



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

***TOWN OF CARVER, MASSACHUSETTS***

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

***YEAR ENDED JUNE 30, 2022***

TOWN OF CARVER, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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## **Independent Auditor's Report**

To the Honorable Select Board  
Town of Carver, Massachusetts

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carver, Massachusetts, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Carver, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Carver, 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 Carver, 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 Carver, 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 July 20, 2023, on our consideration of the Town of Carver, 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 Carver, 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 Carver, Massachusetts' internal control over financial reporting and compliance.

*Powers & Sullivan LLC*

July 20, 2023

# ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Town of Carver (Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. We encourage readers to consider the information presented in this report.

### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 only one type of proprietary fund.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for the North Carver Water District and the Cranberry Village Water activities.

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

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's budgetary basis of accounting, pension and other postemployment benefit liabilities.

### ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Carver, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39.1 million at the close of 2022. Key components of the Town's financial position are listed below.

Net position of \$69.8 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$5.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals a deficit of \$36.3 million. This is due to the OPEB and pension liabilities of \$40.1 million and \$13.2 million, respectively.

The following information describes the governmental and business-type activities of the Town.



## Governmental Activities

	<u>2022</u>	<u>2021</u>
<b>Assets:</b>		
Current assets.....	\$ 29,161,097	\$ 27,086,707
Capital assets, nondepreciable.....	15,148,397	13,641,248
Capital assets, net of accumulated depreciation.....	<u>87,320,040</u>	<u>87,707,731</u>
<b>Total assets.....</b>	<b><u>131,629,534</u></b>	<b><u>128,435,686</u></b>
<b>Deferred outflows of resources.....</b>	<b><u>9,957,806</u></b>	<b><u>2,954,121</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	5,646,650	4,351,906
Noncurrent liabilities (excluding debt).....	54,495,278	55,883,833
Current debt.....	2,122,887	2,080,993
Noncurrent debt.....	<u>31,807,643</u>	<u>33,930,530</u>
<b>Total liabilities.....</b>	<b><u>94,072,458</u></b>	<b><u>96,247,262</u></b>
<b>Deferred inflows of resources.....</b>	<b><u>11,802,803</u></b>	<b><u>4,058,741</u></b>
<b>Net position:</b>		
Net investment in capital assets.....	68,743,060	65,674,631
Restricted.....	5,607,433	4,974,526
Unrestricted.....	<u>(38,638,414)</u>	<u>(39,565,353)</u>
<b>Total net position.....</b>	<b><u>\$ 35,712,079</u></b>	<b><u>\$ 31,083,804</u></b>
<b>Program Revenues:</b>		
Charges for services.....	\$ 4,793,717	\$ 5,185,528
Operating grants and contributions.....	17,309,482	19,759,082
Capital grants and contributions.....	3,414,232	623,156
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	28,586,380	27,016,804
Tax and other liens.....	293,589	325,201
Motor vehicle excise taxes.....	2,021,917	1,963,183
Meals tax.....	164,121	115,956
Community preservation tax.....	586,323	563,973
Penalties and interest on taxes.....	156,455	196,818
Payments in lieu of taxes.....	30,725	84,317
Grants and contributions not restricted to specific programs.....	1,751,870	1,742,656
Unrestricted investment income (loss).....	<u>(46,486)</u>	<u>249,765</u>
<b>Total revenues.....</b>	<b><u>59,062,325</u></b>	<b><u>57,826,439</u></b>
<b>Expenses:</b>		
General government.....	4,566,757	4,302,843
Public safety.....	7,144,691	7,274,102
Education.....	36,599,002	37,171,111
Public works.....	2,732,783	2,746,149
Health and human services.....	849,482	852,556
Culture and recreation.....	690,679	619,527
Community preservation.....	25,549	20,598
Interest.....	<u>1,008,639</u>	<u>1,081,798</u>
<b>Total expenses.....</b>	<b><u>53,617,582</u></b>	<b><u>54,068,684</u></b>
<b>Excess (Deficiency) before transfers.....</b>	<b>5,444,743</b>	<b>3,757,755</b>
<b>Transfers.....</b>	<b><u>(816,468)</u></b>	<b><u>(333,139)</u></b>
<b>Change in net position.....</b>	<b>4,628,275</b>	<b>3,424,616</b>
<b>Net position, beginning of year.....</b>	<b><u>31,083,804</u></b>	<b><u>27,659,188</u></b>
<b>Net position, end of year.....</b>	<b><u>\$ 35,712,079</u></b>	<b><u>\$ 31,083,804</u></b>

The Town of Carver's governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35.7 million at the close of 2022.

The governmental activities net position increased by \$4.6 million during the current year. This is partially the result of positive general fund budgetary results as well as the recognition of capital grants for road improvements, community preservation and other capital purposes.

### Business-type Activities

For the Town's business-type activities, assets exceeded liabilities by \$3.4 million at the close of 2022. There was an overall increase of \$552,000 in net position reported in connection with the business-type activities. The following table provides a summary of the financial highlights of the enterprise funds for 2022 and 2021.

	2022	2021
<b>Assets:</b>		
Current assets.....	\$ 1,585,224	\$ 1,272,358
Noncurrent assets (excluding capital).....	872,318	938,821
Capital assets, nondepreciable.....	1,370,390	1,370,390
Capital assets, net of accumulated depreciation....	3,482,617	3,246,448
<b>Total assets.....</b>	<b>7,310,549</b>	<b>6,828,017</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	97,231	82,046
Current debt.....	88,143	84,956
Noncurrent debt.....	3,728,214	3,816,357
<b>Total liabilities.....</b>	<b>3,913,588</b>	<b>3,983,359</b>
<b>Net position:</b>		
Net investment in capital assets.....	1,036,650	715,525
Unrestricted.....	2,360,311	2,129,133
<b>Total net position.....</b>	<b>\$ 3,396,961</b>	<b>\$ 2,844,658</b>
<b>Program Revenues:</b>		
Charges for services.....	\$ 268,413	\$ 181,488
Capital grants and contributions.....	67,442	91,050
<b>General Revenues:</b>		
Unrestricted investment income.....	2,386	3,073
<b>Total revenues.....</b>	<b>338,241</b>	<b>275,611</b>
<b>Expenses:</b>		
North Carver Water District.....	560,699	503,266
Cranberry Village.....	41,707	63,260
<b>Total expenses.....</b>	<b>602,406</b>	<b>566,526</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(264,165)</b>	<b>(290,915)</b>
<b>Transfers.....</b>	<b>816,468</b>	<b>333,139</b>
<b>Change in net position.....</b>	<b>552,303</b>	<b>42,224</b>
<b>Net position, beginning of year.....</b>	<b>2,844,658</b>	<b>2,802,434</b>
<b>Net position, end of year.....</b>	<b>\$ 3,396,961</b>	<b>\$ 2,844,658</b>

The Town's business-type activities include the activities of the North Carver Water District and the Cranberry Village Water Activities.

The North Carver Water District's net position of \$1.0 million represents the net investment in capital assets, while \$2.1 million is unrestricted. Net position increased by \$527,000 during fiscal year 2022.

The Cranberry Village enterprise fund's net position of \$7,000, represents the net investment in capital assets, while \$292,000 is unrestricted. Net position increased by \$26,000 during fiscal year 2022.

### ***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.

At the end of the current year, governmental funds reported combined ending fund balances of \$22.4 million, an increase of \$1.2 million from the prior year. This is attributable to the increase in the community preservation fund of \$433,000 due to the capital grant received. Additionally, there was better than anticipated budgetary results in the general fund which resulted in a \$162,000 increase.

The general fund is the chief operating fund of the Town. At the end of the current year, unassigned fund balance of the general fund was \$5.0 million, while total fund balance equaled \$11.9 million. Included in unassigned fund balance are the Town's general stabilization fund and capital and debt stabilization funds of \$3.3 million and \$135,000, respectively. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.7% of total general fund expenditures, while total fund balance represents 25.3% of that same amount. The increase in the general fund was due to better than anticipated revenue collections and the turn back of unexpended appropriations, partially offset by the budgeted use of free cash (available funds) to balance the budget.

The Community Preservation Fund is used to account for acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, affordable housing and recreation. At the end of the year fund balance totaled \$2.7 million, an increase of \$433,000.

The Town Grants Fund is used to account for other non-school related funds designated for specific programs, this fund consists primarily of state and federal grants. At the end of the year fund balance totaled \$762,000, an increase of \$70,000.

The Town Other Special Revenue fund accounts for non-school related funds designated for specific programs, this fund consists primarily of revolving funds, gifts and private grants, and other special revenue funds. At the end of the year fund balance totaled \$3.3 million, an increase of \$311,000.

