 2021
Stony Brook Peaking.....	2.3041%	\$ 1,427,513	\$ 123,479	\$ 91,954
Stony Brook Int.....	1.4135%	2,589,748	325,767	205,925
Nuclear Mix 1-SBK.....	1.3587%	140,850	6,515	5,827
Nuclear Mix 1-MLS.....	1.3587%	868,124	80,723	90,289
Nuclear Project 3-MLS.....	1.7956%	2,778,219	212,000	237,736
Nuclear Project 4-SBK.....	2.9080%	8,905,499	366,977	333,167
Nuclear Project 5-SBK.....	0.7204%	596,752	23,573	21,236
Project No. 6-SBK.....	0.7552%	4,276,274	132,473	121,465
Project 2015A-CapRes.....	2.6290%	1,703,865	-	-
Total.....		\$ <u>23,286,844</u>	\$ <u>1,271,507</u>	\$ <u>1,107,599</u>

NOTE 17 – COOPERATIVE AGREEMENTSMassachusetts Municipal Lighting Department Solar Energy Cooperative Corporation

The WBMLP is a member of the Massachusetts Municipal Lighting Department Solar Energy Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapter 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by the MMWEC and the WBMLP for the purpose of financing, owning, constructing, and operating solar generation facilities located in the Town of West Boylston.

The powers of the Cooperative are exercised by the Board of Directors who have the right to conduct business and carry on operations. The Board of Directors is comprised of one director who represents MMWEC and two or more Directors who represent the WBMLP.

The Cooperative is a self-sustaining 369.6-kilowatt solar photovoltaic energy project comprised of 1,760 solar panels installed at the intersection of Paul X. Tivnan Road and Shrewsbury Street in West Boylston, Massachusetts. The Cooperative provides both operational and financial value to the WBMLP by delivering clean, renewable electricity to its customers.

The cooperative entered into a 20 year lease agreement on June 29, 2010, with the WBMLP. Under the lease agreement, the Cooperative may finance, purchase, acquire, own, hold, install and maintain, or cause to be installed and maintained, a ground-mounted photovoltaic installation for the production of solar energy on the West Boylston facilities. This lease agreement requires lease payments of \$1 each month for the term of the lease.

The Berkshire Wind Cooperative Corporation

The WBMLP is a member of the Berkshire Wind Cooperative Corporation (Berkshire Cooperative).

The Berkshire Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Berkshire Cooperative was formed by the Massachusetts Municipal Wholesale Electric Cooperative (MMWEC) and 16 Municipal Lighting Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Berkshire Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Berkshire Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Berkshire Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Berkshire Cooperative at the Berkshire Wind Facility.

The Berkshire Wind Facility is comprised of two phases. Phase 1 is comprised of ten 1.5-megawatt wind turbines which have been commercially operating since 2011, and phase 2 is comprised of two 2.3-megawatt wind turbines which began commercial operations in November 2019.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Berkshire Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Berkshire Cooperative Member to pay its pro rata share of the costs related to the Berkshire Wind Facility, which

costs include debt service on the bonds issued by the Berkshire Cooperative to finance the Berkshire Wind Facility and its pro rata share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility. In addition, should a Berkshire Cooperative Member fail to make any payment when due, other Berkshire Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount. Additionally, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility.

The total capital expenditures, debt service and operation and maintenance (O&M) costs associated with the Plant's pro rata share of the Phases in which it participates for the years ended December 31, 2022 and 2021, respectively are listed below.

Phase	Percentage Share	Total Capital Expenditures 2022	Debt Service Billed 2022	Debt Service Billed 2021	Operations and Maintenance Billed 2022	Operations and Maintenance Billed 2021
Berkshire Phase 1.....	5.375%	\$ 2,973,481	\$ 260,150	\$ 260,137	\$ 115,115	\$ 92,813
Berkshire Phase 2.....	5.374%	877,277	44,545	44,545	53,050	35,651
Total.....		<u>\$ 3,850,758</u>	<u>\$ 304,695</u>	<u>\$ 304,682</u>	<u>\$ 168,165</u>	<u>\$ 128,464</u>

In addition, the estimated aggregate amount of the required payments for future years for the Plant's pro rata share of the Phases in which it participates is shown in the table below.

