



# MILTON

MASSACHUSETTS



**TOWN OF MILTON, MASSACHUSETTS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**(With Independent Auditors' Report Thereon)**



# **TOWN OF MILTON, MASSACHUSETTS**

## **FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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# **TOWN OF MILTON, MASSACHUSETTS**

## **FINANCIAL STATEMENTS**

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## **Independent Auditors' Report**

To the Honorable Select Board  
**Town of Milton, Massachusetts**

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Massachusetts (the “Town”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***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’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budget comparison schedule, various pension plan schedules, and various other postemployment benefit plan schedules, 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 GAAS, 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 31, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*CBIZ CPAs P.C.*

Merrimack, NH  
March 31, 2025

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

# **Town of Milton, Massachusetts**

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

### **Year Ended June 30, 2024**

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, 2024. 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 \$45.3 million (net position).
- The total governmental net position increased by \$3.6 million.
- As required by GASB Statement #68, the Town recognized their total net pension liability of \$1.1 million along with deferred outflows and inflows related to pensions of \$9.1 million and \$4.0 million, respectively.
- As required by GASB Statement #75, the Town recognized their total net OPEB liability of \$121.6 million along with a deferred outflows and inflows related to OPEB of \$20.0 million and \$69.9 million, respectively.
- As of the close of the current year, the Town of Milton's governmental funds reported combined ending fund balances of \$46.8 million, an increase of \$7.3 million in comparison with the prior year. The increase 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 \$15.1 million or 11.1% of total general fund 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.

# **Town of Milton, Massachusetts**

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

**Year Ended June 30, 2024**

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, Stormwater and PEG Access 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*.

# **Town of Milton, Massachusetts**

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

### **Year Ended June 30, 2024**

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 \$3.9 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.

# Town of Milton, Massachusetts

## Management's Discussion and Analysis

**Year Ended June 30, 2024**

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

	June 30, 2024	June 30, 2023
<b>Assets:</b>		
Current assets.....	\$ 64,624,456	\$ 74,290,999
Capital assets, nondepreciable.....	3,322,336	16,585,491
Capital assets, net of accumulated depreciation.....	<u>150,984,376</u>	<u>129,837,514</u>
<b>Total assets</b> .....	<b><u>218,931,168</u></b>	<b><u>220,714,004</u></b>
 <b>Deferred outflows of resources</b> .....	 <b><u>28,195,573</u></b>	 <b><u>47,612,418</u></b>
 <b>Liabilities:</b>		
Current liabilities (excluding debt).....	6,606,749	9,001,281
Noncurrent liabilities (excluding debt).....	122,035,910	138,750,807
Current debt.....	3,940,581	19,430,912
Noncurrent debt.....	<u>38,200,704</u>	<u>21,991,285</u>
<b>Total liabilities</b> .....	<b><u>170,783,944</u></b>	<b><u>189,174,285</u></b>
 <b>Deferred inflows of resources</b> .....	 <b><u>72,393,651</u></b>	 <b><u>77,727,129</u></b>
 <b>Net position:</b>		
Net investment in capital assets.....	112,095,858	111,312,904
Restricted.....	31,131,988	32,710,130
Unrestricted.....	<u>(139,278,700)</u>	<u>(142,598,026)</u>
 <b>Total net position</b> .....	 <b><u>\$ 3,949,146</u></b>	 <b><u>\$ 1,425,008</u></b>

Net position of \$112.1 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, \$31.1 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 \$139.3 million due to the impact of the net OPEB liability of \$121.6 million and the net pension liability of \$1.1 million.

# Town of Milton, Massachusetts

## Management's Discussion and Analysis

### Year Ended June 30, 2024

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 \$2.5 million. Key elements of this increase are as follows:

	June 30, 2024	June 30, 2023
<b>Program Revenues:</b>		
Charges for services.....	\$ 9,413,855	\$ 8,768,094
Operating grants and contributions.....	38,891,426	35,839,202
Capital grants and contributions.....	1,560,055	350,000
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	98,054,493	94,859,927
Motor vehicle and other excise taxes.....	5,335,412	4,586,381
Community preservation tax.....	1,023,690	1,098,370
Penalties and interest on taxes.....	483,447	491,042
Payments in lieu of taxes.....	345,000	330,000
Grants and contributions not restricted to specific programs.....	6,779,838	5,842,695
Unrestricted investment income.....	3,335,259	1,685,494
Gain on sale of capital assets.....	507,004	-
<b>Total revenues.....</b>	<b>165,729,479</b>	<b>153,851,205</b>
<b>Expenses:</b>		
General government.....	11,719,691	11,804,339
Public safety.....	26,054,302	25,087,326
Education.....	107,877,875	98,474,478
Public works.....	10,437,379	8,405,936
Human services.....	1,701,677	1,768,041
Library.....	3,026,748	3,214,739
Culture and recreation.....	1,622,974	1,492,860
Interest.....	603,643	584,261
<b>Total expenses.....</b>	<b>163,044,289</b>	<b>150,831,980</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>2,685,190</b>	<b>3,019,225</b>
<b>Transfers.....</b>	<b>(161,052)</b>	<b>-</b>
<b>Change in net position.....</b>	<b>2,524,138</b>	<b>3,019,225</b>
<b>Net position, beginning of year (as adjusted).</b>	<b>1,425,008</b>	<b>(1,594,217)</b>
<b>Net position, end of year.....</b>	<b>\$ 3,949,146</b>	<b>\$ 1,425,008</b>

# Town of Milton, Massachusetts

## Management's Discussion and Analysis

### Year Ended June 30, 2024

The governmental activities increased \$2.5 million during the current year as compared to an increase in net position of \$3.0 million during the prior year. The main reason for this increase is due to the unrestricted investment income of \$2.9 million over budget.

**Business-type activities.** Business-type activities increased the Town of Milton's net position by \$1.1 million. Key elements of this increase are as follows.

	June 30, 2024	June 30, 2023
<b>Assets:</b>		
Current assets.....	\$ 11,810,487	\$ 12,239,687
Capital assets, nondepreciable.....	-	1,000,000
Capital assets, net of accumulated depreciation....	<u>45,902,582</u>	<u>44,464,093</u>
<b>Total assets.....</b>	<b><u>57,713,069</u></b>	<b><u>57,703,780</u></b>
 <b>Deferred outflows of resources.....</b>	<b><u>906,391</u></b>	<b><u>1,531,338</u></b>
 <b>Liabilities:</b>		
Current liabilities (excluding debt).....	720,270	689,926
Noncurrent liabilities (excluding debt).....	2,893,178	3,589,652
Current debt.....	1,339,600	1,345,557
Noncurrent debt.....	<u>10,523,772</u>	<u>11,575,872</u>
<b>Total liabilities.....</b>	<b><u>15,476,820</u></b>	<b><u>17,201,007</u></b>
 <b>Deferred inflows of resources.....</b>	<b><u>1,824,786</u></b>	<b><u>1,830,686</u></b>
 <b>Net position:</b>		
Net investment in capital assets.....	37,524,042	35,606,711
Unrestricted.....	<u>3,793,812</u>	<u>4,596,714</u>
 <b>Total net position.....</b>	<b><u>\$ 41,317,854</u></b>	<b><u>\$ 40,203,425</u></b>

# Town of Milton, Massachusetts

## Management's Discussion and Analysis

### Year Ended June 30, 2024

	June 30, 2024	June 30, 2023
<b>Program Revenues:</b>		
Charges for services.....	\$ 17,270,789	\$ 16,970,627
Capital grants and contributions.....	862,500	-
<b>General Revenues:</b>		
Unrestricted investment income.....	138,318	66,409
<b>Total revenues.....</b>	<b>18,271,607</b>	<b>17,037,036</b>
<b>Expenses:</b>		
Water.....	7,226,504	6,427,726
Sewer.....	8,486,703	8,410,180
Stormwater.....	1,127,521	1,047,777
PEG Access.....	477,502	-
<b>Total expenses.....</b>	<b>17,318,230</b>	<b>15,885,683</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>953,377</b>	<b>1,151,353</b>
<b>Transfers.....</b>	<b>161,052</b>	<b>-</b>
<b>Change in net position.....</b>	<b>1,114,429</b>	<b>1,151,353</b>
<b>Net position, beginning of year (as adjusted)....</b>	<b>40,203,425</b>	<b>39,052,072</b>
<b>Net position, end of year.....</b>	<b>\$ 41,317,854</b>	<b>\$ 40,203,425</b>

Business-type activities net position increased by \$1.1 million during the current year. The increase is mainly attributable to an increase in net position in the sewer fund by \$1.2 million due to a capital contribution of \$863,000, offset by decreases in the water and the stormwater funds. The Town voted to establish a PEG Access Enterprise fund in 2024 (see Note 16). This fund was previously reported as a special revenue governmental fund. The fund balance totaled \$405,000 which was an increase of \$38,000 over the prior year.

### 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 \$46.8 million, an increase of \$7.3 million in comparison with the prior year. The increase is

# **Town of Milton, Massachusetts**

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

### **Year Ended June 30, 2024**

primarily attributable to the timing of the expenditure of \$12.9 million on various capital projects and the issuance of \$20.0 million 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 \$15.1 million, of which \$8.3 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 11.1% of total general fund expenditures, while total fund balance represents 13.5% of that same amount.

The fund balance of the Town's general fund experienced a decrease of \$50,000 during the current year. The change is primarily attributable to the planned use of free cash.

The fund balance of the Town capital projects fund increased by \$8.1 million. The Town spent \$12.9 million on various capital projects. This was offset by \$20.3 million of bond proceeds and premiums and \$656,000 in transfers into the fund.

The fund balance of the permanent fund increased \$1.1 million primarily due to the receipt of \$952,000 of investment income and \$576,000 of contributions and donations 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, Stormwater, and PEG Access funds at the end of the year amounted to \$20.8 million, \$18.8 million and \$1.3 million, and \$405,000, respectively. The total change in net position for each fund was a decrease of \$53,000, an increase of \$1.2 million, a decrease of \$34,000, and an increase of \$38,000, respectively. The sewer fund increase was mainly due to a capital contribution of \$863,000. 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 2024 approved budget authorized approximately \$130.5 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 \$750,000 for supplemental appropriations.

# **Town of Milton, Massachusetts**

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

**Year Ended June 30, 2024**

### **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, 2024, amounts to \$200.2 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 \$52.6 million, net of \$1.3 million of capitalized premiums.

