

**ROSELLI, CLARK & ASSOCIATES**  
Certified Public Accountants

**TOWN OF MAYNARD, MASSACHUSETTS**

Basic Financial Statements and  
Additional Information

Year Ended June 30, 2023



# **TOWN OF MAYNARD, MASSACHUSETTS**

## **TABLE OF CONTENTS** **YEAR ENDED JUNE 30, 2023**

---

	Page(s)
INDEPENDENT AUDITORS' REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 11
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	12 – 13
Statement of Activities	14
Governmental Funds Financial Statements:	
Balance Sheet	15
Reconciliation of the Balance Sheet Total Fund Balances to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Proprietary Funds Financial Statements:	
Statement of Net Position	19 – 20
Statement of Revenues, Expenses and Changes in Net Position	21
Statement of Cash Flows	22 – 23
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Notes to the Financial Statements	26 – 58
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED:	
Schedule of the Town's Proportionate Share of the Net Pension Liability	59
Schedule of the Town's Contributions to the Pension Plan	59
Schedule of the Commonwealth's Proportionate Share of the MTRS Pension Plan	60
Schedule of Changes in Net OPEB Liability and Related Ratios	61
Schedule of Contributions to the OPEB Plan	62
Schedule of Investment Returns – OPEB Plan	62
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	63
Notes to Required Supplementary Information	64



## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the Select Board  
Town of Maynard, Massachusetts

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Maynard, Massachusetts, (the "Town") as of and for the year ended June 30, 2023 (except for the Maynard Contributory Retirement System "the Retirement System," which is as of December 31, 2022), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 opinion.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers these to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2024 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Roselli, Clark & Associates".

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
March 4, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Maynard, Massachusetts (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information found in this report.

### **Financial Highlights**

- The Town's assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by over \$25.0 million (total net position). The Town's total net position increased by approximately \$6.7 million in fiscal year 2023. The net position in governmental activities increased over \$3.7 million while the net position in business-type activities increased over \$3.0 million.
- The Town continues to report a deficit in its unrestricted net position in its governmental activities. This deficit totaled approximately \$65.9 million at June 30, 2023. Included in this figure is approximately \$60.6 million in net OPEB and net pension liabilities, which is the primary contributor to this deficit.
- The Town completed the construction on a new fire station in fiscal year 2023. Expenditures relative to this construction project totaled approximately \$3.8 million and \$8.1 million in fiscal years 2023 and 2022, respectively.
- The Town's total long-term debt in its governmental activities and business-type activities decreased over \$4.2 million in aggregate in fiscal year 2023 to approximately \$36.4 million. The Town did not issue any general obligation bonds or other forms of long-term debt in fiscal year 2023.
- At the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance of approximately \$17.9 million, which was nearly \$2.0 million lower than the prior year. The primary contributor to this decrease was an over \$2.7 million decrease in fund balance in the capital projects fund.
- Of the ending fund balance in the Town's governmental funds, approximately \$4.7 million is available for spending at the government's discretion as unassigned fund balance in the general fund. The remainder is earmarked for specific expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately 9% percent of total fiscal year 2023 general fund expenditures.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) governmental fund financial statements and (3) notes to the financial statements. This report also contains other required supplementary information.

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (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 include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, community development, fringe benefits and debt service. The business-type activities of the Town include sewer and water activities.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact.
- Restricted – amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed – amounts constrained by a government using its highest level of decision-making authority.
- Assigned – amounts a government intends to use for a particular purpose.
- Unassigned – amounts that are not constrained at all will be reported in the general fund or in other major governmental funds, if negative.

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, community preservation (a nonmajor fund), ARPA grant and capital projects fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes in this report.

**Proprietary Funds** – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for enterprise funds of the sewer and water activities.