For the years ending December 31,	Total Phase 1 Debt Service	Total Phase 2 Debt Service	Total Berkshire Debt Service
2023.....	\$ 260,123	\$ 59,834	\$ 319,957
2024.....	260,459	59,834	320,293
2025.....	260,069	59,834	319,903
2026.....	260,311	59,834	320,145
2027.....	260,325	59,834	320,159
2028 to 2032.....	780,423	299,170	1,079,593
2033.....	-	328,844	328,844
Total.....	<u>\$ 2,081,710</u>	<u>\$ 927,184</u>	<u>\$ 3,008,894</u>

Other Power Supply

The Plant has entered into a service agreement with MMWEC, under which MMWEC performs bulk power supply services to the Plant, including service related to owned generation, purchased power contracts or other power supply arrangements.

Under the terms of the service agreement, the Plant is committed to purchase additional power through MMWEC in future years for the amounts listed in the table below.

For the year ended December 31:

2023.....	\$	718,620
2024.....		457,797
2025.....		381,659
2026.....		297,402
2027.....		297,402
2028 - 2032.....		1,488,640
2029.....		297,402
	\$	<u>3,938,922</u>

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 16, 2024, which is the date the financial statements were available to be issued.

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

Required Supplementary Information

General Fund Budgetary Schedule

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

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 20,470,256	\$ 20,470,256	\$ 20,668,120	\$ -	\$ 197,864
Tax liens.....	-	-	82,062	-	82,062
Motor vehicle and other excise taxes.....	1,075,000	1,075,000	1,202,549	-	127,549
Hotel/motel/meals tax.....	170,000	170,000	264,323	-	94,323
Charges for services.....	100,000	100,000	259,106	-	159,106
Penalties and interest on taxes.....	75,000	75,000	79,616	-	4,616
Payments in lieu of taxes.....	683,580	683,580	683,582	-	2
Licenses and permits.....	305,000	305,000	208,349	-	(96,651)
Fines and forfeitures.....	15,000	15,000	15,994	-	994
Intergovernmental - other.....	4,407,096	4,407,096	4,468,557	-	61,461
Investment income.....	25,000	25,000	64,902	-	39,902
Miscellaneous.....	-	-	157,260	-	157,260
TOTAL REVENUES.....	27,325,932	27,325,932	28,154,420	-	828,488
EXPENDITURES:					
Current:					
General government.....	1,371,784	1,362,062	1,181,425	18,658	161,979
Public safety.....	3,713,150	4,126,745	3,466,152	620,789	39,804
Education.....	13,444,860	13,699,860	13,365,689	333,048	1,123
Public works.....	2,160,082	2,654,220	2,039,774	555,266	59,180
Health and human services.....	310,157	232,955	186,859	15,979	30,117
Culture and recreation.....	542,769	542,769	530,844	6,785	5,140
Pension benefits.....	1,642,044	1,642,044	1,642,044	-	-
Employee benefits.....	4,979,456	4,579,318	3,790,321	1,932	787,065
State and county charges.....	414,338	414,338	415,121	-	(783)
Debt service:					
Principal.....	836,586	836,585	836,585	-	-
Interest.....	365,272	365,273	364,271	-	1,002
TOTAL EXPENDITURES.....	29,780,498	30,456,169	27,819,085	1,552,457	1,084,627
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,454,566)	(3,130,237)	335,335	(1,552,457)	1,913,115
OTHER FINANCING SOURCES (USES):					
Transfers in.....	1,678,684	2,043,684	2,043,684	-	-
Transfers out.....	(892,086)	(837,086)	(859,203)	-	(22,117)
TOTAL OTHER FINANCING SOURCES (USES).....	786,598	1,206,598	1,184,481	-	(22,117)
NET CHANGE IN FUND BALANCE.....	(1,667,968)	(1,923,639)	1,519,816	(1,552,457)	1,890,998
BUDGETARY FUND BALANCE, Beginning of year.....	2,684,822	2,684,822	2,684,822	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 1,016,854	\$ 761,183	\$ 4,204,638	\$ (1,552,457)	\$ 1,890,998

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- payroll	Net pension liability as a percentage of covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	2.038%	\$ 18,125,035	\$ 5,533,636	327.54%	48.19%
December 31, 2021.....	2.048%	13,976,707	5,581,099	250.43%	56.19%
December 31, 2020.....	2.129%	15,666,215	5,477,605	286.00%	50.29%
December 31, 2019.....	2.144%	16,035,819	5,166,400	310.39%	47.36%
December 31, 2018.....	2.080%	16,163,966	5,690,295	284.06%	43.05%
December 31, 2017.....	2.090%	13,778,439	5,126,766	268.75%	46.40%
December 31, 2016.....	2.058%	14,497,702	5,586,041	259.53%	42.00%
December 31, 2015.....	2.063%	11,908,198	5,301,789	224.61%	44.52%

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

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

See notes to required supplementary information.

