



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

TOWN OF MILTON, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2023

TOWN OF MILTON, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditor's Report

To the Honorable Select Board
Town of Milton, 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 Milton, Massachusetts, as of and for the year ended June 30, 2023 (except for the Milton Contributory Retirement System which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the Town of Milton, 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 Milton, Massachusetts, as of June 30, 2023 (except for the Milton Contributory Retirement System which is as of and for the year ended December 31, 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 Milton, 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 Milton, 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 Milton, 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 Milton, 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 March 25, 2024, on our consideration of the Town of Milton, 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 Milton, 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 Milton, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive, flowing style.

March 25, 2024

Management's Discussion and Analysis

Management's Discussion and Analysis

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

Financial Highlights

- The assets and deferred outflows of resources of the Town of Milton exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$41.6 million (net position).
- The total governmental net position increased by \$3.0 million.
- As required by GASB Statement #68, the Town recognized their total net pension liability of \$14.6 million along with deferred outflows and inflows related to pensions of \$16.2 million and \$1.2 million, respectively.
- As required by GASB Statement #75, the Town recognized their total net OPEB liability of \$126.0 million along with a deferred outflows and inflows related to OPEB of \$33.0 million and \$77.3 million, respectively.
- As of the close of the current year, the Town of Milton's governmental funds reported combined ending fund balances of \$39.8 million, a decrease of \$1.9 million in comparison with the prior year. The decrease is primarily the result of the timing of capital expenditures and the permanent financing of the projects
- At the end of the current year, unassigned fund balance for the general fund was \$13.8 million or 10.8% of total general fund budgetary expenditures.

Overview of the Financial Statements

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

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

The government-wide financial statements include two statements:

The *statement of net position* presents information on all of the Town of Milton's 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 of the Town of Milton is improving or deteriorating.

The *statement of activities* presents information showing how 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 of the Town of Milton 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 of the Town of Milton include general government, public safety, public works, education, health and human services, culture and recreation and library. The business-type activities of the Town of Milton include the Water, Sewer and Stormwater 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. The Town of Milton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Milton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 of Milton 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 two types of proprietary funds.

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

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to active employees' and retirees' health insurance.

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

The fiduciary fund financial statements provide aggregate information for the pension trust fund and the OPEB trust fund of the Town. All other fiduciary funds are combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption private purpose trust fund.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Milton's budgetary basis of accounting and information regarding pension and other postemployment benefits paid by the Town. Required supplementary information can be found after the notes to the financial statements.

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 Milton, governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows resources by \$1.8 million at the close of the most recent year.

Comparative analysis of the assets, liabilities, net position, revenues, expenses and transfers of the governmental and business-type activities are discussed herein.

Governmental activities. Key components of the Town's governmental activities financial position are listed below.

	June 30, 2023	June 30, 2022
Assets:		
Current assets.....	\$ 74,658,268	\$ 61,809,745
Noncurrent assets (excluding capital).....	-	15,319,000
Capital assets, nondepreciable.....	16,585,491	6,043,865
Capital assets, net of accumulated depreciation.....	129,837,514	134,139,674
Total assets.....	221,081,273	217,312,284
Deferred outflows of resources.....	47,612,418	50,956,186
Liabilities:		
Current liabilities (excluding debt).....	9,001,281	6,160,172
Noncurrent liabilities (excluding debt).....	138,750,807	161,223,764
Current debt.....	19,430,912	6,333,956
Noncurrent debt.....	21,991,285	23,669,976
Total liabilities.....	189,174,285	197,387,868
Deferred inflows of resources.....	77,727,129	72,107,550
Net position:		
Net investment in capital assets.....	111,312,904	111,854,405
Restricted.....	32,710,130	29,467,846
Unrestricted.....	(142,230,757)	(142,549,199)
Total net position.....	\$ 1,792,277	\$ (1,226,948)

Net position of \$111.3 million reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Milton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Milton's investment in its capital assets is reported net of related debt, it should

be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$32.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a deficit position of \$142.2 million due to the impact of the net OPEB liability of \$123.1 million and the net pension liability of \$13.9 million.

At the end of the current year, the Town of Milton is able to report positive balances in two of the three categories of net position for governmental activities and all categories of net position for business-type activities.

Governmental activities increased the Town of Milton's net position by \$3.0 million. Key elements of this increase are as follows:

	June 30, 2023	June 30, 2022
Program Revenues:		
Charges for services..... \$	8,768,094	\$ 7,366,904
Operating grants and contributions.....	35,839,202	32,867,612
Capital grants and contributions.....	350,000	625,133
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	94,859,927	91,067,955
Motor vehicle and other excise taxes.....	4,586,381	5,085,556
Community preservation tax.....	1,098,370	760,609
Penalties and interest on taxes.....	491,042	492,621
Payments in lieu of taxes.....	330,000	329,030
Grants and contributions not restricted to specific programs.....	5,842,695	5,585,369
Unrestricted investment income (loss).....	1,685,494	(157,968)
Total revenues.....	153,851,205	144,022,821
Expenses:		
General government.....	11,804,339	10,922,634
Public safety.....	25,087,326	22,356,085
Education.....	98,474,478	92,841,994
Public works.....	8,405,936	8,428,776
Human services.....	1,768,041	1,555,379
Library.....	3,214,739	2,732,273
Culture and recreation.....	1,492,860	901,522
Interest.....	584,261	334,782
Total expenses.....	150,831,980	140,073,445
Excess (Deficiency) before transfers.....	3,019,225	3,949,376
Transfers.....	-	(1,000,000)
Change in net position.....	3,019,225	2,949,376
Net position, beginning of year.....	(1,226,948)	(4,176,324)
Net position, end of year..... \$	1,792,277	(1,226,948)

The governmental activities increased \$3.0 million during the current year as compared to an increase in net position of \$2.9 million during the prior year. The main reasons for this increase are due to a \$3.6 million increase in the general fund due to positive budgetary results, and a \$930,000 increase in the 60 day revenue accrual, and the receipt of capital grants totaling \$350,000. These increases were offset by a net increase of \$2.0 million in the

accruals related to the changes in the net pension and OPEB liabilities and the related deferred inflows and outflows of resources.

This was the second full year of the Community Preservation surcharge and collections were higher than the prior year by \$338,000. Operating grants and education expenses were greater than the prior year due to the States contribution to the Massachusetts Teachers pension fund increasing by \$1.3 million.

Business-type activities. Business-type activities increased the Town of Milton's net position by \$1.2 million. Key elements of this increase are as follows.

	June 30, 2023	June 30, 2022
Assets:		
Current assets.....	\$ 11,872,418	\$ 12,349,134
Noncurrent assets (excluding capital).....	-	755,000
Capital assets, nondepreciable.....	1,000,000	2,838,595
Capital assets, net of accumulated depreciation.....	44,464,093	43,264,425
Total assets.....	57,336,511	59,207,154
Deferred outflows of resources.....	1,531,338	1,588,362
Liabilities:		
Current liabilities (excluding debt).....	689,926	1,075,773
Noncurrent liabilities (excluding debt).....	3,589,652	4,558,607
Current debt.....	1,345,557	1,474,258
Noncurrent debt.....	11,575,872	12,493,429
Total liabilities.....	17,201,007	19,602,067
Deferred inflows of resources.....	1,830,686	2,508,646
Net position:		
Net investment in capital assets.....	35,606,711	35,397,698
Unrestricted.....	4,229,445	3,287,105
Total net position.....	\$ 39,836,156	\$ 38,684,803
	June 30, 2023	June 30, 2022
Program Revenues:		
Charges for services.....	\$ 16,970,627	\$ 15,365,682
General Revenues:		
Unrestricted investment income.....	66,409	4,615
Total revenues.....	17,037,036	15,370,297
Expenses:		
Water.....	6,427,726	6,449,774
Sewer.....	8,410,180	8,078,631
Stormwater.....	1,047,777	858,439
Total expenses.....	15,885,683	15,386,844
Excess (Deficiency) before transfers.....	1,151,353	(16,547)
Transfers.....	-	1,000,000
Change in net position.....	1,151,353	983,453
Net position, beginning of year.....	38,684,803	37,701,350
Net position, end of year.....	\$ 39,836,156	\$ 38,684,803

Business-type activities net position increased by \$1.2 million during the current year. The increase is mainly attributable to an increase in net position in the water fund by \$1.4 million due to increased usage which was offset by a decrease in both the sewer and stormwater funds by \$218,000 and \$15,000 respectively, which were due to increases in operating costs and depreciation.

Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of the Town of Milton's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Milton's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year. As of the end of the current year, the Town of Milton's governmental funds reported combined ending balances of \$39.8 million, a decrease of \$1.9 million in comparison with the prior year. The decrease is primarily attributable to general fund positive results offset by the timing of the expenditure of \$10.1 million on various capital projects and the issuance of permanent funding for these projects.

The general fund is the chief operating fund of the Town of Milton. At the end of the current year, unassigned fund balance of the general fund was \$13.8 million, of which \$7.4 million relates to its four stabilization funds. 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 10.8% of total general fund budgetary expenditures, while total fund balance represents 14.4% of that same amount.

The fund balance of the Town's general fund experienced an increase of \$3.6 million during the current year. The increase is primarily attributable to positive budgetary results and an increase in the accrual related to 60 day receipts of real and personal property taxes.

The fund balance of the Town federal grants fund experienced an increase of \$58,000. This increase is primarily attributable to investment income received related to the ARPA funds not yet spent.

The fund balance of the Town capital projects fund decreased by \$8.3 million. The Town spent \$10.1 million on the fire station and other capital projects. This was offset by \$1.0 million of bond proceeds and premiums and \$618,000 in transfers into the fund.

The fund balance of the permanent fund increased \$305,000 primarily due to the receipt of \$444,000 of investment income offset by various expenditures from the fund.

Proprietary funds. The Town of Milton's proprietary funds provide the same type of information found in the government-wide financial statements.

Net position of the Water, Sewer, and Stormwater funds at the end of the year amounted to \$20.9 million, \$17.7 million and \$1.3 million, respectively. The total change in net position for each fund was an increase of \$1.4 million, a decrease of \$218,000, and a decrease of \$15,000, respectively. The water fund user charges revenue increased from the prior year, which had decreased in FY22 from FY21. The revenues are now in line with previous years and expectations. Additionally, these changes were also primarily due the change in the net pension and net OPEB liabilities and related deferred outflows/inflows.

General Fund Budgetary Highlights

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original year 2023 approved budget authorized approximately \$123.1 million in appropriations and other amounts to be raised. Included in this amount were carry forwards from prior years and continuing appropriations. There was an increase in the budget of \$389,000, mainly occurring in public safety, public works, and employee benefits.

Capital Asset and Debt Administration

Capital assets. The Town of Milton's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$191.9 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, vehicles and equipment, and infrastructure.

Long-term debt. At the end of the current year, the Town of Milton had total bonded debt outstanding of \$37.4 million, net of \$1.5 million of capitalized premiums.