### **Town of Milton's Long-term Debt Outstanding**

Project	Governmental Activities	Business-Type Activities	Total
Municipal Purpose Bonds of 2008 .....	\$ 1,357,514	\$ -	\$ 1,357,514
Municipal Purpose Bonds of 2012.....	2,090,000	-	2,090,000
Municipal Purpose Bonds of 2014.....	917,000	-	917,000
Municipal Purpose Refunding Bonds of 2014 .	802,000	-	802,000
Municipal Purpose Refunding Bonds of 2015 .	410,000	-	410,000
Municipal Purpose Bonds of 2016 .....	645,000	-	645,000
Municipal Purpose Bonds of 2017 .....	270,000	-	270,000
Municipal Purpose Refunding Bonds of 2017 .	2,435,000	-	2,435,000
Municipal Purpose Bonds of 2018 .....	3,919,000	-	3,919,000
Municipal Purpose Bonds of 2021 .....	2,872,278	-	2,872,278
Municipal Purpose Bonds of 2023 .....	5,130,000	-	5,130,000
Municipal Purpose Bonds of 2024 .....	20,050,000	-	20,050,000
Water System.....	-	6,140,722	6,140,722
Sewer System.....	-	3,273,100	3,273,100
Stormwater.....	-	2,337,600	2,337,600
<b>Total.....</b>	<b>\$ 40,897,792</b>	<b>\$ 11,751,422</b>	<b>\$ 52,649,214</b>

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*

# Town of Milton, Massachusetts

## Statement of Net Position

**June 30, 2024**

	<i>Primary Government</i>		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
CURRENT:			
Cash and cash equivalents.....	\$ 37,640,351	\$ 7,328,727	\$ 44,969,078
Investments.....	21,083,950	-	21,083,950
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,076,917	-	2,076,917
Tax liens.....	2,210,290	-	2,210,290
Community preservation fund surtax.....	13,170	-	13,170
Motor vehicle and other excise taxes.....	654,616	-	654,616
User charges.....	146,783	4,481,760	4,628,543
Departmental and other.....	335,901	-	335,901
Intergovernmental - other.....	462,478	-	462,478
 Total current assets.....	 64,624,456	 11,810,487	 76,434,943
NONCURRENT:			
Capital assets, nondepreciable.....	3,322,336	-	3,322,336
Capital assets, net of accumulated depreciation.....	150,984,376	45,902,582	196,886,958
 Total noncurrent assets.....	 154,306,712	 45,902,582	 200,209,294
 TOTAL ASSETS.....	 218,931,168	 57,713,069	 276,644,237
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	8,677,000	440,000	9,117,000
Deferred outflows related to other postemployment benefits....	19,518,573	466,391	19,984,964
 TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	 28,195,573	 906,391	 29,101,964

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Statement of Net Position (Continued)

**June 30, 2024**

	<i>Primary Government</i>		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
CURRENT:			
Warrants payable.....	3,313,275	87,966	3,401,241
Accrued payroll.....	762,196	5,836	768,032
Health claims payable.....	820,765	-	820,765
Tax refunds payable.....	292,000	-	292,000
Accrued interest.....	352,106	84,563	436,669
Customer deposits payable.....	40,225	513,505	553,730
Payroll withholdings.....	112,085	-	112,085
Unearned revenue.....	308,578	-	308,578
Abandoned property.....	38,903	-	38,903
Compensated absences.....	464,773	28,400	493,173
Workers' compensation.....	101,843	-	101,843
Notes payable.....	100,000	-	100,000
Bonds payable.....	3,840,581	1,339,600	5,180,181
 Total current liabilities.....	 10,547,330	 2,059,870	 12,607,200
NONCURRENT:			
Compensated absences.....	1,859,092	-	1,859,092
Workers' compensation.....	305,527	-	305,527
Net pension liability.....	1,093,000	55,000	1,148,000
Net other postemployment benefits liability.....	118,778,291	2,838,178	121,616,469
Bonds payable.....	38,200,704	10,523,772	48,724,476
 Total noncurrent liabilities.....	 160,236,614	 13,416,950	 173,653,564
<b>TOTAL LIABILITIES</b> .....	<b>170,783,944</b>	<b>15,476,820</b>	<b>186,260,764</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	245,512	-	245,512
Deferred charge on refunding.....	69,569	-	69,569
Deferred inflows related to pensions.....	3,788,000	193,000	3,981,000
Deferred inflows related to other postemployment benefits.....	68,290,570	1,631,786	69,922,356
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> .....	<b>72,393,651</b>	<b>1,824,786</b>	<b>74,218,437</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	112,095,858	37,524,042	149,619,900
Restricted for:			
Permanent funds:			
Expendable.....	12,328,991	-	12,328,991
Nonexpendable.....	3,989,926	-	3,989,926
Gifts and grants.....	12,922,745	-	12,922,745
Community preservation.....	1,890,326	-	1,890,326
Unrestricted.....	(139,278,700)	3,793,812	(135,484,888)
<b>TOTAL NET POSITION</b> ..... \$	<b>3,949,146</b>	<b>\$ 41,317,854</b>	<b>\$ 45,267,000</b>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Statement of Activities

**Year Ended June 30, 2024**

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 11,719,691	\$ 448,724	\$ 554,145	\$ -	\$ (10,716,822)
Public safety.....	26,054,302	4,602,202	313,831	-	(21,138,269)
Education.....	107,877,875	2,392,270	35,384,731	-	(70,100,874)
Public works.....	10,437,379	1,875,384	1,504,453	1,560,055	(5,497,487)
Health and human services.....	1,701,677	76,996	410,635	-	(1,214,046)
Culture and recreation.....	1,622,974	-	659,726	-	(963,248)
Library.....	3,026,748	18,279	63,905	-	(2,944,564)
Interest.....	603,643	-	-	-	(603,643)
<b>Total Governmental Activities.....</b>	<b>163,044,289</b>	<b>9,413,855</b>	<b>38,891,426</b>	<b>1,560,055</b>	<b>(113,178,953)</b>
<i>Business-Type Activities:</i>					
Water.....	7,226,504	7,006,718	-	-	(219,786)
Sewer.....	8,486,703	8,655,075	-	862,500	1,030,872
Stormwater.....	1,127,521	1,093,482	-	-	(34,039)
PEG Access.....	477,502	515,514	-	-	38,012
<b>Total Business-Type Activities.....</b>	<b>17,318,230</b>	<b>17,270,789</b>	<b>-</b>	<b>862,500</b>	<b>815,059</b>
<b>Total Primary Government.....</b>	<b>\$ 180,362,519</b>	<b>\$ 26,684,644</b>	<b>\$ 38,891,426</b>	<b>\$ 2,422,555</b>	<b>\$ (112,363,894)</b>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Statement of Activities (Continued)

**Year Ended June 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(113,178,953)</b>	<b>815,059</b>	<b>(112,363,894)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	98,054,493	-	98,054,493
Motor vehicle and other excise taxes.....	5,335,412	-	5,335,412
Community preservation tax.....	1,023,690	-	1,023,690
Penalties and interest on taxes.....	483,447	-	483,447
Payments in lieu of taxes.....	345,000	-	345,000
Grants and contributions not restricted to specific programs.....	6,779,838	-	6,779,838
Unrestricted investment income.....	3,335,259	138,318	3,473,577
Gain on sale of capital assets.....	507,004	-	507,004
<i>Transfers, net</i> .....	<b>(161,052)</b>	<b>161,052</b>	-
Total general revenues.....	<b>115,703,091</b>	<b>299,370</b>	<b>116,002,461</b>
Change in net position.....	2,524,138	1,114,429	3,638,567
<i>Net position:</i>			
Beginning of year, as previously reported.....	1,792,277	39,836,156	41,628,433
Adjustment - Change from Governmental to Business-type Activities..	<b>(367,269)</b>	<b>367,269</b>	-
Beginning of year, as adjusted.....	<b>1,425,008</b>	<b>40,203,425</b>	<b>41,628,433</b>
End of year.....	<b>\$ 3,949,146</b>	<b>\$ 41,317,854</b>	<b>\$ 45,267,000</b>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Governmental Funds Balance Sheet

**June 30, 2024**

	General	Town Capital Projects	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 15,392,667	\$ 21,514	\$ 973,168	\$ 13,788,831	\$ 30,176,180
Investments.....	5,734,301	-	11,359,723	3,989,926	21,083,950
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	2,076,917	-	-	-	2,076,917
Tax liens.....	2,205,765	-	-	4,525	2,210,290
Community preservation fund surtax.....	-	-	-	13,170	13,170
Motor vehicle and other excise taxes.....	654,616	-	-	-	654,616
User charges.....	146,783	-	-	-	146,783
Departmental and other.....	-	-	-	335,901	335,901
Intergovernmental- other.....	6,070	-	-	456,408	462,478
<b>TOTAL ASSETS</b> .....	<b>\$ 26,217,119</b>	<b>\$ 21,514</b>	<b>\$ 12,332,891</b>	<b>\$ 18,588,761</b>	<b>\$ 57,160,285</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 1,682,293	\$ 993,780	\$ 3,900	\$ 616,825	\$ 3,296,798
Accrued payroll.....	608,058	-	-	154,138	762,196
Tax refunds payable.....	292,000	-	-	-	292,000
Customer deposits payable.....	40,225	-	-	-	40,225
Other liabilities.....	112,085	-	-	-	112,085
Unearned revenue.....	-	-	-	308,578	308,578
Abandoned property.....	38,903	-	-	-	38,903
Notes payable.....	-	100,000	-	-	100,000
<b>TOTAL LIABILITIES</b> .....	<b>2,773,564</b>	<b>1,093,780</b>	<b>3,900</b>	<b>1,079,541</b>	<b>4,950,785</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes paid in advance.....	245,512	-	-	-	245,512
Unavailable revenue.....	4,818,064	-	-	358,366	5,176,430
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> ...	<b>5,063,576</b>	<b>-</b>	<b>-</b>	<b>358,366</b>	<b>5,421,942</b>
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	3,989,926	3,989,926
Restricted.....	-	-	12,328,991	13,383,492	25,712,483
Assigned.....	3,261,514	-	-	-	3,261,514
Unassigned.....	15,118,465	(1,072,266)	-	(222,564)	13,823,635
<b>TOTAL FUND BALANCES</b> .....	<b>18,379,979</b>	<b>(1,072,266)</b>	<b>12,328,991</b>	<b>17,150,854</b>	<b>46,787,558</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> .....	<b>\$ 26,217,119</b>	<b>\$ 21,514</b>	<b>\$ 12,332,891</b>	<b>\$ 18,588,761</b>	<b>\$ 57,160,285</b>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position

**June 30, 2024**

Total governmental fund balances.....	\$ 46,787,558
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	154,306,712
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	5,176,430
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.....	(43,882,997)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	6,626,929
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(352,106)
Long-term liabilities/assets are not due and payable in the current period and, therefore, are not reported in the governmental funds: Bonds payable.....	(42,041,285)
Net pension liability.....	(1,093,000)
Net other postemployment benefits liability.....	(118,778,291)
Workers' compensation.....	(407,370)
Compensated absences.....	<u>(2,323,865)</u>
Net effect of reporting long-term liabilities.....	(164,643,811)
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>(69,569)</u>
Net position of governmental activities.....	\$ <u>3,949,146</u>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