**SCHEDULE OF THE MUNICIPAL LIGHT PLANT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
WORCESTER REGIONAL RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- payroll	Net pension liability as a percentage of covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	0.337%	\$ 2,833,812	\$ 1,179,475	240.26%	56.19%
December 31, 2021.....	0.368%	3,267,911	1,112,419	293.77%	50.30%
December 31, 2020.....	0.365%	3,250,391	1,000,274	324.95%	47.36%
December 31, 2019.....	0.336%	3,046,520	925,929	329.02%	43.05%
December 31, 2018.....	0.331%	2,699,151	822,921	328.00%	46.40%
December 31, 2017.....	0.332%	3,271,998	822,437	397.84%	42.00%
December 31, 2016.....	0.386%	2,737,718	782,817	349.73%	44.52%
December 31, 2015.....	0.400%	2,380,599	780,072	305.18%	47.94%

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

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- payroll	Contributions as a percentage of covered- payroll
June 30, 2023.....	\$ 1,657,286	\$ (1,657,286)	\$ -	\$ 5,588,972	29.65%
June 30, 2022.....	1,514,443	(1,514,443)	-	5,636,910	26.87%
June 30, 2021.....	1,210,014	(1,210,014)	-	5,532,381	21.87%
June 30, 2020.....	1,118,244	(1,118,244)	-	5,218,064	21.43%
June 30, 2019.....	990,692	(990,692)	-	5,747,198	17.24%
June 30, 2018.....	868,268	(868,268)	-	5,178,034	16.77%
June 30, 2017.....	826,028	(826,028)	-	5,641,901	14.64%
June 30, 2016.....	770,129	(770,129)	-	5,354,807	14.38%

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

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

See notes to required supplementary information.

SCHEDULE OF THE MUNICIPAL LIGHT PLANT'S CONTRIBUTIONS
WORCESTER REGIONAL RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- payroll	Contributions as a percentage of covered- payroll
December 31, 2022.....	\$ 248,869	\$ (248,869)	- \$	1,179,475	21.10%
December 31, 2021.....	247,444	(247,444)	-	1,112,419	22.24%
December 31, 2020.....	222,338	(222,338)	-	1,000,274	22.23%
December 31, 2019.....	187,054	(187,054)	-	925,929	20.20%
December 31, 2018.....	167,489	(167,489)	-	822,921	20.35%
December 31, 2017.....	189,754	(189,754)	-	822,437	23.07%
December 31, 2016.....	173,511	(173,511)	-	782,817	22.16%
December 31, 2015.....	158,098	(158,098)	-	780,072	20.27%

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

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 27,111,797	\$ 2,230,210	57.75%
2022.....	24,749,749	1,986,064	62.03%
2021.....	30,912,661	3,818,157	50.67%
2020.....	27,733,645	3,363,186	53.95%
2019.....	25,889,588	2,623,535	54.84%
2018.....	24,666,394	2,574,503	54.25%
2017.....	23,696,325	2,417,180	52.73%
2016.....	21,783,289	1,766,819	55.38%
2015.....	16,638,669	1,155,968	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