Town of Milton's Long-term Debt Outstanding

Project	Governmental Activities	Business-Type Activities	Total
Municipal Purpose Bonds of 2008	\$ 1,696,893	\$ -	\$ 1,696,893
Municipal Purpose Bonds of 2012.....	2,395,000	-	2,395,000
Municipal Purpose Bonds of 2014.....	1,173,000	-	1,173,000
Municipal Purpose Refunding Bonds of 2014	1,219,000	-	1,219,000
Municipal Purpose Refunding Bonds of 2015	835,000	-	835,000
Municipal Purpose Bonds of 2016	745,000	-	745,000
Municipal Purpose Bonds of 2017	340,000	-	340,000
Municipal Purpose Refunding Bonds of 2017	3,060,000	-	3,060,000
Municipal Purpose Bonds of 2018	4,416,000	-	4,416,000
Municipal Purpose Bonds of 2021	3,146,276	-	3,146,276
Municipal Purpose Bonds of 2023	5,528,300	-	5,528,300
Water System.....	-	6,968,924	6,968,924
Sewer System.....	-	3,347,900	3,347,900
Stormwater.....	-	2,479,400	2,479,400
Total.....	<u>\$ 24,554,469</u>	<u>\$ 12,796,224</u>	<u>\$ 37,350,693</u>

Standard & Poor's Corporation (S&P) has rated the Town's long-term debt AAA, S&P's highest rating, which indicates the Town's debt is considered to be a "high quality" investment.

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Milton'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 Accountant's Office, 525 Canton Avenue, Milton, MA 02186.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 49,738,619	\$ 7,946,605	\$ 57,685,224
Investments.....	18,585,949	-	18,585,949
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,358,340	-	1,358,340
Tax liens.....	2,771,184	-	2,771,184
Community preservation fund surtax.....	27,581	-	27,581
Motor vehicle and other excise taxes.....	519,470	-	519,470
User charges.....	134,144	3,925,813	4,059,957
Departmental and other.....	288,544	-	288,544
Intergovernmental - other.....	1,234,437	-	1,234,437
Total current assets.....	74,658,268	11,872,418	86,530,686
NONCURRENT:			
Capital assets, nondepreciable.....	16,585,491	1,000,000	17,585,491
Capital assets, net of accumulated depreciation.....	129,837,514	44,464,093	174,301,607
Total noncurrent assets.....	146,423,005	45,464,093	191,887,098
TOTAL ASSETS.....	221,081,273	57,336,511	278,417,784
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	15,398,000	774,000	16,172,000
Deferred outflows related to other postemployment benefits.....	32,214,418	757,338	32,971,756
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	47,612,418	1,531,338	49,143,756
LIABILITIES			
CURRENT:			
Warrants payable.....	2,664,803	100,668	2,765,471
Accrued payroll.....	624,178	4,937	629,115
Health claims payable.....	728,452	-	728,452
Tax refunds payable.....	298,000	-	298,000
Accrued interest.....	421,899	94,209	516,108
Customer deposits payable.....	40,225	459,505	499,730
Payroll withholdings.....	81,436	-	81,436
Unearned revenue.....	3,643,168	-	3,643,168
Abandoned property.....	38,903	-	38,903
Compensated absences.....	413,707	30,607	444,314
Workers' compensation.....	46,510	-	46,510
Notes payable.....	15,487,000	-	15,487,000
Bonds payable.....	3,943,912	1,345,557	5,289,469
Total current liabilities.....	28,432,193	2,035,483	30,467,676
NONCURRENT:			
Compensated absences.....	1,654,827	-	1,654,827
Workers' compensation.....	139,528	-	139,528
Net pension liability.....	13,871,000	696,000	14,567,000
Net other postemployment benefits liability.....	123,085,452	2,893,652	125,979,104
Bonds payable.....	21,991,285	11,575,872	33,567,157
Total noncurrent liabilities.....	160,742,092	15,165,524	175,907,616
TOTAL LIABILITIES.....	189,174,285	17,201,007	206,375,292
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	964,621	-	964,621
Deferred charge on refunding.....	128,307	-	128,307
Deferred inflows related to pensions.....	1,103,000	55,000	1,158,000
Deferred inflows related to other postemployment benefits.....	75,531,201	1,775,686	77,306,887
TOTAL DEFERRED INFLOWS OF RESOURCES.....	77,727,129	1,830,686	79,557,815
NET POSITION			
Net investment in capital assets.....	111,312,904	35,606,711	146,919,615
Restricted for:			
Permanent funds:			
Expendable.....	11,195,398	-	11,195,398
Nonexpendable.....	3,349,867	-	3,349,867
Gifts and grants.....	16,281,180	-	16,281,180
Community preservation.....	1,883,685	-	1,883,685
Unrestricted.....	(142,230,757)	4,229,445	(138,001,312)
TOTAL NET POSITION.....	\$ 1,792,277	\$ 39,836,156	\$ 41,628,433

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
<i>Governmental Activities:</i>						
General government.....	\$ 11,804,339	\$ 438,145	\$ 1,128,339	\$ 325,000	\$ (9,912,855)	
Public safety.....	25,087,326	4,234,908	715,587	-	(20,136,831)	
Education.....	98,474,478	2,090,004	31,459,260	-	(64,925,214)	
Public works.....	8,405,936	1,885,069	1,209,386	25,000	(5,286,481)	
Health and human services.....	1,768,041	83,057	641,277	-	(1,043,707)	
Culture and recreation.....	1,492,860	-	616,232	-	(876,628)	
Library.....	3,214,739	36,911	69,121	-	(3,108,707)	
Interest.....	584,261	-	-	-	(584,261)	
Total Governmental Activities.....	150,831,980	8,768,094	35,839,202	350,000	(105,874,684)	
<i>Business-Type Activities:</i>						
Water.....	6,427,726	7,805,529	-	-	1,377,803	
Sewer.....	8,410,180	8,132,635	-	-	(277,545)	
Stormwater.....	1,047,777	1,032,463	-	-	(15,314)	
Total Business-Type Activities.....	15,885,683	16,970,627	-	-	1,084,944	
Total Primary Government.....	\$ 166,717,663	\$ 25,738,721	\$ 35,839,202	\$ 350,000	\$ (104,789,740)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (105,874,684)	\$ 1,084,944	\$ (104,789,740)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	94,859,927	-	94,859,927
Motor vehicle and other excise taxes.....	4,586,381	-	4,586,381
Community preservation tax.....	1,098,370	-	1,098,370
Penalties and interest on taxes.....	491,042	-	491,042
Payments in lieu of taxes.....	330,000	-	330,000
Grants and contributions not restricted to specific programs.....	5,842,695	-	5,842,695
Unrestricted investment income (loss).....	1,685,494	66,409	1,751,903
Total general revenues.....	108,893,909	66,409	108,960,318
Change in net position.....	3,019,225	1,151,353	4,170,578
<i>Net position:</i>			
Beginning of year.....	(1,226,948)	38,684,803	37,457,855
End of year.....	\$ <u>1,792,277</u>	\$ <u>39,836,156</u>	\$ <u>41,628,433</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	Town Federal Grants Fund	Town Capital Projects	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 14,269,656	\$ 3,260,127	\$ 7,885,817	\$ 1,693,617	\$ 15,536,514	\$ 42,645,731
Investments.....	5,734,301	-	-	9,501,781	3,349,867	18,585,949
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	1,358,340	-	-	-	-	1,358,340
Tax liens.....	2,764,565	-	-	-	6,619	2,771,184
Community preservation fund surtax.....	-	-	-	-	27,581	27,581
Motor vehicle and other excise taxes.....	519,470	-	-	-	-	519,470
User charges.....	134,144	-	-	-	-	134,144
Departmental and other.....	-	-	-	-	288,544	288,544
Intergovernmental - other.....	-	576,952	-	-	657,485	1,234,437
TOTAL ASSETS.....	\$ 24,780,476	\$ 3,837,079	\$ 7,885,817	\$ 11,195,398	\$ 19,866,610	\$ 67,565,380
LIABILITIES						
Warrants payable.....	\$ 836,456	\$ 128,431	\$ 1,586,106	\$ -	\$ 113,810	\$ 2,664,803
Accrued payroll.....	530,733	5,447	-	-	87,998	624,178
Tax refunds payable.....	298,000	-	-	-	-	298,000
Customer deposits payable.....	40,225	-	-	-	-	40,225
Other liabilities.....	81,436	-	-	-	-	81,436
Unearned revenue.....	-	3,643,168	-	-	-	3,643,168
Abandoned property.....	38,903	-	-	-	-	38,903
Notes payable.....	-	-	15,487,000	-	-	15,487,000
TOTAL LIABILITIES.....	1,825,753	3,777,046	17,073,106	-	201,808	22,877,713
DEFERRED INFLOWS OF RESOURCES						
Taxes paid in advance.....	964,621	-	-	-	-	964,621
Unavailable revenue.....	3,560,513	-	-	-	332,056	3,892,569
TOTAL DEFERRED INFLOWS OF RESOURCES.....	4,525,134	-	-	-	332,056	4,857,190
FUND BALANCES						
Nonspendable.....	-	-	-	-	3,349,867	3,349,867
Restricted.....	-	60,033	-	11,195,398	15,982,879	27,238,310
Assigned.....	4,605,261	-	-	-	-	4,605,261
Unassigned.....	13,824,328	-	(9,187,289)	-	-	4,637,039
TOTAL FUND BALANCES.....	18,429,589	60,033	(9,187,289)	11,195,398	19,332,746	39,830,477
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 24,780,476	\$ 3,837,079	\$ 7,885,817	\$ 11,195,398	\$ 19,866,610	\$ 67,565,380

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$ 39,830,477
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	146,423,005
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	3,892,569
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.....	(29,021,783)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	6,364,436
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(421,899)
Long-term liabilities/assets are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(25,935,197)
Net pension liability.....	(13,871,000)
Net other postemployment benefits liability.....	(123,085,452)
Workers' compensation.....	(186,038)
Compensated absences.....	<u>(2,068,534)</u>
Net effect of reporting long-term liabilities.....	(165,146,221)
In the statement of activities, deferred charges are reported for refundings of debt, which are amortized over the shorter of the remaining life of the refunding bonds or refunded bonds. In governmental funds, defeasances of debt are expensed when the refunding bonds are issued.....	<u>(128,307)</u>
Net position of governmental activities.....	\$ <u><u>1,792,277</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	Town Federal Grants Fund	Town Capital Projects	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 95,563,925	\$ -	\$ -	\$ -	\$ -	\$ 95,563,925
Motor vehicle and other excise taxes.....	4,871,775	-	-	-	-	4,871,775
Penalties and interest on taxes.....	491,042	-	-	-	-	491,042
Payments in lieu of taxes.....	330,000	-	-	-	-	330,000
Intergovernmental - Teachers Retirement.....	9,929,000	-	-	-	-	9,929,000
Intergovernmental - other.....	16,344,413	2,660,906	250,000	-	10,367,484	29,622,803
Departmental and other.....	3,959,777	-	-	21,752	6,978,291	10,959,820
Community preservation taxes.....	-	-	-	-	785,007	785,007
Community preservation state match.....	-	-	-	-	289,243	289,243
Contributions and donations.....	-	-	-	36,899	876,280	913,179
Investment income (loss).....	1,006,292	65,545	-	444,458	169,199	1,685,494
TOTAL REVENUES.....	132,496,224	2,726,451	250,000	503,109	19,465,504	155,441,288
EXPENDITURES:						
Current:						
General government.....	5,119,727	295,196	698,660	201,778	955,508	7,270,869
Public safety.....	14,544,640	55,400	9,167,451	-	2,963,793	26,731,284
Education.....	59,240,074	1,205,314	-	64,986	11,457,355	71,967,729
Public works.....	6,345,953	877,287	190,506	11,757	1,988,986	9,414,489
Health and human services.....	677,571	227,594	-	-	309,570	1,214,735
Culture and recreation.....	628,715	7,509	90,232	-	665,105	1,391,561
Library.....	1,730,820	-	-	-	184,726	1,915,546
Pension benefits.....	7,879,471	-	-	-	-	7,879,471
Pension benefits - Teachers Retirement.....	9,929,000	-	-	-	-	9,929,000
Employee benefits.....	13,316,414	-	-	-	-	13,316,414
State and county charges.....	4,313,221	-	-	-	-	4,313,221
Debt service:						
Principal.....	3,458,777	-	-	-	-	3,458,777
Interest.....	807,690	-	-	-	-	807,690
TOTAL EXPENDITURES.....	127,992,073	2,668,300	10,146,849	278,521	18,525,043	159,610,786
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	4,504,151	58,151	(9,896,849)	224,588	940,461	(4,169,498)
OTHER FINANCING SOURCES (USES):						
Issuance of bonds.....	-	-	873,500	-	1,109,200	1,982,700
Premium from issuance of bonds.....	-	-	153,199	-	129,321	282,520
Transfers in.....	201,196	-	618,000	80,000	520,000	1,419,196
Transfers out.....	(1,063,300)	-	-	-	(355,896)	(1,419,196)
TOTAL OTHER FINANCING SOURCES (USES)...	(862,104)	-	1,644,699	80,000	1,402,625	2,265,220
NET CHANGE IN FUND BALANCES.....	3,642,047	58,151	(8,252,150)	304,588	2,343,086	(1,904,278)
FUND BALANCES AT BEGINNING OF YEAR.....	14,787,542	1,882	(935,139)	10,890,810	16,989,660	41,734,755
FUND BALANCES AT END OF YEAR.....	\$ 18,429,589	\$ 60,033	\$ (9,187,289)	\$ 11,195,398	\$ 19,332,746	\$ 39,830,477