**Year Ended June 30, 2024**

	General	Town Federal Grants Fund	Town Capital Projects	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 96,944,726	\$ -	\$ -	\$ -	\$ -	\$ 96,944,726
Motor vehicle and other excise taxes.....	5,200,267	-	-	-	-	5,200,267
Penalties and interest on taxes.....	483,447	-	-	-	-	483,447
Payments in lieu of taxes.....	345,000	-	-	-	-	345,000
Intergovernmental - Teachers Retirement.....	11,523,000	-	-	-	-	11,523,000
Intergovernmental - other.....	17,282,552	-	-	-	14,941,199	32,223,751
Departmental and other.....	4,428,844	-	-	3,671	7,116,414	11,548,929
Community preservation taxes.....	-	-	-	-	1,044,737	1,044,737
Contributions and donations.....	-	-	-	575,764	713,734	1,289,498
Investment income.....	2,147,865	-	-	951,751	181,006	3,280,622
<b>TOTAL REVENUES.....</b>	<b>138,355,701</b>	<b>-</b>	<b>-</b>	<b>1,531,186</b>	<b>23,997,090</b>	<b>163,883,977</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	5,466,869	-	1,002,366	264,475	1,382,620	8,116,330
Public safety.....	15,549,293	-	10,881,679	-	3,251,670	29,682,642
Education.....	62,651,046	-	-	66,838	18,257,839	80,975,723
Public works.....	6,609,517	-	770,264	16,280	3,539,607	10,935,668
Health and human services.....	865,495	-	-	-	373,944	1,239,439
Culture and recreation.....	673,059	-	201,371	50,000	683,170	1,607,600
Library.....	1,820,518	-	-	-	229,941	2,050,459
Pension benefits.....	8,351,397	-	-	-	-	8,351,397
Pension benefits - Teachers Retirement.....	11,523,000	-	-	-	-	11,523,000
Employee benefits.....	13,287,585	-	-	-	-	13,287,585
State and county charges.....	4,509,651	-	-	-	-	4,509,651
Debt service:						
Principal.....	3,706,677	-	-	-	-	3,706,677
Interest.....	1,234,262	-	-	-	-	1,234,262
<b>TOTAL EXPENDITURES.....</b>	<b>136,248,369</b>	<b>-</b>	<b>12,855,680</b>	<b>397,593</b>	<b>27,718,791</b>	<b>177,220,433</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<b>2,107,332</b>	<b>-</b>	<b>(12,855,680)</b>	<b>1,133,593</b>	<b>(3,721,701)</b>	<b>(13,336,456)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of bonds.....	-	-	20,050,000	-	-	20,050,000
Premium from issuance of bonds.....	-	-	264,853	-	-	264,853
Proceeds from the sale of capital assets.....	-	-	-	-	507,005	507,005
Transfers in.....	219,908	-	655,850	-	1,741,000	2,616,758
Transfers out.....	(2,376,850)	-	-	-	(400,960)	(2,777,810)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(2,156,942)</b>	<b>-</b>	<b>20,970,703</b>	<b>-</b>	<b>1,847,045</b>	<b>20,660,806</b>
NET CHANGE IN FUND BALANCES.....	<b>(49,610)</b>	<b>-</b>	<b>8,115,023</b>	<b>1,133,593</b>	<b>(1,874,656)</b>	<b>7,324,350</b>
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED.....	<b>18,429,589</b>	<b>60,033</b>	<b>(9,187,289)</b>	<b>11,195,398</b>	<b>19,332,746</b>	<b>39,830,477</b>
ADJUSTMENT - CHANGE FROM NONMAJOR TO MAJOR ENTERPRISE FUND.....	-	-	-	-	(367,269)	(367,269)
ADJUSTMENT - CHANGE FROM MAJOR TO NONMAJOR FUND.....	-	(60,033)	-	-	60,033	-
FUND BALANCES AT BEGINNING OF YEAR, AS ADJUSTED.....	<b>18,429,589</b>	<b>-</b>	<b>(9,187,289)</b>	<b>11,195,398</b>	<b>19,025,510</b>	<b>39,463,208</b>
FUND BALANCES (DEFICITS) AT END OF YEAR.....	<b>\$ 18,379,979</b>	<b>\$ -</b>	<b>\$ (1,072,266)</b>	<b>\$ 12,328,991</b>	<b>\$ 17,150,854</b>	<b>\$ 46,787,558</b>

*See notes to basic financial statements.*

## Town of Milton, Massachusetts

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

#### Year Ended June 30, 2024

Net change in fund balances - total governmental funds.....	\$ 7,324,350
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay.....	14,921,679
Capital asset deletions.....	1
Depreciation expense.....	<u>(7,037,972)</u>
Net effect of reporting capital assets.....	7,883,708
The Statement of Activities reports the <i>gain</i> on the sale of capital assets whereas the governmental funds report the entire proceeds of the sale.....	(1)
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.....	1,283,861
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>	
Issuance of bonds.....	(20,050,000)
Premium from issuance of bonds.....	(264,853)
Net amortization of premium from issuance of bonds.....	502,088
Net change in deferred charge on refunding.....	58,738
Debt service principal payments.....	<u>3,706,677</u>
Net effect of reporting long-term debt.....	(16,047,350)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Net change in compensated absences accrual.....	(255,331)
Net change in accrued interest on long-term debt.....	69,793
Net change in deferred outflow/(inflow) of resources related to pensions.....	(9,406,000)
Net change in net pension liability/(asset).....	12,778,000
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(5,455,214)
Net change in other postemployment benefits liability.....	4,307,161
Net change in workers' compensation liability.....	<u>(221,332)</u>
Net effect of recording long-term liabilities.....	1,817,077
The net activity of internal service funds is reported with Governmental Activities.....	<u>262,493</u>
Change in net position of governmental activities.....	<u>\$ 2,524,138</u>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Proprietary Funds Statement of Net Position

**June 30, 2024**

Business-type Activities - Enterprise Funds						
	Water	Sewer	Stormwater	PEG Access	Total	Governmental Activities - Internal Service Fund
<b>ASSETS</b>						
CURRENT:						
Cash and cash equivalents.....	\$ 2,490,852	\$ 3,881,660	\$ 550,934	\$ 405,281	\$ 7,328,727	\$ 7,464,171
Receivables, net of allowance for uncollectibles:						
User charges.....	1,782,693	2,357,171	341,896	-	4,481,760	-
Total current assets.....	4,273,545	6,238,831	892,830	405,281	11,810,487	7,464,171
NONCURRENT:						
Capital assets, net of accumulated depreciation.....	25,034,357	18,010,882	2,857,343	-	45,902,582	-
<b>TOTAL ASSETS</b> .....	<b>29,307,902</b>	<b>24,249,713</b>	<b>3,750,173</b>	<b>405,281</b>	<b>57,713,069</b>	<b>7,464,171</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions.....	242,000	198,000	-	-	440,000	-
Deferred outflows related to other postemployment benefits...	241,524	224,867	-	-	466,391	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> .....	<b>483,524</b>	<b>422,867</b>	<b>-</b>	<b>-</b>	<b>906,391</b>	<b>-</b>
<b>LIABILITIES</b>						
CURRENT:						
Warrants payable.....	24,651	30,899	32,416	-	87,966	16,477
Accrued payroll.....	1,711	3,251	874	-	5,836	-
Health claims payable.....	-	-	-	-	-	820,765
Liabilities due to depositors.....	317,005	196,500	-	-	513,505	-
Accrued interest.....	34,039	19,044	31,480	-	84,563	-
Compensated absences.....	14,707	13,693	-	-	28,400	-
Bonds payable.....	828,702	366,659	144,239	-	1,339,600	-
Total current liabilities.....	1,220,815	630,046	209,009	-	2,059,870	837,242
NONCURRENT:						
Net pension liability.....	30,000	25,000	-	-	55,000	-
Net other postemployment benefits liability.....	1,469,771	1,368,407	-	-	2,838,178	-
Bonds payable.....	5,312,020	2,959,950	2,251,802	-	10,523,772	-
Total noncurrent liabilities.....	6,811,791	4,353,357	2,251,802	-	13,416,950	-
<b>TOTAL LIABILITIES</b> .....	<b>8,032,606</b>	<b>4,983,403</b>	<b>2,460,811</b>	<b>-</b>	<b>15,476,820</b>	<b>837,242</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions.....	106,000	87,000	-	-	193,000	-
Deferred inflows related to other postemployment benefits....	845,032	786,754	-	-	1,631,786	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> .....	<b>951,032</b>	<b>873,754</b>	<b>-</b>	<b>-</b>	<b>1,824,786</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets.....	18,893,635	17,731,397	899,010	-	37,524,042	-
Unrestricted.....	1,914,153	1,084,026	390,352	405,281	3,793,812	6,626,929
<b>TOTAL NET POSITION</b> .....	<b>\$ 20,807,788</b>	<b>\$ 18,815,423</b>	<b>\$ 1,289,362</b>	<b>\$ 405,281</b>	<b>\$ 41,317,854</b>	<b>\$ 6,626,929</b>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position

**Year Ended June 30, 2024**

Business-Type Activities - Enterprise Funds						
	Water	Sewer	Stormwater	PEG Access	Total	Governmental Activities - Internal Service Fund
<b>OPERATING REVENUES:</b>						
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,912,771
Employer contributions.....	- -	- -	- -	- -	- -	12,098,848
Charges for services.....	6,993,742	8,635,973	1,093,482	515,514	17,238,711	-
Liens - charges for services.....	12,976	19,102	- -	- -	32,078	-
<b>TOTAL OPERATING REVENUES</b> .....	<b>7,006,718</b>	<b>8,655,075</b>	<b>1,093,482</b>	<b>515,514</b>	<b>17,270,789</b>	<b>16,011,619</b>
<b>OPERATING EXPENSES:</b>						
Cost of services and administration.....	995,370	727,552	759,217	477,502	2,959,641	-
Salaries and wages.....	878,796	720,462	190,158	- -	1,789,416	-
MWRA assessment.....	4,184,821	6,314,438	- -	- -	10,499,259	-
Depreciation.....	1,052,149	672,654	101,325	- -	1,826,128	-
Employee benefits.....	- -	- -	- -	- -	- -	15,803,763
<b>TOTAL OPERATING EXPENSES</b> .....	<b>7,111,136</b>	<b>8,435,106</b>	<b>1,050,700</b>	<b>477,502</b>	<b>17,074,444</b>	<b>15,803,763</b>
<b>OPERATING INCOME (LOSS)</b> .....	<b>(104,418)</b>	<b>219,969</b>	<b>42,782</b>	<b>38,012</b>	<b>196,345</b>	<b>207,856</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income.....	5,331	132,987	- -	- -	138,318	54,637
Interest expense.....	(115,368)	(51,597)	(76,821)	- -	(243,786)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b> .....	<b>(110,037)</b>	<b>81,390</b>	<b>(76,821)</b>	<b>- -</b>	<b>(105,468)</b>	<b>54,637</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS...</b>	<b>(214,455)</b>	<b>301,359</b>	<b>(34,039)</b>	<b>38,012</b>	<b>90,877</b>	<b>262,493</b>
<b>CAPITAL CONTRIBUTIONS</b> .....	<b>- -</b>	<b>862,500</b>	<b>- -</b>	<b>- -</b>	<b>862,500</b>	<b>- -</b>
<b>TRANSFERS:</b>						
Transfers in.....	161,052	- -	- -	- -	161,052	- -
<b>CHANGE IN NET POSITION</b> .....	<b>(53,403)</b>	<b>1,163,859</b>	<b>(34,039)</b>	<b>38,012</b>	<b>1,114,429</b>	<b>262,493</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>						
AS PREVIOUSLY REPORTED.....	20,861,191	17,651,564	1,323,401	- -	39,836,156	6,364,436
<b>ADJUSTMENT - ESTABLISHMENT OF NEW ENTERPRISE FUND</b> .....	- -	- -	- -	367,269	367,269	-
<b>NET POSITION AT BEGINNING OF YEAR</b>						
AS ADJUSTED.....	20,861,191	17,651,564	1,323,401	367,269	40,203,425	6,364,436
<b>NET POSITION AT END OF YEAR</b> .....	<b>\$ 20,807,788</b>	<b>\$ 18,815,423</b>	<b>\$ 1,289,362</b>	<b>\$ 405,281</b>	<b>\$ 41,317,854</b>	<b>\$ 6,626,929</b>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Proprietary Funds Statement of Cash Flows