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

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total OPEB Liability					
Service Cost.....	\$ 1,105,504	\$ 1,135,243	\$ 1,330,629	\$ 1,390,514	\$ 941,164
Interest.....	1,082,908	1,154,141	904,211	941,525	1,143,160
Differences between expected and actual experience.....	-	-	-	(2,027,913)	-
Changes of assumptions.....	-	1,614,682	-	(7,132,026)	-
Benefit payments.....	(1,033,138)	(1,000,845)	(998,220)	(926,244)	(968,254)
Net change in total OPEB liability.....	1,155,274	2,903,221	1,236,620	(7,754,144)	1,116,070
Total OPEB liability - beginning.....	27,400,159	28,555,433	31,458,654	32,695,274	24,941,130
Total OPEB liability - ending (a).....	<u>\$ 28,555,433</u>	<u>\$ 31,458,654</u>	<u>\$ 32,695,274</u>	<u>\$ 24,941,130</u>	<u>\$ 26,057,200</u>
Plan fiduciary net position					
Employer contributions.....	\$ 100,000	\$ 50,000	\$ 100,000	\$ 150,000	\$ 100,000
Employer contributions for OPEB payments.....	1,033,138	1,000,845	998,220	926,244	968,254
Net investment income (loss).....	-	5,987	44,648	(56,116)	43,067
Benefit payments.....	(1,033,138)	(1,000,845)	(998,220)	(926,244)	(968,254)
Net change in plan fiduciary net position.....	100,000	55,987	144,648	93,884	143,067
Plan fiduciary net position - beginning of year.....	-	100,000	155,987	300,635	394,519
Plan fiduciary net position - end of year (b).....	<u>\$ 100,000</u>	<u>\$ 155,987</u>	<u>\$ 300,635</u>	<u>\$ 394,519</u>	<u>\$ 537,586</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 28,455,433</u>	<u>\$ 31,302,667</u>	<u>\$ 32,394,639</u>	<u>\$ 24,546,611</u>	<u>\$ 25,519,614</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.4%	0.5%	0.92%	1.58%	2.06%
Covered-employee payroll.....	\$ 12,273,253	\$ 11,695,151	\$ 12,104,571	\$ 13,577,790	\$ 14,053,012
Net OPEB liability as a percentage of covered-employee payroll.....	232.7%	267.66%	267.62%	180.79%	181.60%

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

See notes to required supplementary information.

**SCHEDULE OF CHANGES IN THE
MUNICIPAL LIGHT PLANT NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Total OPEB Liability				
Service Cost.....	\$ 16,317	\$ 12,744	\$ 13,317	\$ 34,202
Interest.....	91,592	93,715	78,728	82,512
Changes of benefit terms.....	-	-	-	-
Differences between expected and actual experience.....	-	(241,256)	-	(16,123)
Changes of assumptions.....	-	-	-	480,134
Benefit payments.....	(86,095)	(65,599)	(65,599)	(59,230)
Net change in total OPEB liability.....	21,814	(200,396)	26,446	521,495
Total OPEB liability - beginning.....	1,247,180	1,268,994	1,068,598	1,095,044
Total OPEB liability - ending (a).....	<u>\$ 1,268,994</u>	<u>\$ 1,068,598</u>	<u>\$ 1,095,044</u>	<u>\$ 1,616,539</u>
Plan fiduciary net position				
Employer contributions.....	\$ 81,222	\$ 62,755	\$ 122,823	\$ 119,230
Net investment income (loss).....	75,047	63,705	47,784	195,479
Benefit payments.....	(79,889)	(61,262)	(61,262)	(59,230)
Administrative expense.....	(1,333)	(1,493)	(1,562)	-
Net change in plan fiduciary net position.....	75,047	63,705	107,783	255,479
Plan fiduciary net position - beginning of year.....	640,331	715,378	779,083	886,866
Plan fiduciary net position - end of year (b).....	<u>\$ 715,378</u>	<u>\$ 779,083</u>	<u>\$ 886,866</u>	<u>\$ 1,142,345</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 553,616</u>	<u>\$ 289,515</u>	<u>\$ 208,178</u>	<u>\$ 474,194</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	56.37%	72.91%	80.99%	70.67%
Covered-employee payroll.....	\$ 822,437	\$ 822,921	\$ 851,724	\$ 994,838
Net OPEB liability as a percentage of covered-employee payroll.....	67.31%	35.18%	24.44%	47.67%

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

See notes to required supplementary information.