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....	\$ (1,904,278)
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.	
Capital outlay.....	13,142,126
Depreciation expense.....	<u>(6,902,660)</u>
Net effect of reporting capital assets.....	6,239,466
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.....	
	(1,590,083)
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.	
Issuance of bonds.....	(1,982,700)
Premium from issuance of bonds.....	(282,520)
Net amortization of premium from issuance of bonds.....	175,178
Net change in deferred charge on refunding.....	77,774
Debt service principal payments.....	<u>3,458,777</u>
Net effect of reporting long-term debt.....	1,446,509
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.	
Net change in compensated absences accrual.....	(24,802)
Net change in accrued interest on long-term debt.....	(29,523)
Net change in deferred outflow/(inflow) of resources related to pensions.....	31,426,000
Net change in net pension liability/(asset).....	(29,190,000)
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(40,613,450)
Net change in other postemployment benefits liability.....	36,371,262
Net change in workers' compensation liability.....	<u>(9,953)</u>
Net effect of recording long-term liabilities.....	(2,070,466)
The net activity of internal service funds is reported with Governmental Activities.....	<u>898,077</u>
Change in net position of governmental activities.....	<u>\$ 3,019,225</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Stormwater	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 4,136,071	\$ 3,119,155	\$ 691,379	\$ 7,946,605	\$ 7,092,888
Receivables, net of allowance for uncollectibles:					
User charges.....	1,641,789	1,977,856	306,168	3,925,813	-
Total current assets.....	5,777,860	5,097,011	997,547	11,872,418	7,092,888
NONCURRENT:					
Capital assets, non depreciable.....	1,000,000	-	-	1,000,000	-
Capital assets, net of accumulated depreciation.....	23,434,433	18,070,992	2,958,668	44,464,093	-
Total noncurrent assets.....	24,434,433	18,070,992	2,958,668	45,464,093	-
TOTAL ASSETS.....	30,212,293	23,168,003	3,956,215	57,336,511	7,092,888
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	434,000	340,000	-	774,000	-
Deferred outflows related to other postemployment benefits.....	392,193	365,145	-	757,338	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	826,193	705,145	-	1,531,338	-
LIABILITIES					
CURRENT:					
Warrants payable.....	22,510	24,971	53,187	100,668	-
Accrued payroll.....	3,240	1,264	433	4,937	-
Health claims payable.....	-	-	-	-	728,452
Liabilities due depositors.....	288,005	171,500	-	459,505	-
Accrued interest.....	39,715	20,549	33,945	94,209	-
Compensated absences.....	15,850	14,757	-	30,607	-
Bonds payable.....	828,202	368,147	149,208	1,345,557	-
Total current liabilities.....	1,197,522	601,188	236,773	2,035,483	728,452
NONCURRENT:					
Net pension liability.....	390,000	306,000	-	696,000	-
Net other postemployment benefits liability.....	1,498,499	1,395,153	-	2,893,652	-
Bonds payable.....	6,140,722	3,039,109	2,396,041	11,575,872	-
Total noncurrent liabilities.....	8,029,221	4,740,262	2,396,041	15,165,524	-
TOTAL LIABILITIES.....	9,226,743	5,341,450	2,632,814	17,201,007	728,452
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	31,000	24,000	-	55,000	-
Deferred inflows related to other postemployment benefits.....	919,552	856,134	-	1,775,686	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	950,552	880,134	-	1,830,686	-
NET POSITION					
Net investment in capital assets.....	17,877,106	16,829,412	900,193	35,606,711	-
Unrestricted.....	2,984,085	822,152	423,208	4,229,445	6,364,436
TOTAL NET POSITION.....	\$ 20,861,191	\$ 17,651,564	\$ 1,323,401	\$ 39,836,156	\$ 6,364,436

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Stormwater	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 3,786,258
Employer contributions.....	-	-	-	-	12,284,575
Charges for services.....	7,767,066	8,080,964	1,032,463	16,880,493	-
Liens - charges for services.....	38,463	51,671	-	90,134	-
TOTAL OPERATING REVENUES	7,805,529	8,132,635	1,032,463	16,970,627	16,070,833
OPERATING EXPENSES:					
Cost of services and administration.....	499,038	1,070,382	678,578	2,247,998	-
Salaries and wages.....	852,141	668,671	185,782	1,706,594	-
MWRA assessment.....	4,031,030	6,075,110	-	10,106,140	-
Depreciation.....	953,416	566,077	101,325	1,620,818	-
Employee benefits.....	-	-	-	-	15,172,756
TOTAL OPERATING EXPENSES.....	6,335,625	8,380,240	965,685	15,681,550	15,172,756
OPERATING INCOME (LOSS).....	1,469,904	(247,605)	66,778	1,289,077	898,077
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	6,492	59,905	12	66,409	-
Interest expense.....	(92,101)	(29,940)	(82,092)	(204,133)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(85,609)	29,965	(82,080)	(137,724)	-
CHANGE IN NET POSITION.....	1,384,295	(217,640)	(15,302)	1,151,353	898,077
NET POSITION AT BEGINNING OF YEAR.....	19,476,896	17,869,204	1,338,703	38,684,803	5,466,359
NET POSITION AT END OF YEAR.....	\$ 20,861,191	\$ 17,651,564	\$ 1,323,401	\$ 39,836,156	\$ 6,364,436

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Stormwater	Total	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers and users.....	\$ 7,825,511	\$ 8,291,475	\$ 991,916	\$ 17,108,902	\$ 16,070,833
Payments to vendors.....	(5,459,029)	(7,537,856)	(630,602)	(13,627,487)	(15,136,439)
Payments to employees.....	(852,141)	(668,671)	(185,782)	(1,706,594)	-
NET CASH FROM OPERATING ACTIVITIES.....	1,514,341	84,948	175,532	1,774,821	934,394
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Proceeds from the issuance of bonds and notes.....	213,500	214,500	-	428,000	-
Acquisition and construction of capital assets.....	(892,645)	(89,246)	-	(981,891)	-
Principal payments on bonds and notes.....	(923,702)	(447,456)	(103,100)	(1,474,258)	-
Interest expense.....	(95,024)	(17,955)	(71,543)	(184,522)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,697,871)	(340,157)	(174,643)	(2,212,671)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Investment income.....	6,492	59,905	12	66,409	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(177,038)	(195,304)	901	(371,441)	934,394
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,313,109	3,314,459	690,478	8,318,046	6,158,494
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,136,071	\$ 3,119,155	\$ 691,379	\$ 7,946,605	\$ 7,092,888
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ 1,469,904	\$ (247,605)	\$ 66,778	\$ 1,289,077	\$ 898,077
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	953,416	566,077	101,325	1,620,818	-
Deferred (outflows)/inflows related to pensions.....	(872,000)	(690,000)	-	(1,562,000)	-
Deferred (outflows)/inflows related to OPEB.....	487,337	453,727	-	941,064	-
Changes in assets and liabilities:					
User charges.....	(8,018)	153,840	(40,547)	105,275	-
Warrants payable.....	(477,867)	18,607	50,138	(409,122)	(1,135)
Accrued payroll.....	(10,483)	(9,471)	(2,162)	(22,116)	-
Health claims payable.....	-	-	-	-	37,452
Liabilities due depositors.....	28,000	5,000	-	33,000	-
Compensated absences.....	(3,739)	(3,481)	-	(7,220)	-
Net pension liability/(asset).....	810,000	641,000	-	1,451,000	-
Net other postemployment benefits liability.....	(862,209)	(802,746)	-	(1,664,955)	-
Total adjustments.....	44,437	332,553	108,754	485,744	36,317
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,514,341	\$ 84,948	\$ 175,532	\$ 1,774,821	\$ 934,394

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Pension and Other Employee Benefit Trust Fund (1)	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 1,074,041	\$ 6,327
Investments:		
Investments in Pension Reserve Investment Trust.....	180,300,082	-
Departmental and other.....	1,652	-
Other assets.....	953	-
TOTAL ASSETS.....	181,376,728	6,327
LIABILITIES		
Warrants payable.....	2,479	-
NET POSITION		
Restricted for pensions.....	179,751,502	-
Restricted for other postemployment benefits.....	1,622,747	-
Held in trust for other purposes.....	-	6,327
TOTAL NET POSITION.....	\$ 181,374,249	\$ 6,327

(1) Pension Trust Fund reported as of December 31, 2022.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Pension and Other Employee Benefit Trust Fund (1)	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 7,979,595	\$ -
Employer contributions for other postemployment benefit payments....	5,246,008	-
Member contributions.....	2,705,651	-
Retirement benefits - transfers from other systems.....	402,546	-
Intergovernmental.....	47,990	-
Total contributions.....	16,381,790	-
Net investment income (loss):		
Investment income (loss).....	(21,932,726)	204
Less: investment expense.....	(919,978)	-
Net investment income (loss).....	(22,852,704)	204
TOTAL ADDITIONS.....	(6,470,914)	204
DEDUCTIONS:		
Administration.....	194,193	-
Retirement benefits - transfers to other systems.....	1,049,087	-
Retirement benefits and refunds.....	10,285,886	-
Other postemployment benefit payments.....	5,246,008	-
TOTAL DEDUCTIONS.....	16,775,174	-
NET INCREASE (DECREASE) IN NET POSITION.....	(23,246,088)	204
NET POSITION AT BEGINNING OF YEAR.....	204,620,337	6,123
NET POSITION AT END OF YEAR.....	\$ 181,374,249	\$ 6,327

(1) Pension Trust Fund reported as of December 31, 2022.

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

The Milton Contributory Retirement System (MCRS) was established to provide retirement benefits to Town employees, the Town Housing Authority employees, and their beneficiaries. The MCRS is governed by a five-member board comprised of the Town Accountant (ex-officio), two elected members, a member appointed by the Select Board and a member appointed by the other four members. The MCRS is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 40 Willard Street, Suite G102, Quincy, Massachusetts 02169.

Joint Ventures

The Town has entered into a joint venture with the Towns of Avon, Canton, Dedham, Braintree, Holbrook, Westwood, Norwood, and Randolph to pool resources and share the costs, risks and rewards of providing vocational education through the Blue Hills Regional Technical School District. The assessment paid for 2023 was \$849,077.