### ***General Fund Budgetary Highlights***

The Town adopts an annual budget for the general fund. The original 2022 approved budget for the general fund authorized approximately \$51.2 million in appropriations and amounts carried forward. The budget was balanced with the use of \$993,000 in free cash. Actual budgetary receipts and transfers in exceeded expenditures and transfers out by \$568,000.

## ***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, 2022, amounts to \$107.3 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, vehicles and infrastructure. Major capital asset events during the current year included roadway improvements, water infrastructure, and various acquisitions of public safety and public works equipment.

**Long-term debt.** At the end of the current year, the Town had total bonded debt outstanding, inclusive of unamortized premiums, totaling \$34.0 million and \$3.8 million for the governmental and business-type activities, respectively. The Town retired \$1.9 million of debt in fiscal year 2022 and no new debt was issued and the Town had no authorized and unissued debt.

The Town maintains a "AA" bond rating from Standard & Poor's.

Please refer to the Notes 4, 6 and 7 and for further discussion of capital asset and debt activity.

## ***Requests for Information***

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director at Town Hall, 108 Main Street, Carver, Massachusetts 02330.

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# ***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 21,097,977	\$ 1,432,717	\$ 22,530,694
Investments.....	4,429,375	-	4,429,375
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	381,489	-	381,489
Tax liens.....	634,397	-	634,397
Community preservation fund surtax.....	6,548	-	6,548
Motor vehicle excise taxes.....	229,906	-	229,906
User charges.....	-	22,722	22,722
Departmental and other.....	461,718	-	461,718
Intergovernmental.....	1,532,129	-	1,532,129
Community preservation state share.....	191,535	-	191,535
Special assessments.....	63,841	129,785	193,626
Tax foreclosures.....	132,182	-	132,182
Total current assets.....	<u>29,161,097</u>	<u>1,585,224</u>	<u>30,746,321</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	872,318	872,318
Capital assets, nondepreciable.....	15,148,397	1,370,390	16,518,787
Capital assets, net of accumulated depreciation.....	<u>87,320,040</u>	<u>3,482,617</u>	<u>90,802,657</u>
Total noncurrent assets.....	<u>102,468,437</u>	<u>5,725,325</u>	<u>108,193,762</u>
<b>TOTAL ASSETS.....</b>	<u>131,629,534</u>	<u>7,310,549</u>	<u>138,940,083</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	1,720,052	-	1,720,052
Deferred outflows related to other postemployment benefits....	8,237,754	-	8,237,754
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>9,957,806</u>	<u>-</u>	<u>9,957,806</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	2,183,389	19,711	2,203,100
Accrued payroll.....	432,198	-	432,198
Tax refunds payable.....	779,806	-	779,806
Accrued interest.....	333,497	77,520	411,017
Other liabilities.....	489,084	-	489,084
Customer deposits.....	161,935	-	161,935
Landfill closure.....	90,000	-	90,000
Unearned revenue.....	609,832	-	609,832
Compensated absences.....	566,909	-	566,909
Bonds payable.....	2,122,887	88,143	2,211,030
Total current liabilities.....	<u>7,769,537</u>	<u>185,374</u>	<u>7,954,911</u>
<b>NONCURRENT:</b>			
Landfill closure.....	450,000	-	450,000
Compensated absences.....	713,534	-	713,534
Net pension liability.....	13,230,114	-	13,230,114
Net other postemployment benefits liability.....	40,101,630	-	40,101,630
Bonds payable.....	31,807,643	3,728,214	35,535,857
Total noncurrent liabilities.....	<u>86,302,921</u>	<u>3,728,214</u>	<u>90,031,135</u>
<b>TOTAL LIABILITIES.....</b>	<u>94,072,458</u>	<u>3,913,588</u>	<u>97,986,046</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	3,860,809	-	3,860,809
Deferred inflows related to other postemployment benefits.....	7,941,994	-	7,941,994
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>11,802,803</u>	<u>-</u>	<u>11,802,803</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	68,743,060	1,036,650	69,779,710
Restricted for:			
Permanent funds:			
Expendable.....	757,513	-	757,513
Nonexpendable.....	165,464	-	165,464
Gifts and grants.....	1,803,769	-	1,803,769
Community preservation.....	2,880,687	-	2,880,687
Unrestricted.....	(38,638,414)	2,360,311	(36,278,103)
<b>TOTAL NET POSITION.....</b>	<u>\$ 35,712,079</u>	<u>\$ 3,396,961</u>	<u>\$ 39,109,040</u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 4,566,757	\$ 1,577,665	\$ 634,472	\$ 2,305,502	\$ (49,118)
Public safety.....	7,144,691	1,642,891	89,806	261,619	(5,150,375)
Education.....	36,599,002	1,114,760	16,219,916	-	(19,264,326)
Public works.....	2,732,783	206,162	14,724	399,272	(2,112,625)
Health and human services.....	849,482	228,049	312,510	-	(308,923)
Culture and recreation.....	690,679	24,190	38,054	-	(628,435)
Community preservation.....	25,549	-	-	447,839	422,290
Interest.....	1,008,639	-	-	-	(1,008,639)
<b>Total Governmental Activities.....</b>	<b>53,617,582</b>	<b>4,793,717</b>	<b>17,309,482</b>	<b>3,414,232</b>	<b>(28,100,151)</b>
<i>Business-Type Activities:</i>					
North Carver Water District.....	560,699	268,413	-	-	(292,286)
Cranberry Village.....	41,707	-	-	67,442	25,735
<b>Total Business-Type Activities.....</b>	<b>602,406</b>	<b>268,413</b>	<b>-</b>	<b>67,442</b>	<b>(266,551)</b>
<b>Total Primary Government.....</b>	<b>\$ 54,219,988</b>	<b>\$ 5,062,130</b>	<b>\$ 17,309,482</b>	<b>\$ 3,481,674</b>	<b>\$ (28,366,702)</b>

See notes to basic financial statements.

(Continued)



**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	(28,100,151)	(266,551)	(28,366,702)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	28,586,380	-	28,586,380
Tax and other liens.....	293,589	-	293,589
Motor vehicle excise taxes.....	2,021,917	-	2,021,917
Meals tax.....	164,121	-	164,121
Community preservation tax.....	586,323	-	586,323
Penalties and interest on taxes.....	156,455	-	156,455
Payments in lieu of taxes.....	30,725	-	30,725
Grants and contributions not restricted to specific programs.....	1,751,870	-	1,751,870
Unrestricted investment income (loss).....	(46,486)	2,386	(44,100)
<i>Transfers, net</i> .....	(816,468)	816,468	-
Total general revenues and transfers.....	32,728,426	818,854	33,547,280
Change in net position.....	4,628,275	552,303	5,180,578
<i>Net position:</i>			
Beginning of year.....	31,083,804	2,844,658	33,928,462
End of year..... \$	35,712,079	3,396,961	39,109,040

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2022

	General	Community Preservation Fund	Town Grants	Town Other Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 13,478,752	\$ 2,670,986	\$ 670,100	\$ 4,203,168	\$ 74,971	\$ 21,097,977
Investments.....	697,449	-	-	-	3,731,926	4,429,375
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	381,489	-	-	-	-	381,489
Tax liens.....	624,388	10,009	-	-	-	634,397
Community preservation fund surtax.....	-	6,548	-	-	-	6,548
Motor vehicle excise taxes.....	229,906	-	-	-	-	229,906
Departmental and other.....	576	-	-	79,539	381,603	461,718
Intergovernmental.....	-	-	1,008,612	50,059	473,458	1,532,129
Community preservation state share.....	-	191,535	-	-	-	191,535
Special assessments.....	-	-	63,841	-	-	63,841
Tax foreclosures.....	130,573	1,609	-	-	-	132,182
<b>TOTAL ASSETS.....</b>	<b>\$ 15,543,133</b>	<b>\$ 2,880,687</b>	<b>\$ 1,742,553</b>	<b>\$ 4,332,766</b>	<b>\$ 4,661,958</b>	<b>\$ 29,161,097</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 603,269	\$ -	\$ 915,453	\$ 189,823	\$ 474,844	\$ 2,183,389
Accrued payroll.....	371,648	-	1,754	31,335	27,461	432,198
Other liabilities.....	439,534	-	-	49,550	-	489,084
Customer deposits.....	161,935	-	-	-	-	161,935
Tax refunds payable.....	779,806	-	-	-	-	779,806
Unearned revenue.....	-	-	-	609,832	-	609,832
<b>TOTAL LIABILITIES.....</b>	<b>2,356,192</b>	<b>-</b>	<b>917,207</b>	<b>880,540</b>	<b>502,305</b>	<b>4,656,244</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	1,254,620	209,702	63,841	129,598	438,138	2,095,899
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	165,464	165,464
Restricted.....	-	2,670,985	761,505	3,322,628	3,556,051	10,311,169
Committed.....	3,239,495	-	-	-	-	3,239,495
Assigned.....	3,673,762	-	-	-	-	3,673,762
Unassigned.....	5,019,064	-	-	-	-	5,019,064
<b>TOTAL FUND BALANCES.....</b>	<b>11,932,321</b>	<b>2,670,985</b>	<b>761,505</b>	<b>3,322,628</b>	<b>3,721,515</b>	<b>22,408,954</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 15,543,133</b>	<b>\$ 2,880,687</b>	<b>\$ 1,742,553</b>	<b>\$ 4,332,766</b>	<b>\$ 4,661,958</b>	<b>\$ 29,161,097</b>

See notes to basic financial statements.