	December 31, 2021	December 31, 2022
\$	36,531	\$ 47,324
	97,244	97,242
	-	(228,384)
	-	109,386
	159,068	350,351
	<u>(65,624)</u>	<u>(78,704)</u>
	227,219	297,215
	<u>1,616,539</u>	<u>1,843,758</u>
\$	<u>1,843,758</u>	<u>\$ 2,140,973</u>
\$	125,624	\$ 138,704
	154,757	(191,581)
	(65,624)	(78,704)
	<u>-</u>	<u>-</u>
	214,757	(131,581)
	<u>1,142,345</u>	<u>1,357,102</u>
\$	<u>1,357,102</u>	<u>\$ 1,225,521</u>
\$	<u>486,656</u>	<u>\$ 915,452</u>
	73.61%	57.24%
\$	1,024,683	\$ 1,034,275
	47.49%	88.51%

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

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2023.....	\$ 965,637	\$ (1,065,637)	\$ (100,000)	\$ 14,053,012	7.58%
June 30, 2022.....	926,244	(1,076,244)	(150,000)	13,577,790	7.93%
June 30, 2021.....	998,220	(1,098,220)	(100,000)	12,104,571	9.07%
June 30, 2020.....	1,000,845	(1,050,845)	(50,000)	11,695,151	8.99%
June 30, 2019.....	1,033,138	(1,133,138)	(100,000)	12,273,253	9.23%

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

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

See notes to required supplementary information.

**SCHEDULE OF THE MUNICIPAL LIGHTING PLANT'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
December 31, 2022.....	\$ 87,397	\$ (138,704)	\$ (51,307)	\$ 1,034,275	13.41%
December 31, 2021.....	58,339	(125,624)	(67,285)	1,024,683	12.26%
December 31, 2020.....	57,446	(119,230)	(61,784)	994,838	11.98%
December 31, 2019.....	62,823	(122,823)	(60,000)	851,724	14.42%
December 31, 2018.....	62,755	(67,092)	(4,337)	822,921	8.15%
December 31, 2017.....	81,222	(87,428)	(6,206)	822,437	10.63%

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

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

See notes to required supplementary information.

SCHEDULE OF TOWN'S INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2023.....	9.66%
June 30, 2022.....	-15.91%
June 30, 2021.....	23.26%
June 30, 2020.....	4.50%
June 30, 2019.....	N/A

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

See notes to required supplementary information.

SCHEDULE OF MUNICIPAL LIGHT PLANT INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
Decemeber 31, 2022.....	-13.70%
December 31, 2021.....	12.98%
December 31, 2020.....	21.00%
December 31, 2019.....	18.59%
December 31, 2018.....	-4.38%
December 31, 2017.....	14.66%

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

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTINGBudgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2023 approved budget authorized \$30.2 million in appropriations and other amounts to be raised and \$509,000 in encumbrances and continuing appropriations carried over from previous years.

The Town Accountant has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$ 1,519,816
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	(153,399)
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(200,000)
Net change in recording 60 day receipts.....	22,482
Recognition of revenue for on-behalf payments.....	2,230,210
Recognition of expenditures for on-behalf payments.....	<u>(2,230,210)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 1,188,899</u>

NOTE B – PENSION PLANSchedule of the Town and Plant's Proportionate Share of the Net Pension Liability

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

Schedule of Town and Plant's Contributions

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

Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

Changes in Assumptions

None.

Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town of West Boylston administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers. The Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go. In accordance with *Governmental Accounting Standards*, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Other Postemployment Benefit Plan

The Schedule of Changes in the Town and Plant's Net Other Postemployment Benefit Liability and Related Ratios

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

Schedule of the Town and Plant's Contributions

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

Valuation date.....	July 1, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Discount rate.....	4.50%
Investment rate of return.....	4.5%, net of investment expenses.
Inflation rate.....	3.00%
Medical care inflation.....	4.50%
Current employees.....	Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average current cost. This weighted average current cost is based on the medical plan coverage of current retirees under 65. At age 65 active participants are assumed to participate in the same manner as current retirees over age 65 in Medical Supplemental plans.
Pre-age 65 retirees.....	Current retirees, spouses and beneficiaries who are under age 65 are assumed to remain in their current medical plan until age 65. At age 65, all participants are assumed to participate in Medicare supplement plan in the same proportions as current post 65 retirees. Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65. At age 65, all participants are assumed to participate in post 65 Medicare Supplemental plans in the same proportions as current retirees over age 65.

Post-age 65 retirees.....	Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. Amounts to be received in the future for the Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.
Mortality.....	<p>It is assumed that both pre-retirement mortality and beneficiary mortality is presented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational.</p> <p>Mortality for retired members 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 PR-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational.</p> <p>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-2015.</p>

Schedule of Investment Returns

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

Changes of Assumptions

None.

Changes in Provisions

None.