The Town is a member of the Massachusetts Water Resources Authority (MWRA), a joint venture with other Massachusetts governmental entities that was organized to provide water and sewer services to the respective members' Cities, Towns, and Districts. Complete financial statements for the MWRA can be obtained directly from their administrative office located at 100 First Avenue, Building 39, Boston, Massachusetts 02129.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and 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.

Internal service funds and 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 restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions 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 water and sewer enterprise fund. 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 *Town federal grants fund* is used to account for financial resources that we were acquired and spent through federal grant programs.

The *Town capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust 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.

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 nonexpendable 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 *water, sewer, and stormwater enterprise funds* are used to account for the Town's water, sewer, and stormwater activities.

Additionally, the Town reports an *internal service fund* as a proprietary fund type. This fund is used to account for the risk financing activities related to active employees' and retirees' health insurance.

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the Milton Contributory Retirement System (MCRS), which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and of the OPEB (other postemployment benefits) trust which accumulates resources to provide funding for future OPEB liabilities.

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurement

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 and Retirement System financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle and Other Excise Taxes

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

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

Water, Sewer and Stormwater User Fees

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water, Sewer and Stormwater liens are processed in December of every year and included as a lien on the property owner's tax bill. These charges and liens are recorded as receivables in the year of the levy.

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

Departmental and Other

Departmental and other receivables consist primarily of police details 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.

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

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	30
Buildings.....	40
Vehicles and equipment.....	5-40
Infrastructure.....	40-50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources on taxes paid in advance, charge on refunding, pensions and OPEB 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 and taxes paid in advance 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. Net Position Flow Assumption*Government-Wide Financial Statements (Net Position)*

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.

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

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 depleted before unrestricted – net position is applied.

Net position has been “restricted for” the following:

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allow the trustee to approve spending of the realized investment earnings.

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Gifts and grants” represents restrictions placed on assets from outside parties.

“Community preservation” represents amounts restricted for affordable housing, open space and historic purposes.

Fund Financial Statements (Fund Balances)

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, contributions, and pension expense, information about the fiduciary net position of both the Milton Contributory Retirement System and the Massachusetts Teachers Retirement System. 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. 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.

P. Investment Income

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

Investment income from proprietary funds is retained by that fund.

Q. 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.

R. 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.

S. Individual Fund Deficits

At June 30, 2023, there are various deficits reported within the Town Capital Projects funds. These deficits will be funded with available funds and bond proceeds in future fiscal years.

T. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Pension Reserves Investment Management (PRIM) Board is charged with the general supervision of the Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund is a pooled investment fund established to invest the pension funds of the Massachusetts State Employees' and Teachers' Retirement Systems, and the assets of the county, authority, district, and municipal retirement systems that choose to invest in the Fund. The

PRIT Fund was created in December 1983 by the Legislature (Chapter 661, Acts 1983) with a mandate to accumulate the assets through investment earnings and other revenue sources in order to reduce the Commonwealth's significant unfunded pension liability, and to assist local participating retirement systems in meeting their future pension obligations.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial risk is to place funds in institutions that provide the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield and uses recognized bank rating services as a basis for this determination. At year-end, the carrying amount of deposits totaled \$47,785,560 and the bank balance totaled \$49,916,785. Of the bank balance, \$1,866,803 was covered by Federal Depository Insurance, \$20,051,409 was covered by Depositors Insurance Fund Insurance, \$14,579,082 was collateralized and \$13,419,491 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2022, the carrying amount of deposits for the System totaled \$1,074,041 and the bank balance was \$1,259,891. Of the bank balance \$525,340 was in the PRIT cash fund which is uninsured and uncollateralized. The remaining bank balance is fully covered by Federal Depository Insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town's investments of \$81,354 in government sponsored enterprises, \$14,454,154 in U.S. treasury notes, \$207,877 in corporate bonds, and \$3,179,666 in equity securities have a custodial credit risk exposure of \$17,923,051 because the related securities are uninsured, unregistered and held by the counterparty. \$1,622,748 of PRIT does not have any custodial credit risk associated with it. The Town's policy for custodial credit risk is to invest its funds with companies that provide a proof of credit worthiness which includes a minimum of five years in operation and capital of \$10 million.

At December 31, 2022, the System's investments of \$178,677,335 in the PRIT Fund do not have any associated custodial credit risk.

Investments

The Town had the following investments, with their respective maturities, at June 30, 2023:

Investment Type	Fair value	Maturities	
		Under 1 Year	1-5 Years
Debt securities:			
U.S. treasury notes.....	\$ 14,454,154	\$ 14,454,154	\$ -
Government sponsored enterprises.....	81,354	-	81,354
Corporate bonds.....	207,877	193,541	14,336
Total debt securities.....	14,743,385	\$ 14,647,695	\$ 95,690
Other investments:			
Equity securities.....	3,179,666		
Equity mutual funds.....	630,276		
Fixed income mutual funds.....	32,621		
Money market mutual funds.....	8,317,930		
Pension Reserve Investment Trust (PRIT).....	1,622,748		
MMDT - cash portfolio.....	1,588,061		
Total investments.....	\$ 30,114,687		

Interest Rate Risk

The Town and the System uses PRIT guidelines as a means of managing its exposure to fair value losses arising from increasing interest rates. The System and the Towns OPEB fund participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.98 to 14.64 years.

Credit Risk

The Town uses PRIT guidelines as a means to manage credit risk. Standard and Poor's Investors Service rated the Town's investments as follows:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ 26,502	\$ -
AA+.....	54,852	-
BBB+.....	-	44,251
BBB.....	-	83,579
BBB-.....	-	80,047
Total.....	\$ 81,354	\$ 207,877

Additionally, the Town had investments in money market mutual funds, equity mutual funds, fixed income mutual funds and MMDT, all of which are unrated.

Concentration of Credit Risk

The Town uses PRIT guidelines in limiting the amount the Town may invest in any one issuer other than treasury notes and government sponsored enterprises. The Town does not have more than 5% of the investments invested in one issuer, other than treasury securities.

Fair Value of Investments

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

	Fair Value Measurements Using			
Investment Type	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 14,454,154	\$ 14,454,154	\$ -	-
Government sponsored enterprises.....	81,354	81,354	-	-
Corporate bonds.....	207,877	-	207,877	-
Total debt securities.....	14,743,385	14,535,508	207,877	-
<u>Other investments:</u>				
Equity securities.....	3,179,666	3,179,666	-	-
Equity mutual funds.....	630,276	630,276	-	-
Fixed income mutual funds.....	32,621	32,621	-	-
Money market mutual funds.....	8,317,930	8,317,930	-	-
Total other investments.....	12,160,493	12,160,493	-	-
Total investments measured at fair value.....	26,903,878	\$ 26,696,001	\$ 207,877	\$ -
Investments measured at amortized cost:				
MMDT - cash portfolio.....	1,588,061			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT)...	1,622,748			
Total investments.....	\$ 30,114,687			

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

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

PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

The System's Investments in PRIT of \$178,677,335 are measured at net asset value.

NOTE 3 – RECEIVABLES

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,358,340	\$ -	\$ 1,358,340
Tax liens.....	2,771,184	-	2,771,184
Community preservation fund surtax.....	27,581	-	27,581
Motor vehicle and other excise taxes.....	628,353	(108,883)	519,470
User charges.....	134,144	-	134,144
Departmental and other.....	288,544	-	288,544
Intergovernmental.....	1,234,437	-	1,234,437
Total.....	\$ 6,442,583	\$ (108,883)	\$ 6,333,700

At June 30, 2023, receivables for the water, sewer, and stormwater enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 1,641,789	\$ -	\$ 1,641,789
Sewer user charges.....	1,977,856	-	1,977,856
Stormwater user charges.....	306,168	-	306,168
Total.....	\$ 3,925,813	\$ -	\$ 3,925,813

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 135,715	\$ -	\$ 135,715
Tax liens.....	2,771,184	-	2,771,184
Community preservation fund surtax.....	-	27,581	27,581
Motor vehicle and other excise taxes.....	519,470	-	519,470
User charges.....	134,144	-	134,144
Departmental and other.....	-	304,475	304,475
Total.....	\$ <u>3,560,513</u>	\$ <u>332,056</u>	\$ <u>3,892,569</u>

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,557,355	\$ -	\$ -	\$ 2,557,355
Construction in progress.....	3,486,510	10,620,920	(79,294)	14,028,136
Total capital assets not being depreciated.....	6,043,865	10,620,920	(79,294)	16,585,491
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,101,686	-	-	1,101,686
Buildings.....	178,823,679	222,495	-	179,046,174
Vehicles and equipment.....	18,637,443	617,429	-	19,254,872
Infrastructure.....	43,470,139	1,760,576	-	45,230,715
Total capital assets being depreciated.....	242,032,947	2,600,500	-	244,633,447
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(438,953)	(60,481)	-	(499,434)
Buildings.....	(76,089,918)	(4,375,082)	-	(80,465,000)
Vehicles and equipment.....	(12,790,246)	(1,447,329)	-	(14,237,575)
Infrastructure.....	(18,574,156)	(1,019,768)	-	(19,593,924)
Total accumulated depreciation.....	(107,893,273)	(6,902,660)	-	(114,795,933)
Total capital assets being depreciated, net.....	134,139,674	(4,302,160)	-	129,837,514
Total governmental activities capital assets, net.....	\$ <u>140,183,539</u>	\$ <u>6,318,760</u>	\$ <u>(79,294)</u>	\$ <u>146,423,005</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 2,343,461	\$ -	\$ (1,343,461)	\$ 1,000,000
<u>Capital assets being depreciated:</u>				
Buildings.....	5,000	-	-	5,000
Vehicles and equipment.....	1,682,625	291,287	-	1,973,912
Infrastructure.....	38,374,674	1,944,819	-	40,319,493
Total capital assets being depreciated.....	40,062,299	2,236,106	-	42,298,405
<u>Less accumulated depreciation for:</u>				
Buildings.....	(2,687)	(125)	-	(2,812)
Vehicles and equipment.....	(563,174)	(143,769)	-	(706,943)
Infrastructure.....	(17,344,695)	(809,522)	-	(18,154,217)
Total accumulated depreciation.....	(17,910,556)	(953,416)	-	(18,863,972)
Total capital assets being depreciated, net.....	22,151,743	1,282,690	-	23,434,433
Total water activities capital assets, net.....	\$ 24,495,204	\$ 1,282,690	\$ (1,343,461)	\$ 24,434,433
	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 495,134	\$ -	\$ (495,134)	\$ -
<u>Capital assets being depreciated:</u>				
Buildings.....	517,588	-	-	517,588
Vehicles and equipment.....	3,648,503	-	-	3,648,503
Infrastructure.....	26,608,272	584,380	-	27,192,652
Total capital assets being depreciated.....	30,774,363	584,380	-	31,358,743
<u>Less accumulated depreciation for:</u>				
Buildings.....	(29,035)	(12,690)	-	(41,725)
Vehicles and equipment.....	(781,161)	(140,095)	-	(921,256)
Infrastructure.....	(11,911,478)	(413,292)	-	(12,324,770)
Total accumulated depreciation.....	(12,721,674)	(566,077)	-	(13,287,751)
Total capital assets being depreciated, net.....	18,052,689	18,303	-	18,070,992
Total sewer activities capital assets, net.....	\$ 18,547,823	\$ 18,303	\$ (495,134)	\$ 18,070,992

	Beginning Balance	Increases	Decreases	Ending Balance
Stormwater:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 229,820	\$ -	\$ -	\$ 229,820
Infrastructure.....	3,133,768	-	-	3,133,768
Total capital assets being depreciated.....	3,363,588	-	-	3,363,588
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(80,437)	(22,982)	-	(103,419)
Infrastructure.....	(223,158)	(78,343)	-	(301,501)
Total accumulated depreciation.....	(303,595)	(101,325)	-	(404,920)
Total stormwater activities capital assets, net.....	\$ 3,059,993	\$ (101,325)	\$ -	\$ 2,958,668

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

Governmental Activities:

General government.....	\$ 507,550
Public safety.....	465,188
Education.....	4,112,613
Public works.....	1,411,843
Human services.....	27,275
Culture and recreation.....	94,972
Library.....	283,219
Total depreciation expense - governmental activities.....	\$ 6,902,660

Business-Type Activities:

Water.....	\$ 953,416
Sewer.....	566,077
Stormwater.....	101,325
Total depreciation expense - business-type activities.....	\$ 1,620,818

NOTE 5 – TRANSFERS

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

Transfers Out:	Transfers In:					Total
	General fund	Town Capital Projects	Permanent Funds	Nonmajor Governmental Funds		
General fund.....	\$ -	\$ 483,300	\$ 80,000	\$ 500,000	\$ 1,063,300	(1)
Nonmajor governmental funds.....	201,196	134,700		20,000	355,896	(2)
Total.....	\$ 201,196	\$ 618,000	\$ 80,000	\$ 520,000	\$ 1,419,196	

(1) Represents budgeted transfers between general fund and town capital projects, permanent funds, and nonmajor governmental funds.