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

JUNE 30, 2022

Total governmental fund balances.....		\$ 22,408,954
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		102,468,437
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		2,095,899
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(1,844,997)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(333,497)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(33,930,530)	
Net pension liability.....	(13,230,114)	
Net other postemployment benefits liability.....	(40,101,630)	
Landfill closure.....	(540,000)	
Compensated absences.....	<u>(1,280,443)</u>	
Net effect of reporting long-term liabilities.....		<u>(89,082,717)</u>
Net position of governmental activities.....		<u>\$ 35,712,079</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	General	Community Preservation Fund	Town Grants	Town Other Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 28,514,099	\$ -	\$ -	\$ -	\$ -	\$ 28,514,099
Tax liens.....	371,353	3,058	-	-	-	374,411
Motor vehicle excise taxes.....	2,028,513	-	-	-	-	2,028,513
Meals tax.....	164,121	-	-	-	-	164,121
Penalties and interest on taxes.....	154,430	1,774	-	-	251	156,455
Fees and rentals.....	192,042	-	-	-	-	192,042
Payments in lieu of taxes.....	30,725	-	-	-	-	30,725
Licenses and permits.....	323,867	-	-	-	-	323,867
Fines and forfeitures.....	34,941	-	-	-	-	34,941
Intergovernmental.....	15,526,035	-	2,803,463	562,885	3,530,615	22,422,998
Intergovernmental - COVID-19 relief.....	-	-	6,298	-	-	6,298
Departmental and other.....	89,019	-	-	3,239,156	1,026,122	4,354,297
Community preservation taxes.....	-	586,323	-	-	-	586,323
Community preservation state match.....	-	447,839	-	-	-	447,839
Contributions and donations.....	-	-	-	-	400	400
Investment income (loss).....	(62,921)	-	-	3,756	12,679	(46,486)
<b>TOTAL REVENUES.....</b>	<b>47,366,224</b>	<b>1,038,994</b>	<b>2,809,761</b>	<b>3,805,797</b>	<b>4,570,067</b>	<b>59,590,843</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government.....	2,853,603	275,000	2,289,538	1,640,715	41,310	7,100,166
Public safety.....	4,502,382	-	372,731	588,327	95,771	5,559,211
Education.....	26,284,448	-	-	1,049,594	2,679,739	30,013,781
Public works.....	2,217,548	-	-	120,746	688,362	3,026,656
Health and human services.....	466,050	-	66,910	157,988	-	690,948
Culture and recreation.....	479,162	-	10,841	37,248	-	527,251
Community preservation.....	-	3,375	-	-	-	3,375
Pension benefits.....	4,411,931	-	-	-	-	4,411,931
Employee benefits.....	1,691,137	-	-	-	-	1,691,137
State and county charges.....	1,400,118	-	-	-	-	1,400,118
<b>Debt service:</b>						
Principal.....	1,615,000	225,000	-	-	-	1,840,000
Interest.....	1,172,075	103,025	-	-	-	1,275,100
<b>TOTAL EXPENDITURES.....</b>	<b>47,093,454</b>	<b>606,400</b>	<b>2,740,020</b>	<b>3,594,618</b>	<b>3,505,182</b>	<b>57,539,674</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>272,770</b>	<b>432,594</b>	<b>69,741</b>	<b>211,179</b>	<b>1,064,885</b>	<b>2,051,169</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in.....	876,619	-	-	100,000	70,444	1,047,063
Transfers out.....	(986,912)	-	-	-	(876,619)	(1,863,531)
<b>TOTAL OTHER FINANCING SOURCES (USES)...</b>	<b>(110,293)</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>(806,175)</b>	<b>(816,468)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>162,477</b>	<b>432,594</b>	<b>69,741</b>	<b>311,179</b>	<b>258,710</b>	<b>1,234,701</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>11,769,844</b>	<b>2,238,391</b>	<b>691,764</b>	<b>3,011,449</b>	<b>3,462,805</b>	<b>21,174,253</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 11,932,321</b>	<b>\$ 2,670,985</b>	<b>\$ 761,505</b>	<b>\$ 3,322,628</b>	<b>\$ 3,721,515</b>	<b>\$ 22,408,954</b>

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, 2022

Net change in fund balances - total governmental funds.....	\$	1,234,701
<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.....	5,309,141	
Depreciation expense.....	<u>(4,189,683)</u>	
Net effect of reporting capital assets.....		1,119,458
<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>		
		(528,518)
<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.....	240,993	
Debt service principal payments.....	<u>1,840,000</u>	
Net effect of reporting long-term debt.....		2,080,993
<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.....	102,569	
Net change in accrued interest on long-term debt.....	25,468	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(1,639,040)	
Net change in net pension liability.....	2,898,734	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	898,663	
Net change in net other postemployment benefits liability.....	(1,654,753)	
Net change in landfill closure.....	<u>90,000</u>	
Net effect of recording long-term liabilities.....		<u>721,641</u>
Change in net position of governmental activities.....	\$	<u><u>4,628,275</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	North Carver Water District	Cranberry Village	Total
<b>ASSETS</b>			
CURRENT:			
Cash and cash equivalents.....	\$ 1,144,769	\$ 287,948	\$ 1,432,717
Receivables, net of allowance for uncollectibles:			
User charges.....	17,555	5,167	22,722
Special assessments.....	129,785	-	129,785
Total current assets.....	<u>1,292,109</u>	<u>293,115</u>	<u>1,585,224</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	872,318	-	872,318
Capital assets, nondepreciable.....	1,370,390	-	1,370,390
Capital assets, net of accumulated depreciation.....	3,476,110	6,507	3,482,617
Total noncurrent assets.....	<u>5,718,818</u>	<u>6,507</u>	<u>5,725,325</u>
TOTAL ASSETS.....	<u>7,010,927</u>	<u>299,622</u>	<u>7,310,549</u>
<b>LIABILITIES</b>			
CURRENT:			
Warrants payable.....	18,741	970	19,711
Accrued interest.....	77,520	-	77,520
Bonds payable.....	88,143	-	88,143
Total current liabilities.....	<u>184,404</u>	<u>970</u>	<u>185,374</u>
NONCURRENT:			
Bonds payable.....	3,728,214	-	3,728,214
TOTAL LIABILITIES.....	<u>3,912,618</u>	<u>970</u>	<u>3,913,588</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	1,030,143	6,507	1,036,650
Unrestricted.....	2,068,166	292,145	2,360,311
TOTAL NET POSITION.....	<u>\$ 3,098,309</u>	<u>\$ 298,652</u>	<u>\$ 3,396,961</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	North Carver Water District	Cranberry Village	Total
<b>OPERATING REVENUES:</b>			
Charges for services.....	\$ 229,015	\$ 67,442	\$ 296,457
<b>OPERATING EXPENSES:</b>			
Cost of services and administration.....	282,292	39,104	321,396
Depreciation.....	133,833	2,603	136,436
<b>TOTAL OPERATING EXPENSES.....</b>	<b>416,125</b>	<b>41,707</b>	<b>457,832</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(187,110)</b>	<b>25,735</b>	<b>(161,375)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income.....	2,386	-	2,386
Interest expense.....	(144,574)	-	(144,574)
Intergovernmental - other.....	39,398	-	39,398
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(102,790)</b>	<b>-</b>	<b>(102,790)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>(289,900)</b>	<b>25,735</b>	<b>(264,165)</b>
<b>TRANSFERS:</b>			
Transfers in.....	816,468	-	816,468
<b>CHANGE IN NET POSITION.....</b>	<b>526,568</b>	<b>25,735</b>	<b>552,303</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>2,571,741</b>	<b>272,917</b>	<b>2,844,658</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 3,098,309</b>	<b>\$ 298,652</b>	<b>\$ 3,396,961</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>North Carver Water District</u>	<u>Cranberry Village</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from customers and users.....	\$ 224,497	\$ 78,523	\$ 303,020
Payments to vendors.....	<u>(263,980)</u>	<u>(40,505)</u>	<u>(304,485)</u>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b><u>(39,483)</u></b>	<b><u>38,018</u></b>	<b><u>(1,465)</u></b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Transfers in.....	816,468	-	816,468
Intergovernmental.....	<u>39,398</u>	<u>-</u>	<u>39,398</u>
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b><u>855,866</u></b>	<b><u>-</u></b>	<b><u>855,866</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Special assessments.....	55,582	-	55,582
Acquisition and construction of capital assets.....	<u>(372,605)</u>	<u>-</u>	<u>(372,605)</u>
Principal payments on bonds and notes.....	<u>(84,956)</u>	<u>-</u>	<u>(84,956)</u>
Interest expense.....	<u>(146,300)</u>	<u>-</u>	<u>(146,300)</u>
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b><u>(548,279)</u></b>	<b><u>-</u></b>	<b><u>(548,279)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Investment income.....	<u>2,386</u>	<u>-</u>	<u>2,386</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>270,490</b>	<b>38,018</b>	<b>308,508</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b><u>874,279</u></b>	<b><u>249,930</u></b>	<b><u>1,124,209</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b><u>\$ 1,144,769</u></b>	<b><u>\$ 287,948</u></b>	<b><u>\$ 1,432,717</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>			
<b><u>FROM OPERATING ACTIVITIES:</u></b>			
Operating income (loss).....	\$ (187,110)	\$ 25,735	\$ (161,375)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	133,833	2,603	136,436
Changes in assets and liabilities:			
User charges.....	(4,518)	11,081	6,563
Warrants payable.....	<u>18,312</u>	<u>(1,401)</u>	<u>16,911</u>
Total adjustments.....	<u>147,627</u>	<u>12,283</u>	<u>159,910</u>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b><u>\$ (39,483)</u></b>	<b><u>\$ 38,018</u></b>	<b><u>\$ (1,465)</u></b>