**Year Ended June 30, 2024**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Stormwater	PEG Access	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 6,894,814	\$ 8,300,760	\$ 1,057,754	\$ 515,514	\$ 16,768,842	\$ 16,011,619
Payments to vendors.....	(5,226,301)	(7,066,987)	(779,547)	(477,502)	(13,550,337)	(15,694,973)
Payments to employees.....	(878,796)	(720,462)	(190,158)	-	(1,789,416)	-
NET CASH FROM OPERATING ACTIVITIES.....	<u>789,717</u>	<u>513,311</u>	<u>88,049</u>	<u>38,012</u>	<u>1,429,089</u>	<u>316,646</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	161,052	-	-	-	161,052	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from the issuance of bonds and notes.....	-	287,500	-	-	287,500	-
Capital contributions.....	-	862,500	-	-	862,500	-
Acquisition and construction of capital assets.....	(1,652,073)	(612,544)	-	-	(2,264,617)	-
Principal payments on bonds and notes.....	(828,202)	(362,300)	(141,800)	-	(1,332,302)	-
Interest expense.....	(121,044)	(58,949)	(86,694)	-	(266,687)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(2,601,319)</u>	<u>116,207</u>	<u>(228,494)</u>	<u>-</u>	<u>(2,713,606)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income.....	5,331	132,987	-	-	138,318	54,637
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	<u>(1,645,219)</u>	<u>762,505</u>	<u>(140,445)</u>	<u>38,012</u>	<u>(985,147)</u>	<u>371,283</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,136,071	3,119,155	691,379	367,269	8,313,874	7,092,888
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 2,490,852</u>	<u>\$ 3,881,660</u>	<u>\$ 550,934</u>	<u>\$ 405,281</u>	<u>\$ 7,328,727</u>	<u>\$ 7,464,171</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ (104,418)	\$ 219,969	\$ 42,782	\$ 38,012	\$ 196,345	\$ 207,856
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	1,052,149	672,654	101,325	-	1,826,128	-
Deferred (outflows)/inflows related to pensions.....	267,000	205,000	-	-	472,000	-
Deferred (outflows)/inflows related to OPEB.....	76,149	70,898	-	-	147,047	-
Changes in assets and liabilities:						
User charges.....	(140,904)	(379,315)	(35,728)	-	(555,947)	-
Warrants payable.....	2,141	5,928	(20,771)	-	(12,702)	16,477
Accrued payroll.....	(1,529)	1,987	441	-	899	-
Health claims payable.....	-	-	-	-	-	92,313
Liabilities due depositors.....	29,000	25,000	-	-	54,000	-
Compensated absences.....	(1,143)	(1,064)	-	-	(2,207)	-
Net pension liability.....	(360,000)	(281,000)	-	-	(641,000)	-
Net other postemployment benefits liability.....	(28,728)	(26,746)	-	-	(55,474)	-
Total adjustments.....	<u>894,135</u>	<u>293,342</u>	<u>45,267</u>	<u>-</u>	<u>1,232,744</u>	<u>108,790</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 789,717</u>	<u>\$ 513,311</u>	<u>\$ 88,049</u>	<u>\$ 38,012</u>	<u>\$ 1,429,089</u>	<u>\$ 316,646</u>

*See notes to basic financial statements.*

# Town of Milton, Massachusetts

## Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2024

	Pension and Other Employee Benefit Trust Fund (1)	Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 597,879	\$ 4,477
Investments:		
Investments in Pension Reserve Investment Trust.....	200,096,852	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	2,264	-
Other assets.....	953	-
<b>TOTAL ASSETS</b> .....	<b>200,697,948</b>	<b>4,477</b>
<b>LIABILITIES</b>		
Warrants payable.....	219	-
<b>NET POSITION</b>		
Restricted for pensions.....	198,811,293	-
Restricted for other postemployment benefits.....	1,886,436	-
Held in trust for other purposes.....	-	4,477
<b>TOTAL NET POSITION</b> .....	<b>\$ 200,697,729</b>	<b>\$ 4,477</b>

(1) Pension Trust Fund reported as of December 31, 2023.

# Town of Milton, Massachusetts

## Fiduciary Funds Statement of Changes in Fiduciary Net Position

**Year Ended June 30, 2024**

	Pension and Other Employee Benefit Trust Fund (1)	Private Purpose Trust Fund
<b><u>ADDITIONS:</u></b>		
Contributions:		
Employer contributions.....	\$ 8,518,747	\$ -
Employer contributions for other postemployment benefit payments..	4,704,946	-
Member contributions.....	2,881,041	-
Retirement benefits - transfers from other systems.....	583,753	-
Intergovernmental.....	43,665	-
Total contributions.....	<u>16,732,152</u>	-
Net investment income:		
Investment income.....	20,740,953	-
Less: investment expense.....	<u>(940,887)</u>	-
Net investment income.....	<u>19,800,066</u>	-
<b>TOTAL ADDITIONS.....</b>	<b><u>36,532,218</u></b>	-
<b><u>DEDUCTIONS:</u></b>		
Administration.....	271,498	-
Retirement benefits - transfers to other systems.....	1,160,367	-
Retirement benefits and refunds.....	11,071,927	-
Other postemployment benefit payments.....	4,704,946	-
Educational scholarships.....	-	1,850
<b>TOTAL DEDUCTIONS.....</b>	<b><u>17,208,738</u></b>	<b>1,850</b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b><u>19,323,480</u></b>	<b>(1,850)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b><u>181,374,249</u></b>	<b>6,327</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b><u>\$ 200,697,729</u></b>	<b>\$ 4,477</b>

(1) Pension Trust Fund reported as of December 31, 2023.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### **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 2024 was \$1,073,827.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### **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

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

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.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

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

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

**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.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

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

Real estate tax liens are processed 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.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### ***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.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### 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

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

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.”

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### *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.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

“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.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### 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 those funds.

### 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*

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

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, 2024, there are various deficits reported within the Town Capital Projects and nonmajor governmental 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.

MMDT, which is an external investment pool that is overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, "Certain External Investment Pools and Pool Participants", to report its investments at amortized cost; therefore, investments in MMDT are reported at amortized cost which approximates the net asset value of \$1.00 per share. MMDT has a maturity of less than 1 year and is not rated.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

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 \$34,748,944 and the bank balance totaled \$36,944,611. Of the bank balance, \$1,866,218 was covered by Federal Depository Insurance, \$8,034,393 was covered by Depositors Insurance Fund Insurance, \$14,062,455 was collateralized and \$12,981,545 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2023, the carrying amount of deposits for the System totaled \$597,879 and the bank balance was \$794,118. Of the bank balance \$186,710 was in the PRIT cash fund which is uninsured and uncollateralized. The remaining bank balance of \$607,408 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 \$85,013 in government sponsored enterprises, \$12,940,502 in U.S. treasury notes, \$14,886 in corporate bonds, and \$3,874,908 in equity securities have a custodial credit risk exposure of \$16,915,309 because the related securities are uninsured, unregistered and held by the counterparty. \$1,886,437 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, 2023, the System's investments of \$198,210,416 in the PRIT Fund do not have any associated custodial credit risk.

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

### Investments

The Town had the following investments, with their respective maturities, at June 30, 2024:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 12,940,502	\$ 12,265,026	\$ 675,476
Government sponsored enterprises.....	85,013	29,392	55,621
Corporate bonds.....	<u>14,886</u>	<u>14,886</u>	-
Total debt securities.....	13,040,401	\$ <u>12,309,304</u>	\$ <u>731,097</u>
<u>Other investments:</u>			
Equity securities.....	3,874,908		
Equity mutual funds.....	3,985,534		
Fixed income mutual funds.....	183,106		
Money market mutual funds.....	5,314,856		
Pension Reserve Investment Trust (PRIT)...	1,886,437		
MMDT - cash portfolio.....	<u>4,909,755</u>		
Total investments.....	\$ <u>33,194,997</u>		

### 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 2.98 to 14.57 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:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AA+.....	\$ 85,013	\$ -
A.....	<u>-</u>	<u>14,886</u>
Total.....	\$ <u>85,013</u>	\$ <u>14,886</u>

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

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.

Investment Type	June 30, 2024	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Investments measured at fair value:</b>					
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 12,940,502	\$ -	\$ 12,940,502	\$ -	
Government sponsored enterprises.....	85,013	-	85,013	-	
Corporate bonds.....	14,886	-	14,886	-	
Total debt securities.....	13,040,401	-	13,040,401	-	
<u>Other investments:</u>					
Equity securities.....	3,874,908	3,874,908	-	-	
Equity mutual funds.....	3,985,534	3,985,534	-	-	
Fixed income mutual funds.....	183,106	183,106	-	-	
Money market mutual funds.....	5,314,856	5,314,856	-	-	
Total other investments.....	13,358,404	13,358,404	-	-	
Total investments measured at fair value.....	26,398,805	\$ 13,358,404	\$ 13,040,401	\$ -	
<b>Investments measured at amortized cost:</b>					
MMDT - cash portfolio.....	4,909,755				
<b>Investments measured at net asset value:</b>					
Pension Reserve Investment Trust (PRIT)..	1,886,437				
Total investments.....	\$ 33,194,997				

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

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. U.S. treasury notes, government sponsored enterprises, and 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.

The Town and System's PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasure 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.

### **NOTE 3 – RECEIVABLES**

At June 30, 2024, receivables for the individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables:</u>	<u>Allowance</u>		
	<u>Gross</u> <u>Amount</u>	<u>for</u> <u>Uncollectibles</u>	<u>Net</u> <u>Amount</u>
Real estate and personal property taxes....	\$ 2,076,917	\$ -	\$ 2,076,917
Tax liens.....	2,210,290	-	2,210,290
Community preservation fund surtax.....	13,170	-	13,170
Motor vehicle and other excise taxes.....	780,853	(126,237)	654,616
User charges.....	146,783	-	146,783
Departmental and other.....	335,901	-	335,901
Intergovernmental.....	462,478	-	462,478
 Total.....	 \$ 6,026,392	 \$ (126,237)	 \$ 5,900,155

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

At June 30, 2024, receivables for the water, sewer, and stormwater enterprise funds consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<b><u>Receivables:</u></b>			
Water user charges.....	\$ 1,782,693	\$ -	\$ 1,782,693
Sewer user charges.....	2,357,171	-	2,357,171
Stormwater user charges.....	<u>341,896</u>	<u>-</u>	<u>341,896</u>
Total.....	<u>\$ 4,481,760</u>	<u>\$ -</u>	<u>\$ 4,481,760</u>

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b><u>Receivables:</u></b>			
Real estate and personal property taxes....	\$ 1,806,375	\$ -	\$ 1,806,375
Tax liens.....	2,210,290	-	2,210,290
Community preservation fund surtax.....	-	13,170	13,170
Motor vehicle and other excise taxes.....	654,616	-	654,616
User charges.....	146,783	-	146,783
Departmental and other.....	<u>-</u>	<u>345,196</u>	<u>345,196</u>
Total.....	<u>\$ 4,818,064</u>	<u>\$ 358,366</u>	<u>\$ 5,176,430</u>

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

### **NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,557,355	\$ -	\$ (1)	\$ 2,557,354
Construction in progress.....	<u>14,028,136</u>	<u>594,600</u>	<u>(13,857,754)</u>	<u>764,982</u>
Total capital assets not being depreciated..	<u>16,585,491</u>	<u>594,600</u>	<u>(13,857,755)</u>	<u>3,322,336</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,101,686	-	-	1,101,686
Buildings.....	179,046,174	23,642,822	(40,000)	202,648,996
Vehicles and equipment.....	19,254,872	796,206	-	20,051,078
Infrastructure.....	<u>45,230,715</u>	<u>3,745,806</u>	<u>-</u>	<u>48,976,521</u>
Total capital assets being depreciated.....	<u>244,633,447</u>	<u>28,184,834</u>	<u>(40,000)</u>	<u>272,778,281</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(499,434)	(46,926)	-	(546,360)
Buildings.....	(80,465,000)	(4,671,480)	40,000	(85,096,480)
Vehicles and equipment.....	(14,237,575)	(1,214,753)	-	(15,452,328)
Infrastructure.....	<u>(19,593,924)</u>	<u>(1,104,813)</u>	<u>-</u>	<u>(20,698,737)</u>
Total accumulated depreciation.....	<u>(114,795,933)</u>	<u>(7,037,972)</u>	<u>40,000</u>	<u>(121,793,905)</u>
Total capital assets being depreciated, net.....	<u>129,837,514</u>	<u>21,146,862</u>	<u>-</u>	<u>150,984,376</u>
Total governmental activities capital assets, net... \$	<u>146,423,005</u>	<u>\$ 21,741,462</u>	<u>\$ (13,857,755)</u>	<u>\$ 154,306,712</u>