(2) Represents transfers between nonmajor governmental funds and the general fund, town capital project funds, and other nonmajor governmental funds.

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. Details related to the short-term debt activity for the year ended June 30, 2023, are reported as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
Governmental Funds:							
BAN	Municipal Purpose.....	2.00%	02/17/23	\$ 2,700,000	\$ -	\$ (2,700,000)	\$ -
BAN	Municipal Purpose.....	4.50%	08/30/23	-	12,487,000	-	12,487,000 (1)
BAN	Municipal Purpose.....	3.50%	08/30/23	-	3,000,000	-	3,000,000 (1)
Total Governmental Funds.....				\$ 2,700,000	\$ 15,487,000	\$ (2,700,000)	\$ 15,487,000

- (1) On August 30, 2023, of the \$15.5 million due on August 30, 2023, \$15.5 million was renewed along with new money into a \$20.2 million BAN with an interest rate of 5.0%, due on August 30, 2024.

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, 2023, and the debt service requirements are on the following pages.

Bonds and Notes Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Municipal Purpose Bonds of 2008	2028	\$ 8,978,577	2.00-4.24	\$ 1,696,893
Municipal Purpose Bonds of 2012.....	2032	12,005,332	2.00-2.75	2,395,000
Municipal Purpose Bonds of 2014.....	2029	4,403,182	2.00-5.00	1,173,000
Municipal Purpose Refunding Bonds of 2014.....	2026	5,776,000	2.00-4.00	1,219,000
Municipal Purpose Refunding Bonds of 2015.....	2025	4,780,000	2.00	835,000
Municipal Purpose Bonds of 2016.....	2037	2,040,349	2.00-4.00	745,000
Municipal Purpose Bonds of 2017.....	2028	865,000	2.00-4.00	340,000
Municipal Purpose Refunding Bonds of 2017.....	2029	6,875,000	2.50-4.00	3,060,000
Municipal Purpose Bonds of 2018.....	2039	7,654,858	2.00-3.00	4,416,000
Municipal Purpose Bonds of 2021.....	2038	3,702,572	1.00-4.00	3,146,276
Municipal Purpose Bonds of 2023.....	2043	5,528,300	3.13-5.00	5,528,300
Total Bonds Payable.....				24,554,469
Add: Unamortized premium on bonds.....				1,380,728
Total Bonds Payable, net.....				\$ <u>25,935,197</u>

Debt service requirements for principal and interest for governmental bonds payable in future years are shown below:

Year	Principal	Interest	Total
2024.....	\$ 3,706,677	\$ 957,398	\$ 4,664,075
2025.....	3,635,777	803,114	4,438,891
2026.....	3,197,277	648,145	3,845,422
2027.....	2,759,677	511,668	3,271,345
2028.....	2,461,975	394,557	2,856,532
2029.....	1,686,898	282,240	1,969,138
2030.....	1,236,098	209,036	1,445,134
2031.....	1,238,498	167,515	1,406,013
2032.....	1,144,998	128,095	1,273,093
2033.....	845,598	90,865	936,463
2034.....	638,198	68,729	706,927
2035.....	517,498	54,689	572,187
2036.....	494,600	40,210	534,810
2037.....	381,700	28,343	410,043
2038.....	214,000	18,279	232,279
2039.....	113,000	11,948	124,948
2040.....	67,000	8,790	75,790
2041.....	69,000	7,526	76,526
2042.....	72,000	5,110	77,110
2043.....	74,000	2,584	76,584
Total.....	\$ <u>24,554,469</u>	\$ <u>4,438,841</u>	\$ <u>28,993,310</u>

Bonds and Notes Payable Schedule – Enterprise Funds

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Water Bonds Payable:				
Municipal Purpose Bonds of 2014.....	2029	\$ 27,650	2.75-5.00	\$ 2,000
Municipal Purpose Bonds of 2016.....	2037	5,578,565	2.00-4.00	3,600,000
Municipal Purpose Bonds of 2018.....	2029	1,057,504	2.00-3.00	389,000
Municipal Purpose Bonds of 2021.....	2038	367,828	1.00-4.00	317,224
Municipal Purpose Bonds of 2023.....	2043	404,500	4.00-5.00	404,500
Subtotal General Obligation Bonds Payable.....				4,712,724
Massachusetts Water Resource Authority - MWRA.....	2026	1,150,000	0.00	345,000
Massachusetts Water Resource Authority - MWRA.....	2029	1,500,000	0.00	900,000
Massachusetts Water Resource Authority - MWRA.....	2030	1,264,000	0.00	1,011,200
Subtotal Direct Borrowings Payable.....				2,256,200
Total Water Bonds Payable, net.....				\$ 6,968,924
Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Sewer Bonds Payable:				
Municipal Purpose Bonds of 2014.....	2029	\$ 111,007	2.75-5.00	\$ 35,000
Municipal Purpose Refunding Bonds of 2014.....	2026	484,000	2.00-4.00	111,000
Municipal Purpose Bonds of 2018.....	2039	1,077,818	2.00-3.00	316,000
Municipal Purpose Bonds of 2021.....	2036	46,700	1.00-4.00	40,300
Municipal Purpose Bonds of 2023.....	2043	1,128,000	3.15-5.00	1,128,000
Subtotal General Obligation Bonds Payable.....				1,630,300
Massachusetts Water Resource Authority - MWRA.....	2028	228,500	0.00	114,250
Massachusetts Water Resource Authority - MWRA.....	2029	228,500	0.00	137,100
Massachusetts Water Resource Authority - MWRA.....	2030	287,500	0.00	201,250
Massachusetts Water Resource Authority - MWRA.....	2030	287,500	0.00	230,000
Massachusetts Water Resource Authority - MWRA.....	2032	1,150,000	0.00	1,035,000
Subtotal Direct Borrowings Payable.....				1,717,600
Total Sewer Bonds Payable.....				3,347,900
Add: Unamortized premium on bonds.....				59,356
Total Sewer Bonds Payable, net.....				\$ 3,407,256

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Stormwater Bonds Payable:				
Municipal Purpose Bonds of 2018.....	2029	\$ 1,229,820	2.00-3.00	\$ 989,000
Municipal Purpose Bonds of 2021.....	2038	767,900	1.00-4.00	696,200
Municipal Purpose Bonds of 2023.....	2043	794,200	4.00-5.00	794,200
Total Stormwater Bonds Payable.....				2,479,400
Add: Unamortized premium on bonds.....				65,849
Total Stormwater Bonds Payable, net.....				\$ 2,545,249

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

Year	General Obligation		Direct Borrowing		Total
	Principal	Interest	Principal		
2024.....	\$ 722,702	\$ 260,752	\$ 609,600	\$	1,593,054
2025.....	688,602	234,911	609,600		1,533,113
2026.....	647,102	211,955	609,600		1,468,657
2027.....	619,702	188,551	494,600		1,302,853
2028.....	627,402	165,593	494,600		1,287,595
2029.....	573,102	145,567	471,750		1,190,419
2030.....	543,902	127,581	298,900		970,383
2031.....	556,502	111,633	270,150		938,285
2032.....	560,002	95,791	115,000		770,793
2033.....	544,402	79,758	-		624,160
2034.....	526,802	65,749	-		592,551
2035.....	527,502	52,419	-		579,921
2036.....	520,400	38,673	-		559,073
2037.....	513,300	25,841	-		539,141
2038.....	221,000	18,384	-		239,384
2039.....	152,000	12,036	-		164,036
2040.....	73,000	9,633	-		82,633
2041.....	66,000	7,176	-		73,176
2042.....	68,000	4,868	-		72,868
2043.....	71,000	2,478	-		73,478
Total.....	\$ 8,822,424	\$ 1,859,349	\$ 3,973,800	\$	14,655,573

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and non-interest-bearing loan. The loan portion is payable in five equal annual installments. At June 30, 2023, the outstanding principal amount of these loans totaled \$3,973,800.

The Town has been subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal and interest costs. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2023 principal and interest subsidies totaled approximately \$4,400 and \$400, respectively. This is the final year that the Town will be subsidized by MCWT.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2023, the Town had the following authorized and unissued debt:

Purpose	Amount
Animal Control Vehicle.....	\$ 50,000
Animal Shelter.....	700,000
COA Paving and Curbing.....	100,000
Directional Antenna Upgrades.....	50,000
Dump Truck.....	383,000
Facilities Paving and Drainage.....	150,000
Financial Software.....	200,000
Fire Command Vehicle.....	65,000
Fire Engine.....	850,000
Fire Station Design and Construction.....	19,434,429
HVAC Main Library.....	50,000
Ladder truck.....	1,600,000
Loader.....	60,000
Park Reconstruction.....	1,500,000
Pickup Truck.....	57,000
Police Emergency Operations Center.....	135,000
Roadways - CH 90.....	2,251,412
Salt Shed/Paving/Drainage.....	1,000,000
Security Upgrades.....	115,372
Sewer Meter Replacement.....	233,000
Sewer MWRA.....	2,025,500
Sidewalk Tractor.....	200,000
Squantum at Adams St. Signalization.....	987,075
Town Cameras.....	75,000
Traffic Calming.....	100,000
Truck.....	150,000
Various Capital.....	100,000
Water Meter Replacement.....	241,000
Water MWRA.....	2,439,100
Total.....	\$ 35,301,888