See notes to basic financial statements.



**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

		Other Postemployment Benefit Trust Fund
<b>ASSETS</b>		
Investments:		
Public Agency Retirement Services (PARS) investments....	\$	2,309,290
<b>NET POSITION</b>		
Restricted for other postemployment benefits.....	\$	2,309,290

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Other Postemployment Benefit Trust Fund
<b><u>ADDITIONS:</u></b>	
Contributions:	
Employer contributions to trust.....	\$ 345,799
Employer contributions for other postemployment benefit payments.....	2,063,232
Total contributions.....	2,409,031
Net investment income:	
Investment income (loss).....	(302,686)
TOTAL ADDITIONS.....	2,106,345
<b><u>DEDUCTIONS:</u></b>	
Other postemployment benefit payments.....	2,063,232
NET INCREASE (DECREASE) IN NET POSITION.....	43,113
NET POSITION AT BEGINNING OF YEAR.....	2,266,177
NET POSITION AT END OF YEAR.....	\$ 2,309,290

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Carver, 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 of Carver, Massachusetts is a municipal corporation that is governed by an elected Select Board.

For financial reporting purposes, the Town has included all funds, organizations, account groups, 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. It has been determined that the Town has no component units that require inclusion in these basic financial statements.

*Joint Ventures*

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in several ventures with other municipalities to pool resources and share costs, risks and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific recipients. Shown below is a listing of the Town’s joint ventures, their purpose, and the annual assessment paid by the Town in 2022.

Name	Purpose	2022 Assessment
Gateway Health Group Carver Town Hall, Carver MA	Employee and retiree health Insurance	\$ 2,758,900
Old Colony Regional Vocational Technical High School 476 North Avenue, Rochester, MA	To provide educational services	\$ 1,336,668
Massachusetts Bay Regional Transit Authority 45 High Street, Boston, MA	Regional transportation services	\$ 80,616

The Town is indirectly liable for debt and other expenditures and is assessed annually for its share of operating and capital costs.

## B. Government-Wide and Fund Financial Statements

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

#### *Major Fund Criteria*

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

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

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

Fiduciary funds are reported by fund type.

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

### *Government-Wide Financial Statements*

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

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

### *Fund Financial Statements*

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

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

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

The following major governmental funds are reported:

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

The *community preservation fund* is used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, affordable housing and recreation.

The *Town grants fund* is used to account for other non-school related state and federal grants.

The *Town other special revenue fund* is used to account for revolving funds, gifts and private grants, and other special revenue funds designated for specific programs.

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

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

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

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

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

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

The *North Carver Water District* and *Cranberry Village funds* are used to account for the construction and operation of the Town's water system.

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

The following fiduciary fund is reported:

The *other postemployment benefit trust fund* is used to account for the activities of the Town's defined benefit healthcare plan, which accumulates resources to provide OPEB benefits to eligible retirees and their beneficiaries.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

#### E. Fair Value Measurements

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

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

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

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

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

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

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

#### F. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

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

##### ***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> 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 by the fourth quarter of every year on delinquent properties and are recorded as receivables in the year they are processed.

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

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***

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.

### ***Community Preservation***

Community Preservation surcharges are billed with the real estate and personal property tax levy and are 3% of the total real estate tax bill. These surcharges are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. The surcharges are recorded as receivables in the year of the levy.

Community Preservation surcharge liens are processed by the fourth quarter of every year on delinquent properties and are recorded as receivables in the year they are processed.

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

### ***User Charges***

User charges are based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user charges are estimated at year-end and are recorded as revenue in the current period.

### ***Departmental and Other***

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

### ***Intergovernmental***

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

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

### ***Special Assessments***

Costs incurred on completed special projects that have been assessed to the benefited taxpayers which have not been paid.

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

### **G. Inventories**

#### ***Government-Wide and Fund Financial Statements***

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



H. Capital Assets

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, buildings and facilities, improvements other than building, machinery and equipment, vehicles, drainage and water systems, infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements.

Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) 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 facilities.....	25-50
Machinery and equipment.....	3-20
Vehicles.....	5
Infrastructure.....	25-50

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 future periods and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town has reported deferred outflows of resources related to pensions and other postemployment benefits 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 future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and other postemployment benefits 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*

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 operating transfers out.

*Government-Wide Financial Statements*

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*

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

Net position has been “restricted for” the following:

“Permanent funds – expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts that support government programs.

“Gifts and grants” represents restrictions placed on assets from outside parties and consists 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 equity is classified as fund balance. Fund balance is further classified as follows:

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

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

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

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

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

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

### 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 both the Plymouth County Retirement Association and the Massachusetts Teachers' Retirement System (the Systems) and additions to/deductions from the Systems' 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 from the Cranberry Village enterprise fund is voluntarily assigned to the general fund.

### 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.

## **NOTE 2 – CASH AND INVESTMENTS**

The Town maintains a cash and investment pool that is available for use by all funds, except the Trust 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 Town funds.

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

It is the Town's policy to invest public funds in a manner which will provide the maximum security with the highest investment return while meeting the daily cash flow demands of the Town. The Town follows the policies established under Massachusetts General Laws. The Commonwealth's 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 Pool.

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 event of a bank failure, the government's deposits may not be returned to it. The Town has adopted a formal policy to limit custodial credit risk of deposits. The policy limits uninsured deposits to no more than 5% of an institution's assets and no more than 25% of the Town's deposits. At year-end, the carrying amount of deposits totaled \$22,530,694 and the bank balance totaled \$23,048,669. Of the bank balance, \$1,770,622 was covered by Federal Depository Insurance, \$20,573,289 was covered by the Depositors Insurance Fund, and \$704,758 was collateralized.

Investments

As of June 30, 2022, the Town had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 1,265,780	\$ 630,889	\$ 634,891
Government sponsored enterprises.....	438,154	135,274	302,880
Corporate bonds.....	<u>1,673,538</u>	<u>244,988</u>	<u>1,428,550</u>
Total debt securities.....	3,377,472	\$ <u>1,011,151</u>	\$ <u>2,366,321</u>
<u>Other investments:</u>			
Equity securities.....	657,122		
Public Agency Retirement Services (PARS)...	2,309,290		
Fixed income.....	<u>394,781</u>		
Total investments.....	\$ <u>6,738,665</u>		

Custodial Credit Risk – Investments

For an investment, is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town's investments subject to custodial credit risk include \$1,265,780 in U.S. treasury notes, \$438,154 in government sponsored enterprises, \$1,673,538 in corporate bonds, \$657,122 in equity securities, \$2,309,290 in PARS investments, and fixed income of \$394,781. The Town's total custodial credit risk exposure totals \$6,738,665 because the related securities are uninsured, unregistered and held by the counterparty. The Town has adopted a formal policy to limit custodial credit risk by restricting investment only in institutions with proven financial strength, the capital adequacy of the firm and overall affirmative reputation in the municipal industry.