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
<u>Capital assets being depreciated:</u>				
Buildings.....	5,000	-	-	5,000
Vehicles and equipment.....	1,973,912	1,325,978	-	3,299,890
Infrastructure.....	40,319,493	1,326,095	-	41,645,588
Total capital assets being depreciated.....	<u>42,298,405</u>	<u>2,652,073</u>	-	<u>44,950,478</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(2,812)	(125)	-	(2,937)
Vehicles and equipment.....	(706,943)	(160,290)	-	(867,233)
Infrastructure.....	(18,154,217)	(891,734)	-	(19,045,951)
Total accumulated depreciation.....	<u>(18,863,972)</u>	<u>(1,052,149)</u>	-	<u>(19,916,121)</u>
Total capital assets being depreciated, net.....	<u>23,434,433</u>	<u>1,599,924</u>	-	<u>25,034,357</u>
Total water activities capital assets, net.....	<u>\$ 24,434,433</u>	<u>\$ 1,599,924</u>	<u>\$ (1,000,000)</u>	<u>\$ 25,034,357</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer:</b>				
<u>Capital assets being depreciated:</u>				
Buildings.....	\$ 517,588	\$ -	\$ -	\$ 517,588
Vehicles and equipment.....	3,648,503	169,825	-	3,818,328
Infrastructure.....	27,192,652	442,719	-	27,635,371
Total capital assets being depreciated.....	<u>31,358,743</u>	<u>612,544</u>	-	<u>31,971,287</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(41,725)	(12,690)	-	(54,415)
Vehicles and equipment.....	(921,256)	(197,323)	-	(1,118,579)
Infrastructure.....	(12,324,770)	(462,641)	-	(12,787,411)
Total accumulated depreciation.....	<u>(13,287,751)</u>	<u>(672,654)</u>	-	<u>(13,960,405)</u>
Total capital assets being depreciated, net.....	<u>18,070,992</u>	<u>(60,110)</u>	-	<u>18,010,882</u>
Total sewer activities capital assets, net.....	<u>\$ 18,070,992</u>	<u>\$ (60,110)</u>	<u>\$ -</u>	<u>\$ 18,010,882</u>

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Stormwater:</b>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 229,820	\$ -	\$ -	\$ 229,820
Infrastructure.....	<u>3,133,768</u>	<u>-</u>	<u>-</u>	<u>3,133,768</u>
Total capital assets being depreciated...	<u>3,363,588</u>	<u>-</u>	<u>-</u>	<u>3,363,588</u>
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(103,419)	(22,982)	-	(126,401)
Infrastructure.....	<u>(301,501)</u>	<u>(78,343)</u>	<u>-</u>	<u>(379,844)</u>
Total accumulated depreciation.....	<u>(404,920)</u>	<u>(101,325)</u>	<u>-</u>	<u>(506,245)</u>
Total stormwater activities capital assets, net..	<u>\$ 2,958,668</u>	<u>\$ (101,325)</u>	<u>\$ -</u>	<u>\$ 2,857,343</u>

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

### **Governmental Activities:**

General government.....	\$ 425,272
Public safety.....	681,592
Education.....	4,048,714
Public works.....	1,492,642
Human services.....	27,275
Culture and recreation.....	79,258
Library.....	<u>283,219</u>

Total depreciation expense - governmental activities..... \$ 7,037,972

### **Business-Type Activities:**

Water.....	\$ 1,052,149
Sewer.....	672,654
Stormwater.....	<u>101,325</u>

Total depreciation expense - business-type activities.... \$ 1,826,128

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

### **NOTE 5 – TRANSFERS**

Interfund transfers for the year ended June 30, 2024, are summarized as follows:

	Transfers In:					
	General fund	Town Capital Projects	Nonmajor Governmental Funds	Water Enterprise fund	Total	
Transfers Out:						
General fund.....	\$ -	\$ 655,850	\$ 1,721,000	\$ -	\$ 2,376,850	(1)
Nonmajor governmental funds....	<u>219,908</u>	<u>-</u>	<u>20,000</u>	<u>161,052</u>	<u>400,960</u>	(2)
Total.....	<u><u>219,908</u></u>	<u><u>655,850</u></u>	<u><u>1,741,000</u></u>	<u><u>161,052</u></u>	<u><u>2,777,810</u></u>	

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

(2) Represents transfers between nonmajor governmental funds and the general fund, the water enterprise fund 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, 2024, are reported as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2023	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2024
<b>Governmental Funds:</b>							
BAN	Municipal Purpose.....	4.50%	08/30/23	\$ 12,487,000	\$ -	\$ (12,487,000)	\$ -
BAN	Municipal Purpose.....	3.50%	08/30/23	3,000,000	- (3,000,000)		-
BAN	Municipal Purpose.....	5.00%	08/30/24	- 20,150,000	(20,050,000)		100,000 (1)
Total Governmental Funds.....				<u><u>15,487,000</u></u>	<u><u>20,150,000</u></u>	<u><u>(35,537,000)</u></u>	<u><u>100,000</u></u>

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

(1) On August 30, 2024, the Town issued \$20.9 million of General Obligation Bonds, of which \$20.1 million was utilized to pay down the outstanding BANs due on August 30, 2024, and has been reported as long-term debt as of June 30, 2024. The remaining outstanding BAN will be paid down with available funds.

### **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, 2024, 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, 2024
Municipal Purpose Bonds of 2008 .....	2028	\$ 8,978,577	2.00-4.24	\$ 1,357,514
Municipal Purpose Bonds of 2012.....	2032	12,005,332	2.00-2.75	2,090,000
Municipal Purpose Bonds of 2014.....	2029	4,403,182	2.00-5.00	917,000
Municipal Purpose Refunding Bonds of 2014.....	2026	5,776,000	2.00-4.00	802,000
Municipal Purpose Refunding Bonds of 2015.....	2025	4,780,000	2.00	410,000
Municipal Purpose Bonds of 2016.....	2037	2,040,349	2.00-4.00	645,000
Municipal Purpose Bonds of 2017.....	2028	865,000	2.00-4.00	270,000
Municipal Purpose Refunding Bonds of 2017.....	2029	6,875,000	2.50-4.00	2,435,000
Municipal Purpose Bonds of 2018.....	2039	7,654,858	2.00-3.00	3,919,000
Municipal Purpose Bonds of 2021.....	2038	3,702,572	1.00-4.00	2,872,278
Municipal Purpose Bonds of 2023.....	2043	5,528,300	3.13-5.00	5,130,000
Municipal Purpose Bonds of 2024.....	2055	20,005,000	5.00	<u>20,050,000</u>
Total Bonds Payable.....				40,897,792
Add: Unamortized premium on bonds.....				<u>1,143,493</u>
Total Bonds Payable, net.....				\$ <u>42,041,285</u>

Debt service requirements for principal and interest for governmental bonds payable in future years are shown on the following page.

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

Year	Principal	Interest	Total
2025.....	\$ 3,635,777	\$ 803,114	\$ 4,438,891
2026.....	3,245,277	1,916,381	5,161,658
2027.....	3,022,677	1,371,143	4,393,820
2028.....	2,734,975	1,240,032	3,975,007
2029.....	2,122,898	1,109,215	3,232,113
2030.....	1,696,098	1,012,636	2,708,734
2031.....	1,722,498	946,490	2,668,988
2032.....	1,671,998	880,695	2,552,693
2033.....	1,386,598	815,590	2,202,188
2034.....	1,294,198	765,629	2,059,827
2035.....	1,101,498	725,689	1,827,187
2036.....	1,193,600	684,410	1,878,010
2037.....	1,114,700	642,643	1,757,343
2038.....	971,000	601,479	1,572,479
2039.....	903,000	562,848	1,465,848
2040.....	795,000	527,990	1,322,990
2041.....	816,000	495,926	1,311,926
2042.....	848,000	461,710	1,309,710
2043.....	888,000	425,984	1,313,984
2044.....	838,000	388,900	1,226,900
2045.....	862,000	353,400	1,215,400
2046.....	896,000	316,700	1,212,700
2047.....	924,000	278,700	1,202,700
2048.....	977,000	239,000	1,216,000
2049.....	1,001,000	197,700	1,198,700
2050.....	1,044,000	155,000	1,199,000
2051.....	944,000	113,500	1,057,500
2052.....	934,000	74,300	1,008,300
2053.....	872,000	36,600	908,600
2054.....	345,000	11,200	356,200
2055.....	97,000	2,000	99,000
 Total.....	 \$ 40,897,792	 \$ 18,156,604	 \$ 59,054,396

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### **Bonds and Notes Payable Schedule – Enterprise Funds**

Details related to the outstanding indebtedness at June 30, 2024, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
<b>Water Bonds Payable:</b>				
Municipal Purpose Bonds of 2016.....	2037	\$ 5,578,565	2.00-4.00	\$ 3,300,000
Municipal Purpose Bonds of 2018.....	2029	1,057,504	2.00-3.00	314,000
Municipal Purpose Bonds of 2021.....	2038	367,828	1.00-4.00	291,922
Municipal Purpose Bonds of 2023.....	2043	404,500	4.00-5.00	<u>370,000</u>
Subtotal General Obligation Bonds Payable.....				<u>4,275,922</u>
Massachusetts Water Resource Authority - MWRA..	2026	1,150,000	0.00	230,000
Massachusetts Water Resource Authority - MWRA..	2029	1,500,000	0.00	750,000
Massachusetts Water Resource Authority - MWRA..	2030	1,264,000	0.00	<u>884,800</u>
Subtotal Direct Borrowings Payable.....				<u>1,864,800</u>
Total Water Bonds Payable, net.....				<u>\$ 6,140,722</u>

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
<b>Sewer Bonds Payable:</b>				
Municipal Purpose Bonds of 2014.....	2029	\$ 111,007	2.75-5.00	\$ 28,000
Municipal Purpose Refunding Bonds of 2014.....	2026	484,000	2.00-4.00	73,000
Municipal Purpose Bonds of 2018.....	2039	1,077,818	2.00-3.00	262,000
Municipal Purpose Bonds of 2021.....	2036	46,700	1.00-4.00	37,200
Municipal Purpose Bonds of 2023.....	2043	1,128,000	3.15-5.00	<u>1,086,000</u>
Subtotal General Obligation Bonds Payable.....				<u>1,486,200</u>
Massachusetts Water Resource Authority - MWRA....	2028	228,500	0.00	91,400
Massachusetts Water Resource Authority - MWRA....	2029	228,500	0.00	114,250
Massachusetts Water Resource Authority - MWRA....	2030	287,500	0.00	172,500
Massachusetts Water Resource Authority - MWRA....	2030	287,500	0.00	201,250
Massachusetts Water Resource Authority - MWRA....	2032	1,150,000	0.00	920,000
Massachusetts Water Resource Authority - MWRA....	2034	287,500	0.00	<u>287,500</u>
Subtotal Direct Borrowings Payable.....				<u>1,786,900</u>
Total Sewer Bonds Payable.....				<u>3,273,100</u>
Add: Unamortized premium on bonds.....				<u>53,509</u>
Total Sewer Bonds Payable, net .....				<u>\$ 3,326,609</u>
Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
<b>Stormwater Bonds Payable:</b>				
Municipal Purpose Bonds of 2018.....	2029	\$ 1,229,820	2.00-3.00	\$ 920,000
Municipal Purpose Bonds of 2021.....	2038	767,900	1.00-4.00	658,600
Municipal Purpose Bonds of 2023.....	2043	794,200	4.00-5.00	<u>759,000</u>
Total Stormwater Bonds Payable.....				<u>2,337,600</u>
Add: Unamortized premium on bonds.....				<u>58,441</u>
Total Stormwater Bonds Payable, net.....				<u>\$ 2,396,041</u>