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 26,030,546	\$ 1,982,700	\$ (3,458,777)	\$ -	\$ -	\$ 24,554,469	\$ 3,706,677
Add: Unamortized premium on bonds..	1,273,386	-	-	282,520	(175,178)	1,380,728	237,235
Total bonds payable.....	27,303,932	1,982,700	(3,458,777)	282,520	(175,178)	25,935,197	3,943,912
Compensated absences.....	2,043,732	-	-	433,548	(408,746)	2,068,534	413,707
Workers' compensation.....	176,085	-	-	53,974	(44,021)	186,038	46,510
Net pension liability/(asset).....	(15,319,000)	-	-	37,795,000	(8,605,000)	13,871,000	-
Other postemployment benefits liability....	159,456,714	-	-	16,247,552	(52,618,814)	123,085,452	-
Total governmental activity long-term liabilities.....	\$ 173,661,463	\$ 1,982,700	\$ (3,458,777)	\$ 54,812,594	\$ (61,851,759)	\$ 165,146,221	\$ 4,404,129
Business-Type Activities:							
Long-term bonds payable.....	\$ 9,160,026	\$ 428,000	\$ (765,602)	\$ -	\$ -	\$ 8,822,424	\$ 722,702
Long-term direct borrowing payable.....	4,682,456	-	(708,656)	-	-	3,973,800	609,600
Add: Unamortized premium on bonds..	125,205	-	-	58,421	(58,421)	125,205	13,255
Total bonds payable.....	13,967,687	428,000	(1,474,258)	58,421	(58,421)	12,921,429	1,345,557
Compensated absences.....	37,827	-	-	30,607	(37,827)	30,607	30,607
Net pension liability/(asset).....	(755,000)	-	-	1,883,000	(432,000)	696,000	-
Other postemployment benefits liability....	4,558,607	-	-	407,832	(2,072,787)	2,893,652	-
Total business-type activity long-term liabilities.....	\$ 17,809,121	\$ 428,000	\$ (1,474,258)	\$ 2,379,860	\$ (2,601,035)	\$ 16,541,688	\$ 1,376,164

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* is intended to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classification and the constraints imposed on the uses of those resources. The GASB provides for 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, 2023, the governmental fund balances consisted of the following:

	General	Town Federal Grants	Town Capital Projects	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 3,349,867	\$ 3,349,867
Restricted for:						
Other special revenue.....	-	-	-	-	2,210	2,210
School gifts and grants.....	-	-	-	-	212,434	212,434
School lunch.....	-	-	-	-	3,235,186	3,235,186
School revolving.....	-	-	-	-	5,127,037	5,127,037
Town gifts and grants.....	-	-	-	-	2,256,631	2,256,631
Town federal grants.....	-	60,033	-	-	-	60,033
Student activity.....	-	-	-	-	172,041	172,041
Town revolving.....	-	-	-	-	1,795,643	1,795,643
Highway funds.....	-	-	-	-	839,973	839,973
Receipts reserved.....	-	-	-	-	407,763	407,763
School capital project funds.....	-	-	-	-	93,788	93,788
Community preservation fund.....	-	-	-	-	1,840,173	1,840,173
Permanent fund.....	-	-	-	11,195,398	-	11,195,398
Assigned to:						
General government.....	73,151	-	-	-	-	73,151
Public safety.....	31,457	-	-	-	-	31,457
Education.....	3,983	-	-	-	-	3,983
Public works.....	36,347	-	-	-	-	36,347
Human services.....	18,202	-	-	-	-	18,202
Culture and recreation.....	1,800	-	-	-	-	1,800
Employee benefits.....	32,551	-	-	-	-	32,551
Free cash used for subsequent year budget.....	4,407,770	-	-	-	-	4,407,770
Unassigned.....	13,824,328	-	(9,187,289)	-	-	4,637,039
Total Fund Balances.....	\$ 18,429,589	\$ 60,033	\$ (9,187,289)	\$ 11,195,398	\$ 19,332,746	\$ 39,830,477

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 balances of the General Stabilization, Capital Stabilization, Roadway Stabilization, and Debt Stabilization funds were \$5.1 million, \$1.1 million, \$214,000, and \$960,000, respectively. All 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 amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for its health insurance. The health insurance activities are accounted for in the internal service fund. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims, settlement trends, and other economic and social factors. The Town has recorded an estimated IBNR liability of \$728,000 in the current year.

The Town is also a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. Workers' compensation activities are accounted for in the general fund. The Town has recorded an estimated liability for workers' compensation of \$186,000 in the current year.

NOTE 10 – PENSION PLAN

Plan Descriptions – The Town is a member of the Milton Contributory Retirement System (MCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the two member units. The MCRS 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 MCRS is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

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

Special Funding Situation – The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2022. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$9,928,546 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$120,697,486 as of the measurement date.

Benefits Provided – Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide 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 fifty-five 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.

There were no changes of benefit terms that affected the total pension liability at December 31, 2022.

At December 31, 2022, the MCRS's membership consists of the following:

Active members.....	402
Inactive members.....	141
Retirees and beneficiaries currently receiving benefits.....	<u>280</u>
Total.....	<u>823</u>

Contributions – Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute 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 MCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2022, was \$7,942,000, 29.59% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$7,879,000, which equaled its actual contribution.

Pension Liabilities/(Assets) – The components of the net pension liability/(asset) of the participating member units at June 30, 2023 were as follows:

Total pension liability.....	\$	194,435,000
Total pension plan's fiduciary net position.....		<u>(179,752,000)</u>
Total net pension liability/(asset).....	\$	<u>14,683,000</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		92.45%

At June 30, 2023, the Town reported a liability of \$14,567,000 for its proportionate share of the net pension liability/(asset). The total pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of January 1, 2021. The Town's proportion of the net pension liability/(asset) was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2022, the Town's proportion was 99.21%, which increased from the prior year rate of 99.18%.

Pension Expense – For the year ended June 30, 2023, the Town recognized pension expense/(income) of \$5,532,000. At June 30, 2023, the Town reported deferred outflows of resources related to pensions of \$16,172,000 and reported deferred inflows of resources related to pensions of \$1,158,000.

The balance of deferred outflows/(inflows) of resources at June 30, 2023 consisted of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 505,000	\$ (1,136,000)	\$ (631,000)
Net difference between projected and actual earnings.....	11,948,000	-	11,948,000
Changes in assumptions.....	3,715,000	-	3,715,000
Changes in proportion and proportionate share of contributions....	<u>4,000</u>	<u>(22,000)</u>	<u>(18,000)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>16,172,000</u>	\$ <u>(1,158,000)</u>	\$ <u>15,014,000</u>

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

Year ended June 30:

2024.....	\$ 1,373,000
2025.....	2,751,000
2026.....	3,488,000
2027.....	<u>7,402,000</u>
Total.....	\$ <u>15,014,000</u>

Actuarial Assumptions – The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2022:

Valuation date.....	January 1, 2021
Actuarial cost method.....	Entry Age Normal.
Amortization method - UAAL.....	Total appropriation increases 6.0% per year until FY25 with a final amortization payment in FY26.
Remaining amortization period.....	3 Years from July 1, 2023.
Asset valuation method.....	Fair value for GASB 67/68. For funding purposes, gains and losses each year are recognized over 5 years.
Investment rate of return.....	7.00%, net of pension plan investment expense, including inflation.
Discount rate.....	7.00%.
Inflation rate.....	2.50%.
Projected salary increases.....	Select and ultimate by group, ultimate rates 4.25% for Group 1 and 4.75% for Group 4.
Cost of living adjustments.....	3% of the first \$15,000.
Mortality rates.....	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 (gender distinct). Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward one year projected generationally with Scale MP-2020 (gender distinct).

Investment Policy – The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving 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 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, 2022, are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity		
Domestic equities.....	21.20%	7.10%
International equities.....	12.20%	6.90%
Emerging international equities.....	4.70%	6.60%
Core fixed income		
Core bonds.....	4.80%	4.70%
Short-Term Fixed Income.....	3.00%	3.80%
20+ yr. treasury strips.....	2.00%	4.30%
TIPS.....	4.00%	4.10%
Value added fixed income.....	7.00%	7.80%
Private equity.....	17.70%	10.20%
Real estate.....	11.20%	5.70%
Timberland.....	3.20%	7.00%
Hedge fund and portfolio completion.....	8.60%	6.50%
Overlay.....	0.40%	0.00%
Total.....	100.00%	

Rate of Return – For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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/(Asset) to Changes in the Discount Rate – The table below presents the net position liability/(asset), calculated using the discount rate of 7.00%, as well as what the net position liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	December 31, 2022 Measurement Date		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
The Town's proportionate share of the net pension liability/(asset)..... \$	\$ 36,608,000	\$ 14,567,000	\$ (4,167,000)

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 70% of the general government's and 95% of the School's cost of the current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 5 or 30% of the premium. For the year ended June 30, 2023, the Town's average contribution rate was 8.32% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2023, the net position of the OPEB trust fund totaled \$1,622,747.

Investment Policy – The Town's policy regarding the allocation of invested assets is established and may be amended by the Select Board by a majority vote of its members. The OPEB plan's 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 OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

Employees Covered by Benefit Terms – The following table represents the Plan's membership at July 1, 2022:

Active members.....	806
Inactive members currently receiving benefits.....	<u>595</u>
Total.....	<u>1,401</u>

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

Total OPEB liability.....	\$ 127,601,851
Less: OPEB plan's fiduciary net position.....	<u>(1,622,747)</u>
Net OPEB liability.....	<u>\$ 125,979,104</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	1.27%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2023:

Valuation date.....	July 1, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair Value of Assets as of the Measurement Date, June 30, 2023.
Investment rate of return.....	6.30%, net of OPEB plan investment expense, including inflation.
Discount rate.....	5.81%, per annum (previously 4.28%)
Municipal bond rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG).
Inflation rate.....	2.50% as of June 30, 2023 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2023 and for future periods.
Pre-retirement mortality.....	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 mortality.....	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 mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 Plan's expected future real rate of return of 4.30% is added to the expected inflation of 2.50% to produce the total long-term expected nominal rate of return of 6.80%, less

investment expense of 0.50% equals the net investment rate of return of 6.30%. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2023 are summarized in the following table below:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	14.50%	4.10%
Domestic Equity - Small/Mid Cap.....	3.50%	4.55%
International Equity - Developed Market.....	16.00%	4.64%
International Equity - Emerging Market.....	6.00%	5.45%
Domestic Fixed Income.....	20.00%	1.05%
International Fixed Income.....	3.00%	0.96%
Alternatives.....	23.00%	5.95%
Real estate.....	14.00%	6.25%
Total.....	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.81% as of June 30, 2023 and 4.28% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to all periods of projected future benefits 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 June 30, 2022.....	\$ 165,514,046	\$ 1,498,725	\$ 164,015,321
Changes for the year:			
Service cost.....	4,630,792	-	4,630,792
Interest on total OPEB liability, service cost, and benefit payments.....	7,171,110	-	7,171,110
Net investment income.....	-	86,641	(86,641)
Changes in assumptions and other inputs.....	(24,601,941)	-	(24,601,941)
Differences between actual and expected experience.....	(19,866,148)	-	(19,866,148)
Employer contributions to trust.....	-	5,283,389	(5,283,389)
Benefit payments.....	(5,246,008)	(5,246,008)	-
Net change.....	(37,912,195)	124,022	(38,036,217)
Balances at June 30, 2023.....	\$ 127,601,851	\$ 1,622,747	\$ 125,979,104

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The table on the following page presents the net OPEB liability and service cost, calculated using the discount rate of 5.81%, as well as what the net OPEB liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (4.81%) or 1-percentage-point higher (6.81%) than the current rate.

	1% Decrease (4.81%)	Current Discount Rate (5.81%)	1% Increase (6.81%)
Net OPEB liability.....	\$ 145,338,525	\$ 125,979,104	\$ 110,421,903

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net OPEB liability, calculated the healthcare trend rate if it was 1–percentage-point lower or 1–percentage-point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 108,636,336	\$ 125,979,104	\$ 147,861,052

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the financial reporting year ended June 30, 2023, the Town recognized OPEB expense of \$3,518,297. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (19,272,501)	\$ (19,272,501)
Difference between projected and actual earnings, net.....	-	(20,890)	(20,890)
Changes in assumptions.....	32,971,756	(58,013,496)	(25,041,740)
Total deferred outflows/(inflows) of resources.....	\$ 32,971,756	\$ (77,306,887)	\$ (44,335,131)

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:

2024.....	\$ (2,945,758)
2025.....	(7,259,954)
2026.....	(7,629,246)
2027.....	(8,309,209)
2028.....	(13,426,525)
Thereafter.....	(4,764,439)
Total.....	\$ (44,335,131)

Changes of Assumptions – The discount rate increased from 4.28% as of June 30, 2022 to 5.81% as of June 30, 2023.