Other Postemployment Benefits Investments

The OPEB trust fund investments are invested in the Plymouth County OPEB Trust Program (PCOT), an external investment pool, which the Town voluntarily participates in. The PCOT maintains a pooled investment trust for various public entities in Plymouth, Barnstable, Bristol and Norfolk counties. The value at June 30, 2022, totaled \$2,309,290. The trust administrator is the Public Agency Retirement Services (PARS), which is an IRS approved multiple-employer Section 115 OPEB Trust. U.S. Bank is the trustee for the invested funds. Since this is an irrevocable Section 115 trust, the investments are not subject to custodial credit risk. PCOT has a formal investment policy, guidelines, and performance objectives applicable to the assets of the PCOT investment pool, managed by the PCOT Investment Committee. The reported value of investments in PARS is the same as the fair value of the pool shares.

Interest Rate Risk

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

Credit Risk

The Town has not adopted a formal policy related to credit risk. As of June 30, 2022, Standard & Poor’s Investors Service rated the Town’s investments as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ 100,840	\$ -
AA+.....	337,314	-
A+.....	-	166,238
A-.....	-	120,669
BBB+.....	-	675,613
BBB.....	-	711,018
 Total.....	 \$ <u>438,154</u>	 \$ <u>1,673,538</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. No more than 5 percent of the Town’s investments were invested in any one individual security.

Fair Market Value of Investments

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

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

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

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,265,780	\$ 1,265,780	\$ -	\$ -
Government sponsored enterprises.....	438,154	438,154	-	-
Corporate bonds.....	1,673,538	-	1,673,538	-
Total debt securities.....	3,377,472	1,703,934	1,673,538	-
<u>Other investments:</u>				
Equity securities.....	657,122	657,122	-	-
Public Agency Retirement Services (PARS)....	2,309,290	2,309,290	-	-
Fixed income.....	394,781	394,781	-	-
Total other investments.....	3,361,193	3,361,193	-	-
Total investments measured at fair value.....	\$ 6,738,665	\$ 5,065,127	\$ 1,673,538	\$ -

U.S. treasury notes, government sponsored enterprises, equity securities, PARS and fixed income investments 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.

**NOTE 3 – RECEIVABLES**

At June 30, 2022, receivables for the individual major, nonmajor governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes.....	\$ 381,961	\$ (472)	\$ 381,489
Tax liens.....	634,397	-	634,397
Community preservation fund surtax.....	6,548	-	6,548
Motor vehicle and other excise taxes.....	237,420	(7,514)	229,906
Departmental and other.....	461,718	-	461,718
Intergovernmental.....	1,532,129	-	1,532,129
Community preservation state share.....	191,535	-	191,535
Special assessments.....	63,841	-	63,841
Total.....	\$ 3,509,549	\$ (7,986)	\$ 3,501,563



At June 30, 2022, receivables for the North Carver Water District and Cranberry Village enterprise funds consist of user charges and special assessments, all of which are deemed collectible.

Governmental funds report *deferred inflows of resources* 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 *deferred inflows of resources* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 269,753	\$ -	\$ 269,753
Tax liens and foreclosures.....	624,388	10,009	634,397
Community preservation fund surtax.....	-	198,083	198,083
Motor vehicle and other excise taxes.....	229,906	-	229,906
Departmental and other.....	-	461,143	461,143
Intergovernmental.....	-	106,594	106,594
Special assessments.....	-	63,841	63,841
Tax foreclosures.....	130,573	1,609	132,182
<b>Total.....</b>	<b>\$ 1,254,620</b>	<b>\$ 841,279</b>	<b>\$ 2,095,899</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 5,410,726	\$ 210,946	\$ -	\$ 5,621,672
Construction in progress.....	8,230,522	1,296,203	-	9,526,725
<b>Total capital assets not being depreciated.....</b>	<b>13,641,248</b>	<b>1,507,149</b>	<b>-</b>	<b>15,148,397</b>
<u>Capital assets being depreciated:</u>				
Buildings and facilities.....	112,694,595	409,286	-	113,103,881
Machinery and equipment.....	6,063,453	1,248,152	-	7,311,605
Vehicles.....	7,530,030	561,885	-	8,091,915
Infrastructure.....	18,123,918	1,582,669	-	19,706,587
<b>Total capital assets being depreciated.....</b>	<b>144,411,996</b>	<b>3,801,992</b>	<b>-</b>	<b>148,213,988</b>
<u>Less accumulated depreciation for:</u>				
Buildings and facilities.....	(36,678,495)	(2,629,190)	-	(39,307,685)
Machinery and equipment.....	(3,234,444)	(710,430)	-	(3,944,874)
Vehicles.....	(4,422,532)	(518,908)	-	(4,941,440)
Infrastructure.....	(12,368,794)	(331,155)	-	(12,699,949)
<b>Total accumulated depreciation.....</b>	<b>(56,704,265)</b>	<b>(4,189,683)</b>	<b>-</b>	<b>(60,893,948)</b>
<b>Total capital assets being depreciated, net.....</b>	<b>87,707,731</b>	<b>(387,691)</b>	<b>-</b>	<b>87,320,040</b>
<b>Total governmental activities capital assets, net.....</b>	<b>\$ 101,348,979</b>	<b>\$ 1,119,458</b>	<b>\$ -</b>	<b>\$ 102,468,437</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>North Carver Water District</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,370,390	\$ -	\$ -	\$ 1,370,390
<u>Capital assets being depreciated:</u>				
Buildings and facilities.....	3,069,330	-	-	3,069,330
Machinery and equipment.....	791,484	-	-	791,484
Vehicles.....	52,465	-	-	52,465
Infrastructure.....	633,513	372,605	-	1,006,118
Total capital assets being depreciated.....	4,546,792	372,605	-	4,919,397
<u>Less accumulated depreciation for:</u>				
Buildings and facilities.....	(744,144)	(74,414)	-	(818,558)
Machinery and equipment.....	(375,956)	(39,574)	-	(415,530)
Vehicles.....	(52,465)	-	-	(52,465)
Infrastructure.....	(136,889)	(19,845)	-	(156,734)
Total accumulated depreciation.....	(1,309,454)	(133,833)	-	(1,443,287)
Total capital assets being depreciated, net.....	3,237,338	238,772	-	3,476,110
Total North Carver Water District capital assets, net... \$	4,607,728	238,772	-	4,846,500
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Cranberry Village</b>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 26,030	\$ -	\$ -	\$ 26,030
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(16,920)	(2,603)	-	(19,523)
Total Cranberry Village capital assets, net..... \$	9,110	(2,603)	-	6,507

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

<b>Governmental Activities:</b>	
General government.....	\$ 202,721
Public safety.....	940,466
Education.....	2,486,073
Public works.....	398,794
Health and human services.....	29,392
Culture and recreation.....	110,063
Community preservation.....	22,174
Total depreciation expense - governmental activities.....	\$ 4,189,683
<b>Business-Type Activities:</b>	
North Carver Water District.....	\$ 133,833
Cranberry Village.....	2,603
Total depreciation expense - business-type activities.....	\$ 136,436

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2022, are summarized as follows:

Transfers Out:	Transfers In:					Total
	General fund	Town Other Special Revenue	Nonmajor governmental funds	North Carver Water District		
General fund.....	\$ -	\$ 100,000	\$ 70,444	\$ 816,468	\$	986,912
Nonmajor governmental funds.....	876,619	-	-	-		876,619
Total.....	\$ 876,619	\$ 100,000	\$ 70,444	\$ 816,468	\$	1,863,531

Budgeted transfers from the general fund to the Town other special revenue fund and the nonmajor governmental funds were to fund the school special education reserve and ambulance receipts reserved for appropriation fund. Budgeted transfers from the nonmajor governmental funds to the general fund relate to the use of receipts reserved for appropriation that were used to fund the ambulance budget and other appropriations. The \$816,468 transfer into the North Carver Water District consists of a \$316,468 general fund subsidy and a \$500,000 transfer from the stabilization fund.

**NOTE 6 – SHORT-TERM FINANCING**

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

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

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

The Town had no short-term debt activity for the year ended June 30, 2022.

**NOTE 7 – LONG-TERM DEBT**

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

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements shown below.