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

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		
2025.....	\$ 688,602	\$ 211,955	\$ 638,350	\$ 1,538,907	
2026.....	647,102	188,551	638,350	1,474,003	
2027.....	619,702	165,593	523,350	1,308,645	
2028.....	627,402	145,567	523,350	1,296,319	
2029.....	573,102	127,581	500,500	1,201,183	
2030.....	543,902	111,633	327,650	983,185	
2031.....	556,502	95,791	298,900	951,193	
2032.....	560,002	79,758	143,750	783,510	
2033.....	544,402	65,749	28,750	638,901	
2034.....	526,802	52,419	28,750	607,971	
2035.....	527,502	38,673	-	566,175	
2036.....	520,400	25,841	-	546,241	
2037.....	513,300	18,384	-	531,684	
2038.....	221,000	12,036	-	233,036	
2039.....	152,000	9,633	-	161,633	
2040.....	73,000	7,176	-	80,176	
2041.....	66,000	4,868	-	70,868	
2042.....	68,000	2,478	-	70,478	
2043.....	<u>71,000</u>	<u>1,598,597</u>	<u>-</u>	<u>1,669,597</u>	
Total.....	<u>\$ 8,099,722</u>	<u>\$ 2,962,283</u>	<u>\$ 3,651,700</u>	<u>\$ 14,713,705</u>	

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, 2024, the outstanding principal amount of these loans totaled \$3,651,700.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

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, 2024, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Animal Control Vehicle.....	\$ 50,000
Animal Shelter.....	700,000
COA Paving and Curbing.....	100,000
Cemetery Pickup Truck.....	69,000
Directional Antenna Upgrades.....	50,000
DPW Equipment.....	1,275,000
Dump Truck.....	383,000
Financial Software.....	200,000
Fire Command Vehicle.....	65,000
Fire Engine.....	850,000
Fire Station Design and Construction....	14,860,486
HVAC Main Library.....	50,000
Ladder truck.....	1,600,000
Loader.....	60,000
Park Reconstruction.....	2,040,000
Pickup Truck.....	57,000
Police Emergency Operations Center....	135,000
Roadways - CH 90.....	2,252,556
Salt Shed/Paving/Drainage.....	1,000,000
School Facilities.....	2,110,000
Security Upgrades.....	115,372
Sewer Meter Replacement.....	233,000
Sewer MWRA.....	862,500
Sewer Pump Station Upgrades.....	500,000
Sidewalk Tractor.....	200,000
Squantum at Adams St. Signalization....	987,075
Stormwater System.....	320,000
Town Cameras.....	75,000
Town Facilities.....	370,000
Traffic Calming.....	100,000
Truck.....	150,000
Various Capital.....	100,000
Water Lead Line Replacement.....	300,000
Water Meter Replacement.....	241,000
Water MWRA.....	<u>3,632,500</u>
Total.....	<u>\$ 36,093,489</u>

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

### Changes in Long-term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 24,554,469	\$ 20,050,000	\$ (3,706,677)	\$ -	\$ -	\$ 40,897,792	\$ 3,635,777
Add: Unamortized premium on bonds..	1,380,728	-	-	-	(237,235)	1,143,493	204,804
Total bonds payable.....	25,935,197	20,050,000	(3,706,677)	-	(237,235)	42,041,285	3,840,581
Compensated absences.....	2,068,534	-	-	669,038	(413,707)	2,323,865	464,773
Workers' compensation.....	186,038	-	-	267,842	(46,510)	407,370	101,843
Net pension liability.....	13,871,000	-	-	4,577,000	(17,355,000)	1,093,000	-
Other postemployment benefits liability...	123,085,452	-	-	16,247,552	(20,554,713)	118,778,291	-
 Total governmental activity							
long-term liabilities.....	\$ 165,146,221	\$ 20,050,000	\$ (3,706,677)	\$ 21,761,432	\$ (38,607,165)	\$ 164,643,811	\$ 4,407,197
 <b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 8,822,424	\$ 287,500	\$ (722,702)	\$ -	\$ -	\$ 8,387,222	\$ 688,602
Long-term direct borrowing payable.....	3,973,800	-	(609,600)	-	-	3,364,200	638,350
Add: Unamortized premium on bonds..	125,205	-	-	-	(13,255)	111,950	12,648
Total bonds payable.....	12,921,429	287,500	(1,332,302)	-	(13,255)	11,863,372	1,339,600
Compensated absences.....	30,607	-	-	26,193	(28,400)	28,400	28,400
Net pension liability.....	696,000	-	-	233,000	(874,000)	55,000	-
Other postemployment benefits liability...	2,893,652	-	-	407,832	(463,306)	2,838,178	-
 Total business-type activity							
long-term liabilities.....	\$ 16,541,688	\$ 287,500	\$ (1,332,302)	\$ 667,025	\$ (1,378,961)	\$ 14,784,950	\$ 1,368,000

### **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.

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

### Year Ended June 30, 2024

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, 2024, the governmental fund balances consisted of the following:

	General	Town Capital Projects	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 3,989,926	\$ 3,989,926
Restricted for:					
Other special revenue.....	-	-	-	193,294	193,294
School gifts and grants.....	-	-	-	66,883	66,883
School lunch.....	-	-	-	3,160,727	3,160,727
School revolving.....	-	-	-	2,675,953	2,675,953
Town gifts and grants.....	-	-	-	2,701,231	2,701,231
Town federal grants.....	-	-	-	63,766	63,766
Student activity.....	-	-	-	125,543	125,543
Town revolving.....	-	-	-	1,468,109	1,468,109
Receipts reserved.....	-	-	-	463,576	463,576
School capital project funds.....	-	-	-	596,549	596,549
Community preservation fund.....	-	-	-	1,867,861	1,867,861
Permanent fund.....	-	-	12,328,991	-	12,328,991
Assigned to:					
General government.....	276,261	-	-	-	276,261
Public safety.....	60,145	-	-	-	60,145
Education.....	833	-	-	-	833
Public works.....	117,520	-	-	-	117,520
Human services.....	21,602	-	-	-	21,602
Culture and recreation.....	14,705	-	-	-	14,705
Employee benefits.....	5,790	-	-	-	5,790
Free cash used for subsequent year budget....	2,764,658	-	-	-	2,764,658
Unassigned.....	<u>15,118,465</u>	<u>(1,072,266)</u>	<u>-</u>	<u>(222,564)</u>	<u>13,823,635</u>
Total Fund Balances.....	<u>\$ 18,379,979</u>	<u>\$ (1,072,266)</u>	<u>\$ 12,328,991</u>	<u>\$ 17,150,854</u>	<u>\$ 46,787,558</u>

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.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

At year end the balances of the General Stabilization, Capital Stabilization, Roadway Stabilization, and Debt Stabilization funds were \$6.0 million, \$1.2 million, \$229,000, and \$951,000, 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 \$821,000 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 reinsurance 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 \$407,000 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 Town of Milton and the Milton Housing Authority. 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

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports/>.

*Special Funding Situation* – The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2023. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$11,523,299 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 \$123,415,253 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, 2023.

At December 31, 2023, the MCRS's membership consists of the following:

Active members.....	401
Inactive members.....	184
Retirees and beneficiaries currently receiving benefits.....	<u>282</u>
Total.....	<u>867</u>

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

*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, 2023, was \$8,418,000, 31.32% 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 \$8,351,000, which equaled its actual contribution.

*Pension Liabilities/(Assets)* – The components of the net pension liability/(asset) of the participating member units at June 30, 2024 were as follows:

Total pension liability.....	\$ 199,968,000
Total pension plan's fiduciary net position.....	<u>(198,811,000)</u>
Total net pension liability/(asset).....	<u>\$ 1,157,000</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	99.42%

At June 30, 2024, the Town reported a liability of \$1,148,000 for its proportionate share of the net pension liability. The total pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2023, the Town's proportion was 99.20%, which decreased from the prior year rate of 99.21%.

*Pension Expense* – For the year ended June 30, 2024, the Town recognized pension expense of \$4,810,000. At June 30, 2024, the Town reported deferred outflows of resources related to pensions of \$9,117,000 and reported deferred inflows of resources related to pensions of \$3,981,000.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

The balance of deferred outflows of resources at June 30, 2024 consisted of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 144,000	\$ (3,974,000)	\$ (3,830,000)
Net difference between projected and actual earnings.....	6,747,000	-	6,747,000
Changes in assumptions.....	2,224,000	-	2,224,000
Changes in proportion and proportionate share of contributions...	<u>2,000</u>	<u>(7,000)</u>	<u>(5,000)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 9,117,000</u>	<u>\$ (3,981,000)</u>	<u>\$ 5,136,000</u>

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

Year ended June 30:

2025.....	\$ 570,000
2026.....	1,300,000
2027.....	5,217,000
2028.....	<u>(1,951,000)</u>
Total.....	<u>\$ 5,136,000</u>

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

*Actuarial Assumptions* – The total pension liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2023:

Valuation date.....	January 1, 2023
Actuarial cost method.....	Entry Age Normal.
Amortization method - UAAL.....	Unfunded liability fully amortized in FY24. In addition to normal cost, a payment of \$1.0 million assumed for the next 10 years.
Remaining amortization period.....	Fully amortized as of July 1, 2024.
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 \$18,000.
Mortality rates.....	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 (gender distinct). Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 (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-2021 (gender distinct).

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

*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, 2023, are summarized below:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity		
Domestic equities.....	24.10%	6.90%
International equities.....	10.80%	6.60%
Emerging international equities.....	4.40%	9.20%
Core fixed income		
Core bonds.....	4.80%	4.90%
Short-Term Fixed Income.....	3.00%	4.20%
20+ yr. treasury strips.....	2.00%	4.20%
TIPS.....	4.00%	4.30%
Value added fixed income.....	7.30%	7.80%
Private equity.....	17.10%	10.20%
Real estate.....	10.30%	6.60%
Timberland.....	3.20%	7.10%
Hedge fund and portfolio completion..	8.50%	6.40%
Overlay.....	0.50%	0.00%
Total.....	<u>100.00%</u>	

*Rate of Return* – For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.15%. 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 rated. 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.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The 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, 2023 Measurement Date		
	Current		
	1% Decrease (6.00%)	Discount (7.00%)	1% Increase (8.00%)
The Town's proportionate share of the net pension liability.....	\$ 23,510,000	\$ 1,148,000	\$ (17,806,000)

*Changes of Assumptions* – The cost of living adjustment changed from 3% of \$15,000, to 3% of \$18,000.

*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, 2024, the Town's average contribution rate was 7.40% 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, 2024, the net position of the OPEB trust fund totaled \$1,866,436.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

*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><u>1,401</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2024:

Total OPEB liability.....	\$ 123,502,905
Less: OPEB plan's fiduciary net position.....	<u>(1,886,436)</u>
Net OPEB liability.....	\$ <u><u>121,616,469</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability..	1.53%

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

### **Year Ended June 30, 2024**

*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, 2024:

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, 2024.
Investment rate of return.....	6.97%, net of OPEB plan investment expense, including inflation.
Discount rate.....	6.50%, per annum (previously 5.81%)
Municipal bond rate.....	4.21% as of June 30, 2024 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG).
Inflation rate.....	2.50% as of June 30, 2024 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2024 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, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

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 4.97% is added to the expected inflation of 2.50% to produce the total long-term expected nominal rate of return of 7.47%, less investment expense of 0.50% equals the net investment rate of return of 6.97%. 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, 2024 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%	4.91%
Domestic Equity - Small/Mid Cap.....	3.50%	5.29%
International Equity - Developed Market..	16.00%	5.32%
International Equity - Emerging Market....	6.00%	6.13%
Domestic Fixed Income.....	20.00%	2.30%
International Fixed Income.....	3.00%	2.02%
Alternatives.....	23.00%	6.35%
Real estate.....	14.00%	6.25%
 Total.....	 <u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2024 and 5.81% as of June 30, 2023. 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.