Changes in Plan Provisions – None.

NOTE 12 – COMMITMENTS

The Town is committed to expend \$35.3 million for the various projects listed below:

Purpose	Amount
Animal Control Vehicle.....	\$ 50,000
Animal Shelter.....	700,000
COA Paving and Curbing.....	100,000
Directional Antenna Upgrades.....	50,000
Dump Truck.....	383,000
Facilities Paving and Drainage.....	150,000
Financial Software.....	200,000
Fire Command Vehicle.....	65,000
Fire Engine.....	850,000
Fire Station Design and Construction.....	19,434,429
HVAC Main Library.....	50,000
Ladder truck.....	1,600,000
Loader.....	60,000
Park Reconstruction.....	1,500,000
Pickup Truck.....	57,000
Police Emergency Operations Center.....	135,000
Roadways - CH 90.....	2,251,412
Salt Shed/Paving/Drainage.....	1,000,000
Security Upgrades.....	115,372
Sewer Meter Replacement.....	233,000
Sewer MWRA.....	2,025,500
Sidewalk Tractor.....	200,000
Squantum at Adams St. Signalization.....	987,075
Town Cameras.....	75,000
Traffic Calming.....	100,000
Truck.....	150,000
Various Capital.....	100,000
Water Meter Replacement.....	241,000
Water MWRA.....	2,439,100
Total.....	\$ 35,301,888

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2023, 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, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

NOTE 14 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Employee Benefit Trust Fund.

	Pension Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Pension and Other Employee Benefit Trust Fund
ASSETS			
Cash and cash equivalents.....	\$ 1,074,041	\$ -	\$ 1,074,041
Investments:			
Investments in Pension Reserve Investment Trust.....	178,677,335	1,622,747	180,300,082
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	1,652	-	1,652
Other assets.....	953	-	953
TOTAL ASSETS.....	179,753,981	1,622,747	181,376,728
LIABILITIES			
Warrants payable.....	2,479	-	2,479
NET POSITION			
Restricted for pensions.....	179,751,502	-	179,751,502
Restricted for other postemployment benefits.....	-	1,622,747	1,622,747
TOTAL NET POSITION.....	\$ 179,751,502	\$ 1,622,747	\$ 181,374,249
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 7,942,214	\$ 37,381	\$ 7,979,595
Employer contributions for other postemployment benefit payments....	-	5,246,008	5,246,008
Member contributions.....	2,705,651	-	2,705,651
Retirement benefits - transfers from other systems.....	402,546	-	402,546
Intergovernmental.....	47,990	-	47,990
Total contributions.....	11,098,401	5,283,389	16,381,790
Net investment income:			
Investment income (loss).....	(22,019,367)	86,641	(21,932,726)
Less: investment expense.....	(919,978)	-	(919,978)
Net investment income (loss).....	(22,939,345)	86,641	(22,852,704)
TOTAL ADDITIONS.....	(11,840,944)	5,370,030	(6,470,914)
DEDUCTIONS:			
Administration.....	194,193	-	194,193
Retirement benefits - transfers to other systems.....	1,049,087	-	1,049,087
Retirement benefits and refunds.....	10,285,886	-	10,285,886
Other postemployment benefit payments.....	-	5,246,008	5,246,008
TOTAL DEDUCTIONS.....	11,529,166	5,246,008	16,775,174
NET INCREASE (DECREASE) IN NET POSITION.....	(23,370,110)	124,022	(23,246,088)
NET POSITION AT BEGINNING OF YEAR.....	203,121,612	1,498,725	204,620,337
NET POSITION AT END OF YEAR.....	\$ 179,751,502	\$ 1,622,747	\$ 181,374,249

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2024, which is the date the financial statements were available to be issued.

On February 27, 2024, the Commonwealth of Massachusetts Attorney General filed suit against the Town of Milton alleging the Town has failed to comply with the state's MBTA Communities Law. The case is expected to be heard at the Massachusetts Supreme Judicial Court in October 2024. At this time, the Town is unable to ascertain if and the materiality of any fines that will be levied against the Town.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

. During 2023, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

Required Supplementary Information

General Fund Budgetary Schedule

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

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 93,885,669	\$ 93,885,669	\$ 94,274,339
Motor vehicle and other excise taxes.....	-	4,516,967	4,516,967	4,516,967
Penalties and interest on taxes.....	-	550,000	550,000	550,000
Payments in lieu of taxes.....	-	329,030	329,030	329,030
Intergovernmental.....	-	16,078,636	16,078,636	16,078,636
Departmental and other.....	-	3,428,000	3,428,000	3,428,000
Investment income.....	-	50,000	50,000	50,000
TOTAL REVENUES.....	-	118,838,302	118,838,302	119,226,972
EXPENDITURES:				
Current:				
General government.....	51,052	6,776,824	6,827,876	6,611,470
Public safety.....	28,925	14,911,032	14,939,957	15,054,869
Education.....	29,546	59,232,061	59,261,607	59,261,607
Public works.....	22,142	6,201,229	6,223,371	6,405,226
Health and human services.....	2,665	771,160	773,825	773,825
Culture and recreation.....	-	649,127	649,127	654,172
Library.....	-	1,731,958	1,731,958	1,731,958
Pension benefits.....	-	7,879,471	7,879,471	7,879,471
Employee benefits.....	-	13,653,320	13,653,320	13,956,584
State and county charges.....	-	4,238,542	4,238,542	4,238,542
Debt service:				
Principal.....	-	3,487,349	3,487,349	3,487,349
Interest.....	-	892,239	892,239	892,239
TOTAL EXPENDITURES.....	134,330	120,424,312	120,558,642	120,947,312
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(134,330)	(1,586,010)	(1,720,340)	(1,720,340)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	1,322,160	1,322,160	1,322,160
Transfers out.....	-	(2,520,549)	(2,520,549)	(2,520,549)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(1,198,389)	(1,198,389)	(1,198,389)
NET CHANGE IN FUND BALANCE.....	(134,330)	(2,784,399)	(2,918,729)	(2,918,729)
BUDGETARY FUND BALANCE, Beginning of year.....	-	9,282,591	9,282,591	9,282,591
BUDGETARY FUND BALANCE, End of year.....	\$ (134,330)	\$ 6,498,192	\$ 6,363,862	\$ 6,363,862

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	94,433,994	\$ -	\$ 159,655
	4,871,775	-	354,808
	491,042	-	(58,958)
	330,000	-	970
	16,344,413	-	265,777
	3,959,777	-	531,777
	769,154	-	719,154
	<u>121,200,155</u>	<u>-</u>	<u>1,973,183</u>
	5,791,889	73,151	746,430
	14,544,640	31,457	478,772
	59,240,074	3,983	17,550
	6,345,953	36,347	22,926
	677,571	18,202	78,052
	628,715	1,800	23,657
	1,730,820	-	1,138
	7,879,471	-	-
	13,924,031	32,551	2
	4,313,221	-	(74,679)
	-	-	-
	3,458,777	-	28,572
	807,690	-	84,549
	<u>119,342,852</u>	<u>197,491</u>	<u>1,406,969</u>
	<u>1,857,303</u>	<u>(197,491)</u>	<u>3,380,152</u>
	1,518,356	-	196,196
	<u>(2,520,549)</u>	<u>-</u>	<u>-</u>
	<u>(1,002,193)</u>	<u>-</u>	<u>196,196</u>
	855,110	(197,491)	3,576,348
	9,282,591	-	-
\$	<u><u>10,137,701</u></u>	<u><u>(197,491)</u></u>	<u><u>3,576,348</u></u>

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Pension Plan Schedules Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability/(Asset) presents multi-year trend information on the net pension liability/(asset) and related ratios.

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

The Pension Plan's Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on retirement 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 NET PENSION LIABILITY/(ASSET)
AND RELATED RATIOS
MILTON CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016
Total pension liability:			
Service cost.....	\$ 2,946,000	\$ 3,175,000	\$ 3,318,000
Interest.....	9,777,000	10,199,000	10,922,000
Differences between expected and actual experience.....	-	95,000	-
Changes in assumptions.....	-	3,600,000	-
Benefit payments.....	<u>(7,385,000)</u>	<u>(7,633,000)</u>	<u>(8,139,000)</u>
Net change in total pension liability.....	5,338,000	9,436,000	6,101,000
Total pension liability - beginning.....	<u>126,907,000</u>	<u>132,245,000</u>	<u>141,681,000</u>
Total pension liability - ending (a).....	<u>\$ 132,245,000</u>	<u>\$ 141,681,000</u>	<u>\$ 147,782,000</u>
Plan fiduciary net position:			
Employer contributions.....	\$ 5,009,570	\$ 5,282,025	\$ 5,599,000
Member contributions.....	2,130,911	1,941,596	1,884,792
Net investment income (loss).....	7,564,887	714,363	8,051,000
Administrative expenses.....	(153,933)	(171,112)	(195,000)
Retirement benefits and refunds.....	(7,385,000)	(7,633,000)	(8,139,000)
Other receipts.....	<u>56,988</u>	<u>91,474</u>	<u>94,000</u>
Net increase (decrease) in fiduciary net position.....	7,223,423	225,346	7,294,792
Fiduciary net position - beginning of year.....	<u>101,294,439</u>	<u>108,517,862</u>	<u>108,743,208</u>
Fiduciary net position - end of year (b).....	<u>\$ 108,517,862</u>	<u>\$ 108,743,208</u>	<u>\$ 116,038,000</u>
Net pension liability/(asset) - ending (a)-(b).....	<u>\$ 23,727,138</u>	<u>\$ 32,937,792</u>	<u>\$ 31,744,000</u>
Plan fiduciary net position as a percentage of the total pension liability.....	82.06%	76.75%	78.52%
Covered payroll.....	\$ 19,176,000	\$ 21,049,000	\$ 21,049,000
Net pension liability/(asset) as a percentage of covered payroll.....	123.73%	156.48%	150.81%

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

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

See notes to required supplementary information.