**Bonds Payable Schedule – Governmental Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Municipal Purpose Bonds of 2016 - Fire Station.....	2036	\$ 8,230,000	3.00 - 5.00	\$ 5,740,000
Municipal Purpose Bonds of 2016 - Fire Engines.....	2026	1,770,000	5.00	700,000
Municipal Purpose Bonds of 2016 - Elementary School.....	2041	20,000,000	3.25 - 5.00	16,825,000
Municipal Purpose Bonds of 2018 - Police Station, Land, School...	2033	10,900,000	3.00 - 5.00	9,025,000
Subtotal General Obligation Bonds Payable.....				<u>32,290,000</u>
Add: Unamortized premium on bonds.....				<u>1,640,530</u>
Total Bonds Payable, net.....				<u>\$ 33,930,530</u>

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2023.....	\$ 1,900,000	\$ 1,182,226	\$ 3,082,226
2024.....	1,965,000	1,086,351	3,051,351
2025.....	2,040,000	987,100	3,027,100
2026.....	2,110,000	884,225	2,994,225
2027.....	2,005,000	777,850	2,782,850
2028.....	2,075,000	699,750	2,774,750
2029.....	2,145,000	618,676	2,763,676
2030.....	1,880,000	546,175	2,426,175
2031.....	1,920,000	486,349	2,406,349
2032.....	1,970,000	428,375	2,398,375
2033.....	2,015,000	368,538	2,383,538
2034.....	2,065,000	306,447	2,371,447
2035.....	1,370,000	254,400	1,624,400
2036.....	1,400,000	213,300	1,613,300
2037.....	1,020,000	171,300	1,191,300
2038.....	1,050,000	140,700	1,190,700
2039.....	1,085,000	109,200	1,194,200
2040.....	1,120,000	73,938	1,193,938
2041.....	1,155,000	37,537	1,192,537
Total.....	<u>\$ 32,290,000</u>	<u>\$ 9,372,437</u>	<u>\$ 41,662,437</u>

The debt service for the land acquisition is paid for by the Community Preservation Fund.

**Bonds Payable Schedule – Enterprise Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Water System Bond.....	2047	\$ 1,700,000	3.75	\$ 1,392,129
Recovery Zone Economic Development Water Bond....	2049	2,900,000	3.75	2,424,228
Total General Obligation Bonds Payable.....				<u>\$ 3,816,357</u>

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2023.....	\$ 88,143	\$ 143,113	\$ 231,256
2024.....	91,448	139,808	231,256
2025.....	94,877	136,379	231,256
2026.....	98,435	132,821	231,256
2027.....	102,126	129,130	231,256
2028.....	105,956	125,300	231,256
2029.....	109,929	121,327	231,256
2030.....	114,052	117,204	231,256
2031.....	118,329	112,927	231,256
2032.....	122,767	108,489	231,256
2033.....	127,370	103,886	231,256
2034.....	132,146	99,110	231,256
2035.....	137,102	94,154	231,256
2036.....	142,243	89,013	231,256
2037.....	147,577	83,679	231,256
2038.....	153,111	78,145	231,256
2039.....	158,853	72,403	231,256
2040.....	164,810	66,446	231,256
2041.....	170,991	60,265	231,256
2042.....	177,402	53,854	231,256
2043.....	184,055	47,201	231,256
2044.....	190,957	40,299	231,256
2045.....	198,119	33,138	231,257
2046.....	205,548	25,709	231,257
2047.....	210,750	17,997	228,747
2048.....	134,323	10,097	144,420
2049.....	134,938	5,058	139,996
Total.....	<u>\$ 3,816,357</u>	<u>\$ 2,246,952</u>	<u>\$ 6,063,309</u>

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, 2022, the Town did not have any authorized and unissued debt.

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 34,130,000	\$ -	\$ (1,840,000)	\$ -	\$ -	\$ 32,290,000	\$ 1,900,000
Add: Unamortized premium on bonds.....	1,881,523	-	-	-	(240,993)	1,640,530	222,887
Total bonds payable.....	36,011,523	-	(1,840,000)	-	(240,993)	33,930,530	2,122,887
Landfill closure.....	630,000	-	-	-	(90,000)	540,000	90,000
Compensated absences.....	1,383,012	-	-	512,335	(614,904)	1,280,443	566,909
Net pension liability.....	16,128,848	-	-	1,146,687	(4,045,421)	13,230,114	-
Other postemployment benefits.....	38,446,877	-	-	4,063,784	(2,409,031)	40,101,630	-
Total governmental activity long-term liabilities.....	\$ 92,600,260	\$ -	\$ (1,840,000)	\$ 5,722,806	\$ (7,409,349)	\$ 89,082,717	\$ 2,779,796
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 3,901,313	\$ -	\$ (84,956)	\$ -	\$ -	\$ 3,816,357	\$ 88,143

**NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

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

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

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

As of June 30, 2022, the governmental fund balances consisted of the following:

	General	Community Preservation Fund	Town Grants	Town Other Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 165,464	\$ 165,464
<b>Restricted for:</b>						
Capital projects.....	-	-	-	-	205,153	205,153
Community preservation.....	-	2,670,985	-	-	-	2,670,985
Town grants.....	-	-	761,505	-	-	761,505
School lunch.....	-	-	-	-	450,599	450,599
School gifts and grants.....	-	-	-	-	535,130	535,130
Receipts reserved for appropriation...	-	-	-	-	1,607,656	1,607,656
Town other special revenues.....	-	-	-	3,322,628	-	3,322,628
Expendable trust funds.....	-	-	-	-	757,513	757,513
<b>Committed to:</b>						
Reserve for debt service.....	716,362	-	-	-	-	716,362
<b>Articles and continuing appropriations:</b>						
General government.....	470,907	-	-	-	-	470,907
Public safety.....	76,827	-	-	-	-	76,827
Education.....	823,887	-	-	-	-	823,887
Public works.....	588,713	-	-	-	-	588,713
Culture and recreation.....	36,199	-	-	-	-	36,199
Employee benefits.....	526,600	-	-	-	-	526,600
<b>Assigned to:</b>						
General government.....	254,019	-	-	-	-	254,019
Public safety.....	17,105	-	-	-	-	17,105
Education.....	27,683	-	-	-	-	27,683
Public works.....	102,843	-	-	-	-	102,843
Health and human services.....	24,158	-	-	-	-	24,158
Employee benefits.....	36,013	-	-	-	-	36,013
<b>Free cash used for subsequent year's budget:</b>						
.....	3,211,941	-	-	-	-	3,211,941
Unassigned.....	5,019,064	-	-	-	-	5,019,064
<b>Total Fund Balances.....</b>	<b>\$ 11,932,321</b>	<b>\$ 2,670,985</b>	<b>\$ 761,505</b>	<b>\$ 3,322,628</b>	<b>\$ 3,721,515</b>	<b>\$ 22,408,954</b>

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

At year end the balance of the general stabilization fund and capital and debt stabilization fund totaled \$3.3 million and \$135,000, respectively. These funds are reported as unassigned fund balance within the general fund.

**NOTE 9 – RISK FINANCING**

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

The Town participates in a health insurance risk pool trust administered by Gateway Municipal Health Group (Group), a non-profit organization, to obtain health insurance for member governments at costs eligible for larger groups. The Group offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the Group. The Town is obligated to pay the group its required premiums and, in the event the Group is terminated, its pro-rata share of a deficit should one exist.

The Town also participates in a premium-based workers' compensation insurance plan for its employees, except for police officers and firefighters for which the Town is self-insured. The Town's incurred but not reported claims for workers' compensation are not material at June 30, 2022, and therefore are not reported.

## **NOTE 10 – PENSION PLAN**

### *Plan Description*

The Town contributes to the Plymouth County Retirement Association (Association), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 61 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan.

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 <http://www.mass.gov/osc/publications-and-reports/financial-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, 2021. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$3,000,749 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$37,394,446 as of the measurement date.

### *Benefits Provided*

Both the Association and the System 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 Association 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 for the year ended June 30, 2022, \$2,406,381, 28.51% 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, 2022, the Town reported a liability of \$13,230,114 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, update procedures were used to roll back 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, 2021, the Town’s proportion was 2.83%, a change from its proportion measured at December 31, 2020 of 2.75%.

*Pension Expense*

For the year ended June 30, 2022, the Town recognized pension expense of \$1,146,687. At June 30, 2022, the Town reported deferred outflows and inflows of resources related to pensions of \$1,720,052 and \$3,860,809, respectively.