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

### *Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023.....	\$ 127,601,851	\$ 1,622,747	\$ 125,979,104
<b>Changes for the year:</b>			
Service cost.....	3,132,004	-	3,132,004
Interest on total OPEB liability, service cost, and benefit payments..	7,460,909	-	7,460,909
Net investment income.....	-	163,689	(163,689)
Changes in assumptions and other inputs.....	(9,987,656)	-	(9,987,656)
Differences between actual and expected experience.....	-	-	-
Employer contributions to trust.....	-	4,804,203	(4,804,203)
Benefit payments.....	<u>(4,704,203)</u>	<u>(4,704,203)</u>	<u>-</u>
Net change.....	<u>(4,098,946)</u>	<u>263,689</u>	<u>(4,362,635)</u>
Balances at June 30, 2024.....	<u>\$ 123,502,905</u>	<u>\$ 1,886,436</u>	<u>\$ 121,616,469</u>

*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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate.

	Current		
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability.....	<u>\$ 139,264,257</u>	<u>\$ 121,616,469</u>	<u>\$ 107,267,418</u>

*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.....	<u>\$ 105,710,331</u>	<u>\$ 121,616,469</u>	<u>\$ 141,442,933</u>

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the financial reporting year ended June 30, 2024, the Town recognized OPEB expense of \$1,239,626. At June 30, 2024, 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.....	\$ -	\$ (14,582,296)	\$ (14,582,296)
Difference between projected and actual earnings, net....	-	(51,996)	(51,996)
Changes in assumptions.....	<u>19,984,964</u>	<u>(55,288,064)</u>	<u>(35,303,100)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 19,984,964</u>	<u>\$ (69,922,356)</u>	<u>\$ (49,937,392)</u>

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:

2025.....	\$ (8,757,867)
2026.....	(9,127,159)
2027.....	(9,807,122)
2028.....	(14,924,439)
2029.....	(6,250,697)
Thereafter.....	<u>(1,070,108)</u>
Total.....	<u>\$ (49,937,392)</u>

*Changes of Assumptions* – The discount rate increased from 5.81% as of June 30, 2023, to 6.50% as of June 30, 2024.

*Changes in Plan Provisions* – None.

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### **NOTE 12 – COMMITMENTS**

The Town is committed to expend \$36.1 million for the various projects listed below:

<u>Purpose</u>	<u>Amount</u>
Animal Control Vehicle.....	\$ 50,000
Animal Shelter.....	700,000
COA Paving and Curbing.....	100,000
Cemetery Pickup Truck.....	69,000
Directional Antenna Upgrades.....	50,000
DPW Equipment.....	1,275,000
Dump Truck.....	383,000
Financial Software.....	200,000
Fire Command Vehicle.....	65,000
Fire Engine.....	850,000
Fire Station Design and Construction....	14,860,486
HVAC Main Library.....	50,000
Ladder truck.....	1,600,000
Loader.....	60,000
Park Reconstruction.....	2,040,000
Pickup Truck.....	57,000
Police Emergency Operations Center....	135,000
Roadways - CH 90.....	2,252,556
Salt Shed/Paving/Drainage.....	1,000,000
School Facilities.....	2,110,000
Security Upgrades.....	115,372
Sewer Meter Replacement.....	233,000
Sewer MWRA.....	862,500
Sewer Pump Station Upgrades.....	500,000
Sidewalk Tractor.....	200,000
Squantum at Adams St. Signalization....	987,075
Stormwater System.....	320,000
Town Cameras.....	75,000
Town Facilities.....	370,000
Traffic Calming.....	100,000
Truck.....	150,000
Various Capital.....	100,000
Water Lead Line Replacement.....	300,000
Water Meter Replacement.....	241,000
Water MWRA.....	<u>3,632,500</u>
Total.....	\$ <u>36,093,489</u>

# **Town of Milton, Massachusetts**

## **Notes to Basic Financial Statements**

**Year Ended June 30, 2024**

### **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, 2024, 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, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2024.

### **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.

	<b>Pension Trust Fund (as of December 31, 2023)</b>	<b>Other Postemployment Benefit Trust Fund</b>	<b>Pension and Other Employee Benefit Trust Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 597,879	\$ -	\$ 597,879
Investments:			
Investments in Pension Reserve Investment Trust.....	198,210,416	1,886,436	200,096,852
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	2,264	-	2,264
Other assets.....	953	-	953
<b>TOTAL ASSETS.....</b>	<b>198,811,512</b>	<b>1,886,436</b>	<b>200,697,948</b>
<b>LIABILITIES</b>			
Warrants payable.....	219	-	219
<b>NET POSITION</b>			
Restricted for pensions.....	198,811,293	-	198,811,293
Restricted for other postemployment benefits.....	-	1,886,436	1,886,436
<b>TOTAL NET POSITION.....</b>	<b>\$ 198,811,293</b>	<b>\$ 1,886,436</b>	<b>\$ 200,697,729</b>

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

**Year Ended June 30, 2024**

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Pension and Other Employee Benefit Trust Fund
<b>ADDITIONS:</b>			
Contributions:			
Employer contributions.....	\$ 8,418,747	\$ 100,000	\$ 8,518,747
Employer contributions for other postemployment benefit payments..	- 4,704,946	4,704,946	4,704,946
Member contributions.....	2,881,041	-	2,881,041
Retirement benefits - transfers from other systems.....	583,753	-	583,753
Intergovernmental.....	43,665	-	43,665
Total contributions.....	<u>11,927,206</u>	<u>4,804,946</u>	<u>16,732,152</u>
Net investment income:			
Investment income.....	20,577,264	163,689	20,740,953
Less: investment expense.....	(940,887)	-	(940,887)
Net investment income.....	<u>19,636,377</u>	<u>163,689</u>	<u>19,800,066</u>
<b>TOTAL ADDITIONS.....</b>	<b><u>31,563,583</u></b>	<b><u>4,968,635</u></b>	<b><u>36,532,218</u></b>
<b>DEDUCTIONS:</b>			
Administration.....	271,498	-	271,498
Retirement benefits - transfers to other systems.....	1,160,367	-	1,160,367
Retirement benefits and refunds.....	11,071,927	-	11,071,927
Other postemployment benefit payments.....	-	4,704,946	4,704,946
<b>TOTAL DEDUCTIONS.....</b>	<b><u>12,503,792</u></b>	<b><u>4,704,946</u></b>	<b><u>17,208,738</u></b>
<b>NET INCREASE IN NET POSITION.....</b>	<b><u>19,059,791</u></b>	<b><u>263,689</u></b>	<b><u>19,323,480</u></b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b><u>179,751,502</u></b>	<b><u>1,622,747</u></b>	<b><u>181,374,249</u></b>
<b>NET POSITION AT END OF YEAR.....</b>	<b><u>\$ 198,811,293</u></b>	<b><u>\$ 1,886,436</u></b>	<b><u>\$ 200,697,729</u></b>

## **NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 31, 2025, which is the date the financial statements were available to be issued. On August 30, 2024, the Town issued General Obligation Bonds, which a portion was utilized to pay down the outstanding BANs due on August 30, 2024, and has been reported as long-term debt as of June 30, 2024 (See Note 6).

## **NOTE 16 – CHANGE WITHIN REPORTING ENTITY**

During the fiscal year ended June 30, 2024, the Town reviewed its fund classifications and determined that the Town grants fund, previously reported as a major governmental fund, no longer meets the criteria for major fund reporting according to Governmental Accounting Standards Board (GASB) Statement #34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The Town grants fund has been reclassified as a nonmajor governmental fund for the fiscal year ended June 30, 2024. This reclassification is based on the fund's financial activity, which did previously meet the quantitative thresholds established for major fund reporting.

# Town of Milton, Massachusetts

## Notes to Basic Financial Statements

### Year Ended June 30, 2024

During fiscal year 2024, the Town voted to establish a PEG Access Enterprise Fund. These activities were previously accounted for within a Special Revenue Fund, and it has been determined that the activities would be more accurately presented as an Enterprise Fund.

The effects of this reclassifications are reflected in the accompanying financial statements for the fiscal year ended June 30, 2024, in accordance with GASB Statement #100, *Accounting Changes and Error Corrections*. The reclassification did not impact the total net position or change in net position of the Town. The schedule below reports how the restatements are accounted for the fiscal year 2024 financial statements.

	06/30/2023 Previously Reported Balances	Adjustment for Change from Major to Nonmajor Fund	Adjustment for Establishment of Enterprise Fund	06/30/2023 Adjusted Balances
<b>Government-Wide Financial Statements</b>				
Governmental activities.....	\$ 1,792,277	\$ -	\$ (367,269)	\$ 1,425,008
Business-type activities.....	<u>39,836,156</u>	<u>-</u>	<u>367,269</u>	<u>40,203,425</u>
Total.....	<u>\$ 41,628,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,628,433</u>
<b>Governmental Funds</b>				
Town Grant Fund.....	\$ 60,033	\$ (60,033)	\$ -	\$ -
Nonmajor funds.....	<u>19,332,746</u>	<u>60,033</u>	<u>(367,269)</u>	<u>19,025,510</u>
Total.....	<u>\$ 19,392,779</u>	<u>\$ -</u>	<u>\$ (367,269)</u>	<u>\$ 19,025,510</u>
<b>Business-type Activities - Enterprise Funds</b>				
PEG Access fund.....	\$ -	\$ -	\$ 367,269	\$ 367,269

### NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #101, Compensated Absences, which is required to be implemented in 2025.
- The GASB issued Statement #102. Certain Risk Disclosures, which is required to be implemented in 2025.
- The GASB Issued Statement #103. Financial Reporting Model Improvements, which is required to be implemented in 2026.
- The GASB issued Statement #104, Disclosure of Certain Capital Assets, which is required to be implemented in 2026.

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

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## *Required Supplementary Information*

## ***General Fund Budgetary Schedule***

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

# Town of Milton, Massachusetts

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

**Year Ended June 30, 2024**

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	97,348,626	\$ 97,348,626	\$ 97,698,626	\$ 97,888,717	\$ -	\$ 190,091
Motor vehicle and other excise taxes.....	-	4,699,795	4,699,795	4,699,795	5,200,267	-	500,472
Penalties and interest on taxes.....	-	590,000	590,000	590,000	483,447	-	(106,553)
Payments in lieu of taxes.....	-	330,000	330,000	330,000	345,000	-	15,000
Intergovernmental.....	-	17,388,121	17,388,121	17,388,121	17,282,552	-	(105,569)
Departmental and other.....	-	3,461,000	3,461,000	3,461,000	4,428,844	-	967,844
Investment income.....	-	400,000	400,000	400,000	1,662,638	-	1,262,638
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>124,217,542</b>	<b>124,217,542</b>	<b>124,567,542</b>	<b>127,291,465</b>	<b>-</b>	<b>2,723,923</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....	73,151	6,848,477	6,921,628	7,148,473	6,176,202	276,261	696,010
Public safety.....	31,457	15,947,547	15,979,004	15,979,004	15,549,293	60,145	369,566
Education.....	3,983	62,647,940	62,651,923	62,651,923	62,651,046	833	44
Public works.....	36,347	6,675,769	6,712,116	6,819,252	6,609,517	117,520	92,215
Health and human services.....	18,202	996,733	1,014,935	1,014,935	865,495	21,602	127,838
Culture and recreation.....	1,800	693,738	695,538	695,538	673,059	14,705	7,774
Library.....	-	1,822,380	1,822,380	1,822,380	1,820,518	-	1,862
Pension benefits.....	-	8,351,397	8,351,397	8,351,397	8,351,397	-	-
Employee benefits.....	32,551	14,109,500	14,142,051	14,158,070	13,868,252	5,790	284,028
State and county charges.....	-	4,587,470	4,587,470	4,587,470	4,509,651	-	77,819
Debt service:							
Principal.....	-	3,706,677	3,706,677	3,706,677	3,706,677	-	-
Interest.....	-	1,315,138	1,315,138	1,315,138	1,234,262	-	80,876
<b>TOTAL EXPENDITURES.....</b>	<b>197,491</b>	<b>127,702,766</b>	<b>127,900,257</b>	<b>128,250,257</b>	<b>126,015,369</b>	<b>496,856</b>	<b>1,738,032</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<b>(197,491)</b>	<b>(3,485,224)</b>	<b>(3,682,715)</b>	<b>(3,682,715)</b>	<b>1,276,096</b>	<b>(496,856)</b>	<b>4,461,955</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	-	1,654,302	1,654,302	1,654,302	1,619,210	-	(35,092)
Transfers out.....	-	(2,576,850)	(2,576,850)	(2,976,850)	(2,976,850)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(922,548)</b>	<b>(922,548)</b>	<b>(1,322,548)</b>	<b>(1,357,640)</b>	<b>-</b>	<b>(35,092)</b>
NET CHANGE IN FUND BALANCE.....	<b>(197,491)</b>	<b>(4,407,772)</b>	<b>(4,605,263)</b>	<b>(5,005,263)</b>	<b>(81,544)</b>	<b>(496,856)</b>	<b>4,426,863</b>
BUDGETARY FUND BALANCE, Beginning of year..	-	10,137,701	10,137,701	10,137,701	10,137,701	-	-
BUDGETARY FUND BALANCE, End of year.....	<b>\$ (197,491)</b>	<b>\$ 5,729,929</b>	<b>\$ 5,532,438</b>	<b>\$ 5,132,438</b>	<b>\$ 10,056,157</b>	<b>\$ (496,856)</b>	<b>\$ 4,426,863</b>