December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
\$ 3,431,000	\$ 3,585,000	\$ 3,933,000	\$ 4,109,000	\$ 4,657,000	\$ 4,867,000
11,022,000	11,296,000	11,367,000	12,374,000	12,445,000	13,059,000
(5,823,000)	-	1,963,000	-	(1,885,000)	-
3,570,000	-	6,000,000	-	3,600,000	-
<u>(8,522,000)</u>	<u>(8,849,000)</u>	<u>(9,267,000)</u>	<u>(9,847,000)</u>	<u>(10,026,000)</u>	<u>(10,406,000)</u>
3,678,000	6,032,000	13,996,000	6,636,000	8,791,000	7,520,000
<u>147,782,000</u>	<u>151,460,000</u>	<u>157,492,000</u>	<u>171,488,000</u>	<u>178,124,000</u>	<u>186,915,000</u>
<u>\$ 151,460,000</u>	<u>\$ 157,492,000</u>	<u>\$ 171,488,000</u>	<u>\$ 178,124,000</u>	<u>\$ 186,915,000</u>	<u>\$ 194,435,000</u>
\$ 5,935,000	\$ 6,291,000	\$ 6,668,000	\$ 7,068,000	\$ 7,492,000	\$ 7,942,000
2,293,000	2,560,000	2,373,000	2,707,000	2,928,000	2,228,000
19,413,000	(3,048,000)	20,891,000	17,672,000	33,136,000	(22,940,000)
(169,000)	(195,000)	(176,000)	(168,000)	(175,000)	(194,000)
(8,522,000)	(8,849,000)	(9,267,000)	(9,847,000)	(10,026,000)	(10,406,000)
<u>94,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
19,044,000	(3,236,000)	20,489,000	17,432,000	33,355,000	(23,370,000)
<u>116,038,000</u>	<u>135,082,000</u>	<u>131,846,000</u>	<u>152,335,000</u>	<u>169,767,000</u>	<u>203,122,000</u>
<u>\$ 135,082,000</u>	<u>\$ 131,846,000</u>	<u>\$ 152,335,000</u>	<u>\$ 169,767,000</u>	<u>\$ 203,122,000</u>	<u>\$ 179,752,000</u>
<u>\$ 16,378,000</u>	<u>\$ 25,646,000</u>	<u>\$ 19,153,000</u>	<u>\$ 8,357,000</u>	<u>\$ (16,207,000)</u>	<u>\$ 14,683,000</u>
89.19%	83.72%	88.83%	95.31%	108.67%	92.45%
\$ 21,570,000	\$ 21,570,000	\$ 23,757,000	\$ 23,757,000	\$ 26,843,000	\$ 26,843,000
75.93%	118.90%	80.62%	35.18%	-60.38%	54.70%

SCHEDULE OF CONTRIBUTIONS
MILTON CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2022.....	\$ 7,942,000	\$ (7,942,000)	\$ -	\$ 26,843,000	29.59%
December 31, 2021.....	7,492,000	(7,492,000)	-	26,843,000	27.91%
December 31, 2020.....	7,068,000	(7,068,000)	-	23,757,000	29.75%
December 31, 2019.....	6,668,000	(6,668,000)	-	23,757,000	28.07%
December 31, 2018.....	6,291,000	(6,291,000)	-	21,570,000	29.17%
December 31, 2017.....	5,935,000	(5,935,000)	-	21,570,000	27.52%
December 31, 2016.....	5,599,000	(5,599,000)	-	21,049,000	26.60%
December 31, 2015.....	5,282,025	(5,282,025)	-	21,049,000	25.09%
December 31, 2014.....	5,009,570	(5,009,570)	-	19,176,000	26.12%

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
MILTON CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2022.....	-11.50%
December 31, 2021.....	19.87%
December 31, 2020.....	11.84%
December 31, 2019.....	16.21%
December 31, 2018.....	-2.31%
December 31, 2017.....	17.19%
December 31, 2016.....	7.12%
December 31, 2015.....	0.67%
December 31, 2014.....	7.65%

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.

Pension Plan Schedules

Town

The Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset) presents multi-year trend information on the Town's net pension liability/(asset) 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 Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

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

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY/(ASSET)
MILTON CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability/(asset)	Proportionate share of the net pension liability/(asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	99.21%	\$ 14,567,000	\$ 26,631,000	54.70%	92.45%
December 31, 2021.....	99.18%	(16,074,000)	26,623,000	-60.38%	108.67%
December 31, 2020.....	99.22%	8,292,000	23,572,000	35.18%	95.31%
December 31, 2019.....	99.17%	18,994,000	23,560,000	80.62%	88.83%
December 31, 2018.....	99.37%	25,485,000	21,434,000	118.90%	83.72%
December 31, 2017.....	99.52%	16,299,000	21,466,000	75.93%	89.19%
December 31, 2016.....	99.56%	31,604,000	20,956,000	150.81%	78.52%
December 31, 2015.....	99.52%	32,779,691	20,948,000	156.48%	76.75%
December 31, 2014.....	99.49%	23,606,747	19,078,000	123.74%	82.06%

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
MILTON CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 7,879,000	\$ (7,879,000)	- \$	27,163,620	29.01%
June 30, 2022.....	7,431,000	(7,431,000)	-	26,623,000	27.91%
June 30, 2021.....	7,013,000	(7,013,000)	-	24,043,440	29.17%
June 30, 2020.....	6,613,000	(6,613,000)	-	24,031,200	27.52%
June 30, 2019.....	6,252,000	(6,252,000)	-	21,862,680	28.60%
June 30, 2018.....	5,907,000	(5,907,000)	-	21,895,320	26.98%
June 30, 2017.....	5,575,000	(5,575,000)	-	21,375,120	26.08%
June 30, 2016.....	5,257,000	(5,257,000)	-	21,366,960	24.60%
June 30, 2015.....	4,984,000	(4,984,000)	-	19,078,001	26.12%

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

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 120,697,486	\$ 9,928,546	57.75%
2022.....	107,305,073	8,610,785	62.03%
2021.....	132,846,983	16,408,506	50.67%
2020.....	116,296,436	14,102,961	53.95%
2019.....	108,984,097	11,043,960	54.84%
2018.....	103,366,666	10,788,680	54.25%
2017.....	100,281,611	10,229,382	52.73%
2016.....	93,204,677	7,559,729	55.38%
2015.....	69,895,000	4,855,948	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 changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total OPEB Liability							
Service Cost.....	\$ 4,650,097	\$ 4,598,706	\$ 5,748,719	\$ 6,059,571	\$ 6,366,930	\$ 7,714,163	\$ 4,630,792
Interest.....	4,525,168	5,156,943	4,083,242	5,117,620	5,297,026	5,369,751	7,171,110
Changes of benefit terms.....	-	-	-	-	(14,784,428)	-	-
Differences between expected and actual experience...	-	(6,192,574)	(9,346,931)	(370,502)	(972,295)	-	(19,866,148)
Changes of assumptions.....	-	-	38,510,034	-	46,048,338	(52,204,212)	(24,601,941)
Benefit payments.....	(2,956,619)	(3,203,906)	(4,683,581)	(4,971,847)	(5,298,306)	(4,853,086)	(5,246,008)
Net change in total OPEB liability.....	6,218,646	359,169	34,311,483	5,834,842	36,657,265	(43,973,384)	(37,912,195)
Total OPEB liability - beginning.....	126,106,025	132,324,671	132,683,840	166,995,323	172,830,165	209,487,430	165,514,046
Total OPEB liability - ending (a).....	<u>\$ 132,324,671</u>	<u>\$ 132,683,840</u>	<u>\$ 166,995,323</u>	<u>\$ 172,830,165</u>	<u>\$ 209,487,430</u>	<u>\$ 165,514,046</u>	<u>\$ 127,601,851</u>
Plan fiduciary net position							
Employer contributions.....	\$ 153,276	\$ 150,388	\$ 82,750	\$ 50,000	\$ -	\$ 10,000	\$ 37,381
Employer contributions for OPEB payments.....	3,109,895	3,354,294	4,683,581	4,971,847	5,298,306	4,853,086	5,246,008
Net investment income (loss).....	66,426	82,866	53,990	23,204	351,576	(58,613)	86,641
Benefit payments.....	(3,109,895)	(3,354,294)	(4,683,581)	(4,971,847)	(5,298,306)	(4,853,086)	(5,246,008)
Net change in plan fiduciary net position.....	219,702	233,254	136,740	73,204	351,576	(48,613)	124,022
Plan fiduciary net position - beginning of year.....	532,862	752,564	985,818	1,122,558	1,195,762	1,547,338	1,498,725
Plan fiduciary net position - end of year (b).....	<u>\$ 752,564</u>	<u>\$ 985,818</u>	<u>\$ 1,122,558</u>	<u>\$ 1,195,762</u>	<u>\$ 1,547,338</u>	<u>\$ 1,498,725</u>	<u>\$ 1,622,747</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 131,572,107</u>	<u>\$ 131,698,022</u>	<u>\$ 165,872,765</u>	<u>\$ 171,634,403</u>	<u>\$ 207,940,092</u>	<u>\$ 164,015,321</u>	<u>\$ 125,979,104</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.57%	0.74%	0.67%	0.69%	0.74%	0.91%	1.27%
Covered-employee payroll.....	\$ 57,672,411	\$ 59,402,583	\$ 59,809,398	\$ 61,603,680	\$ 70,809,201	\$ 72,933,477	\$ 63,029,782
Net OPEB liability as a percentage of covered-employee payroll.....	228.14%	221.70%	277.34%	278.61%	293.66%	224.88%	199.87%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2023.....	\$ 10,669,619	\$ (5,246,008)	\$ 5,423,611	\$ 63,029,782	8.32%
June 30, 2022.....	14,216,352	(4,863,086)	9,353,266	72,933,477	6.67%
June 30, 2021.....	12,820,323	(5,298,306)	7,522,017	70,809,201	7.48%
June 30, 2020.....	14,561,183	(5,021,847)	9,539,336	61,603,680	8.15%
June 30, 2019.....	13,964,938	(4,766,331)	9,198,607	59,809,398	7.97%
June 30, 2018.....	11,711,542	(3,354,294)	8,357,248	59,402,583	5.65%
June 30, 2017.....	11,561,933	(3,109,895)	8,452,038	57,672,411	5.39%

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2023.....	8.28%
June 30, 2022.....	-3.78%
June 30, 2021.....	29.40%
June 30, 2020.....	1.99%
June 30, 2019.....	5.69%
June 30, 2018.....	8.88%
June 30, 2017.....	8.12%

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

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTINGBudgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Warrant Committee. The Warrant Committee presents an annual budget to the Town Meeting Representatives (Representatives), which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Representatives, who have full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Transfers between departmental line items are done after a year-end review and are approved by the Warrant Committee and the Select Board. Increases within departments subsequent to the approval of the annual budget, requires Town meeting approval.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original year 2023 approved budget authorized approximately \$123.1 million in appropriations and other amounts to be raised. Included in this amount were carry forwards from prior years and continuing appropriations. There was an increase in the budget of \$389,000, mainly occurring in the public safety department and costs for employee benefits.

The Finance Director's Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$	855,110
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		1,657,006
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		200,000
Net change in recording 60 day receipts.....		929,931
Recognition of revenue for on-behalf payments.....		9,929,000
Recognition of expenditures for on-behalf payments.....		(9,929,000)
Net change in fund balance - GAAP basis.....	\$	<u>3,642,047</u>

Appropriation Deficits

During 2023, actual expenditures exceeded appropriations for State and County charges. State and County charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the State. The Town is not required to raise the State and County assessment deficit.

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System***Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios

The Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability/(asset). It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability/(asset) as a percentage of covered payroll.

Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total 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 total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

Schedule of Investment Returns

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules - TownSchedule of the Town's Proportionate Share of the Net Pension Liability/(Asset)

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

Schedule of the Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The Town's appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The Town's appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July

at a discounted rate. Accordingly, actual Town contributions may be less than the “total appropriation”. The pension fund appropriation is allocated to the Town based on covered payroll.

Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

Changes of 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 insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

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. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair Value of Assets as of the Measurement Date, June 30, 2023.
Investment rate of return.....	6.30%, net of OPEB plan investment expense, including inflation.
Discount rate.....	5.81%, per annum (previously 4.28%)
Municipal bond rate.....	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG).
Inflation rate.....	2.50% as of June 30, 2023 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2023 and for future periods.
Pre-retirement mortality.....	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 mortality.....	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 mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

Schedule of Investment Returns

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

Changes of Assumptions

The discount rate increased from 4.28% as of June 30, 2022 to 5.81% as of June 30, 2023.

Changes in Provisions

None.