The balance of deferred outflows and inflows at June 30, 2022 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,467,334	\$ -	\$ 1,467,334
Difference between projected and actual earnings, net.....	-	(3,630,140)	(3,630,140)
Changes in assumptions.....	44,946	-	44,946
Changes in proportion and proportionate share of contributions...	207,772	(230,669)	(22,897)
Total deferred outflows/(inflows) of resources.....	\$ 1,720,052	\$ (3,860,809)	\$ (2,140,757)

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023.....	\$ 71,318
2024.....	(1,090,974)
2025.....	(618,967)
2026.....	<u>(502,134)</u>
Total.....	\$ <u>(2,140,757)</u>

*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 as of December 31, 2021:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Projected salary increases.....	3.75% per year
Cost of living adjustments.....	3.0% of the first \$16,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates:	
Pre-Retirement and beneficiary.....	The RP-2014 Blue Collar Mortality Table with Scale MP-2016 fully generational.
Healthy Retiree.....	Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. Group 4 is represented by the RP-2014 Blue Collar mortality table set forward three years for males, and six years for females, fully generational.
Disabled Retiree.....	Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.
Investment rate of return/Discount rate.....	7.875% nominal rate, net of investment expenses.

*Investment Policy*

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Nominal Rate of Return
Domestic equity.....	23.00%	6.80%
International developed equity.....	3.00%	7.50%
Emerging markets equity.....	9.00%	4.60%
Global equity.....	11.00%	7.20%
Core bonds.....	10.00%	2.40%
Value added fixed income.....	7.00%	4.00%
Hedge funds.....	7.00%	4.40%
Real estate.....	10.00%	7.40%
Private equity.....	12.00%	7.30%
Real assets.....	6.00%	7.70%
Cash and Cash Equivalent.....	2.00%	1.70%
Total.....	100.00%	

*Rate of Return*

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.41%. 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 7.875% as of the December 31, 2021 and December 31, 2020 measurement dates. 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 7.875% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
The Town's proportionate share of the net pension liability.....	\$ 18,749,236	\$ 13,230,114	\$ 8,525,703

*Changes in Assumptions:* None

*Changes in Plan Provisions:* None

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description*

The Town of Carver administers a single-employer defined benefit healthcare plan (“the 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 Retiree Health 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 50 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their premium costs. For 2022, contributions to the plan totaled \$2,409,031, which represents 10.68% of covered-payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the District to establish a postemployment benefit trust fund and to enable the District to begin pre-funding its OPEB liabilities. The Trust is managed by then Plymouth County OPEB Trust Program.

During 2022, the District pre-funded future OPEB liabilities \$345,799 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2022, the balance of this fund totaled \$2,309,290.

*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.

*Measurement Date*

GASB #75 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

*Employees Covered by Benefit Terms*

The following table represents the Plan’s membership at June 30, 2022:

Active members.....	319
Inactive members currently receiving benefits.....	<u>273</u>
Total.....	<u><u>592</u></u>

*Components of OPEB Liability*

The following table represents the components of the Plan’s OPEB liability as of June 30, 2022:

Total OPEB liability.....	\$ 42,410,920
Less: OPEB plan’s fiduciary net position.....	<u>(2,309,290)</u>
Net OPEB liability.....	<u><u>\$ 40,101,630</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	5.45%

*Significant Actuarial Assumptions*

The total other postemployment benefit liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	July 1, 2021
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of assets as of measurement date, June 30, 2022
Investment rate of return.....	6.01%, net of plan investment expense, including inflation.
Municipal bond rate.....	4.09% as of June 30, 2022 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)

Discount rate.....	5.83%, net of OPEB plan investment expense, including inflation
Inflation.....	2.50% as of June 30, 2022 and for future periods
Salary increases.....	3.00% annually as of June 30, 2022 and for future periods
Mortality rates:	
Pre-retirement.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-retirement.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

*Rate of Return*

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -13.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The District's expected future real rate of return of 4.41% is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 6.91%. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap.....	30.00%	4.10%
Domestic equity - small/mid cap.....	20.00%	4.55%
International equity - developed market..	16.00%	4.64%
International equity - emerging market...	7.00%	5.45%
Domestic fixed income.....	23.00%	1.05%
International fixed income.....	0.00%	0.96%
Alternatives.....	0.00%	5.95%
Real estate.....	4.00%	6.25%
Cash.....	0.00%	0.00%
Total.....	100.00%	

#### Discount Rate

The discount rate used to measure the total OPEB liability was 5.83% as of June 30, 2022 and 6.25% as of June 30, 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2020.....	\$ 40,713,054	\$ 2,266,177	\$ 38,446,877
Changes for the year:			
Service cost.....	690,115	-	690,115
Interest.....	2,524,199	-	2,524,199
Differences between expected and actual experience.	(8,727,177)	-	(8,727,177)
Changes in assumptions and other inputs.....	9,273,961	-	9,273,961
Net investment income (loss).....	-	(302,686)	302,686
Employer contributions to the trust.....	-	2,409,031	(2,409,031)
Benefit payments.....	(2,063,232)	(2,063,232)	-
Net change.....	1,697,866	43,113	1,654,753
Balances at June 30, 2022.....	\$ 42,410,920	\$ 2,309,290	\$ 40,101,630

*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 5.83%, 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 or 1-percentage-point higher than the current rate.

	1% Decrease (4.83%)	Current Discount Rate (5.83%)	1% Increase (6.83%)
Net OPEB liability.....	\$ 46,138,623	\$ 40,101,630	\$ 35,223,506

*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 9.00%, 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 (8.00%)	Current Trend (9.00%)	1% Increase (10.00%)
Net OPEB liability.....	\$ 34,779,412	\$ 40,101,630	\$ 46,680,637

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$3,165,121. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown on the following table.

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (7,396,306)	\$ (7,396,306)
Difference between projected and actual earnings, net.....	152,242	-	152,242
Changes in assumptions.....	8,085,512	(545,688)	7,539,824
Total deferred outflows/(inflows) of resources.....	\$ 8,237,754	\$ (7,941,994)	\$ 295,760



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

Measurement date year ended June 30:

2023.....	\$	(379,005)
2024.....		164,598
2025.....		307,814
2026.....		<u>202,353</u>
Total.....	\$	<u>295,760</u>

*Change in Assumptions* – The discount rate has been changed from 6.25% to 5.83%. The methodologies for calculating expected claims and future projected healthcare costs were also updated.

*Changes in Plan Provisions* – None

**NOTE 12 – COMMITMENTS**

The general fund has various commitments for goods and services related to articles and encumbrances totaling \$3.0 million as of June 30, 2022.

**NOTE 13 – 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.

Various legal actions and claims are pending. 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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

**NOTE 14 – SUBSEQUENT EVENTS**

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

**NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. This pronouncement did not impact the basic financial statements.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the basic financial statements.
- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- 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.

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## ***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, 2022

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 28,697,195	\$ 28,697,195	\$ 28,697,195
Tax liens.....	-	-	-	-
Motor vehicle excise taxes.....	-	1,730,500	1,730,500	1,730,500
Meals tax.....	-	115,000	115,000	115,000
Penalties and interest on taxes.....	-	100,000	100,000	100,000
Fees and rentals.....	-	215,000	215,000	215,000
Payments in lieu of taxes.....	-	15,000	15,000	15,000
Licenses and permits.....	-	333,400	333,400	333,400
Fines and forfeitures.....	-	13,441	13,441	13,441
Intergovernmental.....	-	12,320,624	12,320,624	12,320,624
Departmental and other.....	-	13,249	13,249	13,249
Investment income (loss).....	-	35,000	35,000	35,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>43,588,409</b>	<b>43,588,409</b>	<b>43,588,409</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	533,717	3,516,700	4,050,417	3,661,054
Public safety.....	114,515	4,326,362	4,440,877	4,613,599
Education.....	564,291	26,443,200	27,007,491	27,167,909
Public works.....	502,855	2,255,258	2,758,113	2,839,582
Health and human services.....	-	518,320	518,320	544,982
Culture and recreation.....	4,100	510,865	514,965	546,119
Pension benefits.....	-	1,411,182	1,411,182	1,411,182
Employee benefits.....	444,005	1,832,431	2,276,436	2,262,337
State and county charges.....	-	1,394,781	1,394,781	1,404,781
Debt service:				
Principal.....	-	1,615,000	1,615,000	1,615,000
Interest.....	-	1,222,075	1,222,075	1,172,075
<b>TOTAL EXPENDITURES.....</b>	<b>2,163,483</b>	<b>45,046,174</b>	<b>47,209,657</b>	<b>47,238,620</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(2,163,483)</b>	<b>(1,457,765)</b>	<b>(3,621,248)</b>	<b>(3,650,211)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in.....	-	4,402,098	4,402,098	4,376,571
Transfers out.....	-	(4,020,604)	(4,020,604)	(4,020,604)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>381,494</b>	<b>381,494</b>	<b>355,967</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(2,163,483)</b>	<b>(1,076,271)</b>	<b>(3,239,754)</b>	<b>(3,294,244)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>8,613,139</b>	<b>8,613,139</b>	<b>8,613,139</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (2,163,483)</b>	<b>\$ 7,536,868</b>	<b>\$ 5,373,385</b>	<b>\$ 5,318,895</b>