*See notes to required supplementary information.*

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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.

# Town of Milton, Massachusetts

## 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	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
<b>Total pension liability:</b>										
Service cost.....	\$ 2,946,000	\$ 3,175,000	\$ 3,318,000	\$ 3,431,000	\$ 3,585,000	\$ 3,933,000	\$ 4,109,000	\$ 4,657,000	\$ 4,867,000	\$ 4,795,000
Interest.....	9,777,000	10,199,000	10,922,000	11,022,000	11,296,000	11,367,000	12,374,000	12,445,000	13,059,000	13,550,000
Changes in benefit terms.....	-	95,000	-	(5,823,000)	-	1,963,000	-	(1,885,000)	-	2,200,000
Differences between expected and actual experience.....	-	-	-	3,570,000	-	6,000,000	-	3,600,000	-	(4,103,000)
Changes in assumptions.....	-	3,600,000	-	-	-	-	-	-	-	400,000
Benefit payments.....	(7,385,000)	(7,633,000)	(8,139,000)	(8,522,000)	(8,849,000)	(9,267,000)	(9,847,000)	(10,026,000)	(10,406,000)	(11,309,000)
Net change in total pension liability.....	5,338,000	9,436,000	6,101,000	3,678,000	6,032,000	13,996,000	6,636,000	8,791,000	7,520,000	5,533,000
Total pension liability - beginning.....	126,907,000	132,245,000	141,681,000	147,782,000	151,460,000	157,492,000	171,488,000	178,124,000	186,915,000	194,435,000
Total pension liability - ending (a).....	\$ 132,245,000	\$ 141,681,000	\$ 147,782,000	\$ 151,460,000	\$ 157,492,000	\$ 171,488,000	\$ 178,124,000	\$ 186,915,000	\$ 194,435,000	\$ 199,968,000
<b>Plan fiduciary net position:</b>										
Employer contributions.....	\$ 5,009,570	\$ 5,282,025	\$ 5,599,000	\$ 5,935,000	\$ 6,291,000	\$ 6,668,000	\$ 7,068,000	\$ 7,492,000	\$ 7,942,000	\$ 8,418,000
Member contributions.....	2,130,911	1,941,596	1,884,792	2,293,000	2,560,000	2,373,000	2,707,000	2,928,000	2,228,000	2,585,000
Net investment income (loss).....	7,564,887	714,363	8,051,000	19,413,000	(3,048,000)	20,891,000	17,672,000	33,136,000	(22,940,000)	19,636,000
Administrative expenses.....	(153,933)	(171,112)	(195,000)	(169,000)	(195,000)	(176,000)	(168,000)	(175,000)	(194,000)	(271,000)
Retirement benefits and refunds.....	(7,385,000)	(7,633,000)	(8,139,000)	(8,522,000)	(8,849,000)	(9,267,000)	(9,847,000)	(10,026,000)	(10,406,000)	(11,309,000)
Other receipts.....	56,988	91,474	94,000	94,000	5,000	-	-	-	-	-
Net increase (decrease) in fiduciary net position.....	7,223,423	225,346	7,294,792	19,044,000	(3,236,000)	20,489,000	17,432,000	33,355,000	(23,370,000)	19,059,000
Fiduciary net position - beginning of year.....	101,294,439	108,517,862	108,743,208	116,038,000	135,082,000	131,846,000	152,335,000	169,767,000	203,122,000	179,752,000
Fiduciary net position - end of year (b).....	\$ 108,517,862	\$ 108,743,208	\$ 116,038,000	\$ 135,082,000	\$ 131,846,000	\$ 152,335,000	\$ 169,767,000	\$ 203,122,000	\$ 179,752,000	\$ 198,811,000
<b>Net pension liability/(asset) - ending (a)-(b).....</b>	<b>\$ 23,727,138</b>	<b>\$ 32,937,792</b>	<b>\$ 31,744,000</b>	<b>\$ 16,378,000</b>	<b>\$ 25,646,000</b>	<b>\$ 19,153,000</b>	<b>\$ 8,357,000</b>	<b>\$ (16,207,000)</b>	<b>\$ 14,683,000</b>	<b>\$ 1,157,000</b>
Plan fiduciary net position as a percentage of the total pension liability.....	82.06%	76.75%	78.52%	89.19%	83.72%	88.83%	95.31%	108.67%	92.45%	99.42%
Covered payroll.....	\$ 19,176,000	\$ 21,049,000	\$ 21,049,000	\$ 21,570,000	\$ 21,570,000	\$ 23,757,000	\$ 23,757,000	\$ 26,843,000	\$ 26,843,000	\$ 26,880,000
Net pension liability/(asset) as a percentage of covered payroll.....	123.73%	156.48%	150.81%	75.93%	118.90%	80.62%	35.18%	-60.38%	54.70%	4.30%

*See notes to required supplementary information.*

## Town of Milton, Massachusetts

### 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, 2023.....	\$ 8,418,000	\$ (8,418,000)	-	\$ 26,880,000	31.32%
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%

*See notes to required supplementary information.*

## **Town of Milton, Massachusetts**

### **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, 2023.....	11.15%
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%

*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.

## Town of Milton, Massachusetts

### 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, 2023.....	99.20%	\$ 1,148,000	\$ 26,665,000	4.31%	99.42%
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%

*See notes to required supplementary information.*

## Town of Milton, Massachusetts

### 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, 2024.....	\$ 8,351,000	\$ (8,351,000)	\$ -	\$ 27,198,300	30.70%
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%

*See notes to required supplementary information.*

## **Town of Milton, Massachusetts**

### **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.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2024.....	\$ 123,415,253	\$ 11,523,299	58.48%
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%

*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.

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.

## Town of Milton, Massachusetts

### 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	June 30, 2024
<b>Total OPEB Liability</b>								
Service Cost.....	\$ 4,650,097	\$ 4,598,706	\$ 5,748,719	\$ 6,059,571	\$ 6,366,930	\$ 7,714,163	\$ 4,630,792	\$ 3,132,004
Interest.....	4,525,168	5,156,943	4,083,242	5,117,620	5,297,026	5,369,751	7,171,110	7,460,909
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)	(9,987,656)
Benefit payments.....	(2,956,619)	(3,203,906)	(4,683,581)	(4,971,847)	(5,298,306)	(4,853,086)	(5,246,008)	(4,704,203)
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)	(4,098,946)
Total OPEB liability - beginning.....	<u>126,106,025</u>	<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>
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>	<u>\$ 123,502,905</u>
<b>Plan fiduciary net position</b>								
Employer contributions.....	\$ 153,276	\$ 150,388	\$ 82,750	\$ 50,000	\$ -	\$ 10,000	\$ 37,381	\$ 100,000
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	4,704,946
Net investment income (loss).....	66,426	82,866	53,990	23,204	351,576	(58,613)	86,641	163,689
Benefit payments.....	(3,109,895)	(3,354,294)	(4,683,581)	(4,971,847)	(5,298,306)	(4,853,086)	(5,246,008)	(4,704,946)
Net change in plan fiduciary net position.....	219,702	233,254	136,740	73,204	351,576	(48,613)	124,022	263,689
Plan fiduciary net position - beginning of year.....	<u>532,862</u>	<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>
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>	<u>\$ 1,886,436</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<b>\$ 131,572,107</b>	<b>\$ 131,698,022</b>	<b>\$ 165,872,765</b>	<b>\$ 171,634,403</b>	<b>\$ 207,940,092</b>	<b>\$ 164,015,321</b>	<b>\$ 125,979,104</b>	<b>\$ 121,616,469</b>
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%	1.53%
Covered-employee payroll.....	\$ 57,672,411	\$ 59,402,583	\$ 59,809,398	\$ 61,603,680	\$ 70,809,201	\$ 72,933,477	\$ 63,029,782	\$ 64,920,675
Net OPEB liability as a percentage of covered-employee payroll.....	228.14%	221.70%	277.34%	278.61%	293.66%	224.88%	199.87%	187.33%

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.

*See notes to required supplementary information.*

## Town of Milton, Massachusetts

### 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, 2024.....	\$ 9,445,724	(4,804,203)	\$ 4,641,521	\$ 64,920,675	7.40%
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%

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.

## **Town of Milton, Massachusetts**

### **Schedule of Investment Returns**

#### **Other Postemployment Benefit Plan**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2024.....	9.60%
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%

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.

# **Town of Milton, Massachusetts**

## **Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

### **NOTE A – BUDGETARY BASIS OF ACCOUNTING**

#### Budgetary 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 2024 approved budget authorized approximately \$130.5 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 \$750,000 for supplemental appropriations.

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

# **Town of Milton, Massachusetts**

## **Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

### 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, 2024, is presented below:

Net change in fund balance - budgetary basis.....	\$ (81,544)
<b>Perspective differences:</b>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	975,925
<b>Basis of accounting differences:</b>	
Net change in recording tax refunds payable.....	6,000
Net change in recording 60 day receipts.....	(949,991)
Recognition of revenue for on-behalf payments.....	11,523,000
Recognition of expenditures for on-behalf payments.....	<u>(11,523,000)</u>
Net change in fund balance - GAAP basis.....	\$ <u>(49,610)</u>

### **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.

# **Town of Milton, Massachusetts**

## **Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

### 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 - Town***

#### Schedule 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.

## **Town of Milton, Massachusetts**

### **Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

#### 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

The cost of living adjustment changed from 3% of \$15,000, to 3% of \$18,000.

#### 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.

# **Town of Milton, Massachusetts**

## **Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

### 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, 2024.
Investment rate of return.....	6.97%, net of OPEB plan investment expense, including inflation.
Discount rate.....	6.50%, per annum (previously 5.81%)
Municipal bond rate.....	4.21% as of June 30, 2024 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG).
Inflation rate.....	2.50% as of June 30, 2024 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2024 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.

# **Town of Milton, Massachusetts**

## **Notes to Required Supplementary Information**

**Year Ended June 30, 2024**

### 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 5.81% as of June 30, 2023, to 6.50% as of June 30, 2024.

### Changes in Provisions

None.