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	28,625,953	\$ -	\$ (71,242)
	371,353	-	371,353
	2,028,513	-	298,013
	164,121	-	49,121
	154,430	-	54,430
	192,042	-	(22,958)
	30,725	-	15,725
	323,867	-	(9,533)
	34,941	-	21,500
	12,525,286	-	204,662
	89,019	-	75,770
	<u>(97,711)</u>	<u>-</u>	<u>(132,711)</u>
	<u>44,442,539</u>	<u>-</u>	<u>854,130</u>
	2,912,625	724,975	23,454
	4,502,382	93,932	17,285
	26,284,448	851,570	31,891
	2,217,548	691,557	(69,523)
	466,050	24,158	54,774
	479,162	36,199	30,758
	1,411,182	-	-
	1,699,773	562,564	-
	1,400,118	-	4,663
	1,615,000	-	-
	<u>1,172,075</u>	<u>-</u>	<u>-</u>
	<u>44,160,363</u>	<u>2,984,955</u>	<u>93,302</u>
	<u>282,176</u>	<u>(2,984,955)</u>	<u>947,432</u>
	4,376,571	-	-
	<u>(4,091,048)</u>	<u>-</u>	<u>(70,444)</u>
	<u>285,523</u>	<u>-</u>	<u>(70,444)</u>
	567,699	(2,984,955)	876,988
	<u>8,613,139</u>	<u>-</u>	<u>-</u>
\$	<u>9,180,838</u>	<u>(2,984,955)</u>	<u>\$ 876,988</u>

# ***Pension Plan Schedules***

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

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

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' 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  
PLYMOUTH COUNTY RETIREMENT ASSOCIATION**

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, 2021.....	2.83%	\$ 13,230,114	\$ 8,439,390	156.77%	75.49%
December 31, 2020.....	2.75%	16,128,848	7,550,248	213.62%	67.90%
December 31, 2019.....	2.76%	18,859,725	8,122,215	232.20%	61.61%
December 31, 2018.....	2.90%	21,326,193	7,271,380	293.29%	54.84%
December 31, 2017.....	2.91%	15,652,446	7,087,175	220.86%	65.56%
December 31, 2016.....	2.94%	18,595,425	6,814,591	272.88%	58.32%
December 31, 2015.....	2.73%	17,316,474	6,889,118	251.36%	56.80%
December 31, 2014.....	2.73%	15,915,317	6,641,114	239.65%	58.90%

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**  
**PLYMOUTH COUNTY RETIREMENT ASSOCIATION**

Year	Statutorily determined contribution	Contributions in relation to the statutorily determined contribution	Contribution deficiency (excess)	Covered- payroll	Contributions as a percentage of covered- payroll
June 30, 2022.....	\$ 2,406,381	\$ (2,406,381)	-	\$ 8,608,178	27.95%
June 30, 2021.....	2,211,815	(2,261,815)	(50,000)	7,701,253	28.72%
June 30, 2020.....	2,040,060	(2,040,060)	-	8,284,659	24.62%
June 30, 2019.....	2,108,507	(2,108,507)	-	7,416,808	28.43%
June 30, 2018.....	1,989,254	(1,989,254)	-	7,228,919	27.52%
June 30, 2017.....	1,924,823	(1,924,823)	-	6,950,883	27.69%
June 30, 2016.....	1,840,130	(1,804,375)	35,755	7,026,900	25.68%
June 30, 2015.....	1,705,207	(1,705,207)	-	6,773,936	25.17%

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**

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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
2022.....	\$ 37,394,446	\$ 3,000,749	62.03%
2021.....	45,556,304	5,626,856	50.67%
2020.....	41,458,944	5,027,617	53.95%
2019.....	36,167,616	3,969,071	54.84%
2018.....	39,851,233	4,159,389	54.25%
2017.....	39,169,513	3,995,547	52.73%
2016.....	34,967,234	2,836,154	55.38%
2015.....	28,953,522	2,011,540	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 Benefits Plan Schedules***

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on the Plan's net other postemployment benefit liability and related ratios.

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
<b>Total OPEB Liability</b>						
Service Cost.....	\$ 1,000,864	\$ 752,085	\$ 711,554	\$ 615,870	\$ 635,261	\$ 690,115
Interest.....	1,944,725	2,174,269	2,449,233	2,365,859	2,486,374	2,524,199
Differences between expected and actual experience...	2,486,585	(1,333,254)	-	(1,036,413)	-	(8,727,177)
Changes of assumptions.....	-	-	(2,728,448)	264,853	934,005	9,273,961
Benefit payments.....	(1,334,545)	(1,458,728)	(1,567,600)	(1,776,875)	(1,888,720)	(2,063,232)
Net change in total OPEB liability.....	4,097,629	134,372	(1,135,261)	433,294	2,166,920	1,697,866
Total OPEB liability - beginning.....	35,016,100	39,113,729	39,248,101	38,112,840	38,546,134	40,713,054
Total OPEB liability - ending (a).....	\$ 39,113,729	\$ 39,248,101	\$ 38,112,840	\$ 38,546,134	\$ 40,713,054	\$ 42,410,920
<b>Plan fiduciary net position</b>						
Employer contributions.....	\$ 345,799	\$ 170,799	\$ 220,709	\$ 245,799	\$ 295,799	\$ 345,799
Employer contributions for OPEB payments.....	1,334,545	1,458,728	1,567,690	1,776,875	1,888,720	2,063,232
Net investment income (loss).....	53,964	86,565	58,053	36,675	513,427	(302,686)
Benefit payments.....	(1,334,545)	(1,458,728)	(1,567,600)	(1,776,875)	(1,888,720)	(2,063,232)
Net change in plan fiduciary net position.....	399,763	257,364	278,852	282,474	809,226	43,113
Plan fiduciary net position - beginning of year.....	238,498	638,261	895,625	1,174,477	1,456,951	2,266,177
Plan fiduciary net position - end of year (b).....	638,261	895,625	1,174,477	1,456,951	\$ 2,266,177	\$ 2,309,290
<b>Net OPEB liability - ending (a)-(b).....</b>	<b>\$ 38,475,468</b>	<b>\$ 38,352,476</b>	<b>\$ 36,938,363</b>	<b>\$ 37,089,183</b>	<b>\$ 38,446,877</b>	<b>\$ 40,101,630</b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.63%	2.28%	3.08%	3.78%	5.57%	5.45%
Covered-employee payroll.....	\$ 22,687,965	\$ 22,695,362	\$ 24,077,511	\$ 24,799,835	\$ 25,543,830	\$ 22,549,928
Net OPEB liability as a percentage of covered-employee payroll.....	169.59%	168.99%	153.41%	149.55%	150.51%	177.83%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2022.....	\$ 2,409,031	\$ (2,409,031)	\$ -	22,549,928	10.68%
June 30, 2021.....	2,184,519	(2,184,519)	-	25,543,830	8.55%
June 30, 2020.....	2,022,674	(2,022,674)	-	24,799,835	8.16%
June 30, 2019.....	1,788,399	(1,788,399)	-	24,077,511	7.43%
June 30, 2018.....	1,629,527	(1,629,527)	-	22,695,362	7.18%
June 30, 2017.....	1,579,527	(1,579,527)	-	22,687,965	6.96%

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

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2022.....	-13.36%
June 30, 2021.....	29.76%
June 30, 2020.....	2.70%
June 30, 2019.....	5.56%
June 30, 2018.....	12.00%
June 30, 2017.....	15.61%

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

See notes to required supplementary information.

**NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**Budgetary Information

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

Generally, expenditures may not exceed the legal level of spending (salaries, expenditures and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of Town Meeting. 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. Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2022 approved budget authorized \$51.2 million in appropriations and amounts carried forward from the previous year.

The Town Accountant has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the 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, 2022, is presented below:

Net change in fund balance - budgetary basis.....	\$	567,699
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		(293,368)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(119,631)
Net change in recording 60 day receipts.....		7,777
Recognition of revenue for on-behalf payments.....		3,000,749
Recognition of expenditures for on-behalf payments.....		<u>(3,000,749)</u>
Net change in fund balance - GAAP basis.....	\$	<u>162,477</u>



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

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the 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 the Town'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.

Changes in Assumptions – None

Changes in Plan Provisions – None

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (the "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 retirement members, including teachers.

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

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

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered employee payroll.

Schedule of Investment Returns

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

Changes in Assumptions – The discount rate has been changed from 6.25% to 5.83%. The methodologies for calculating expected claims and future projected healthcare costs were also updated.

Changes in Provisions – None.