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

**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.



## **Government-Wide Financial Analysis**

The condensed comparative statements of net position for the two most recent fiscal years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Assets:						
Current and other assets	\$ 24,890,632	\$ 28,455,386	\$ 6,139,212	\$ 8,032,952	\$ 31,029,844	\$ 36,488,338
Capital assets, net	<u>86,769,276</u>	<u>83,857,861</u>	<u>24,030,441</u>	<u>20,775,379</u>	<u>110,799,717</u>	<u>104,633,240</u>
Total Assets	<u>111,659,908</u>	<u>112,313,247</u>	<u>30,169,653</u>	<u>28,808,331</u>	<u>141,829,561</u>	<u>141,121,578</u>
Deferred Outflows of Resources	<u>18,966,672</u>	<u>13,047,781</u>	<u>667,564</u>	<u>459,239</u>	<u>19,634,236</u>	<u>13,507,020</u>
Liabilities:						
Long-term liabilities	88,030,782	82,553,712	9,694,315	10,277,711	97,725,097	92,831,423
Other liabilities	<u>8,050,692</u>	<u>9,759,725</u>	<u>2,081,138</u>	<u>2,858,500</u>	<u>10,131,830</u>	<u>12,618,225</u>
Total Liabilities	<u>96,081,474</u>	<u>92,313,437</u>	<u>11,775,453</u>	<u>13,136,211</u>	<u>107,856,927</u>	<u>105,449,648</u>
Deferred Inflows of Resources	<u>27,629,028</u>	<u>29,859,706</u>	<u>961,193</u>	<u>1,039,026</u>	<u>28,590,221</u>	<u>30,898,732</u>
Net Position:						
Net investment in capital assets	59,644,244	58,158,167	14,711,366	10,714,926	74,355,610	68,873,093
Restricted	13,151,125	14,811,422	-	-	13,151,125	14,811,422
Unrestricted	<u>(65,879,291)</u>	<u>(69,781,704)</u>	<u>3,389,205</u>	<u>4,377,407</u>	<u>(62,490,086)</u>	<u>(65,404,297)</u>
Total Net Position	<u>\$ 6,916,078</u>	<u>\$ 3,187,885</u>	<u>\$ 18,100,571</u>	<u>\$ 15,092,333</u>	<u>\$ 25,016,649</u>	<u>\$ 18,280,218</u>

As noted earlier, over time, changes in net position may serve as a useful indicator of a government's financial position. The Town's total net position increased over \$6.7 million year-over-year. The net position in governmental activities increased by over \$3.7 million while the net position in business-type activities increased by over \$3.0 million. The increase in the net position in governmental activities was due primarily to strong revenue growth and decreases in noncash personnel expenses related to postemployment benefits. The Town's sewer and water activities are reported in its business-type activities. The sewer operations reported a positive change in net position of over \$0.5 million in 2023 while the water operations reported an increase of nearly \$2.5 million, which was primarily due to the transfer of over \$2.0 million in ARPA funds for water capital projects in progress.

The largest portion (nearly \$74.4 million) of the Town's overall net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional significant portion of the Town's total net position (approximately \$13.1 million) represents resources that are subject to external restrictions on how they may be used.

The remaining net position is unrestricted and is presented as a deficit balance. The Town reports a deficit unrestricted net position of nearly \$65.9 million in its governmental activities and a positive unrestricted net position of approximately \$3.4 million in its business-type activities. The business-type surplus may be used to meet the ongoing obligations of the business-type activities. The governmental activities deficit is primarily the result of an approximate \$44.2 million net OPEB liability and \$16.4 million net pension liability at June 30, 2023. The Town expects that its deficit in unrestricted net position will continue to increase for the foreseeable future primarily due to OPEB.

The condensed comparative statements of activities for the two most recent fiscal years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,328,071	\$ 3,881,460	\$ 6,441,982	\$ 5,775,605	\$ 9,770,053	\$ 9,657,065
Operating grants and contributions	14,194,744	13,230,011	-	-	14,194,744	13,230,011
Capital grants and contributions	3,726,208	695,549	8,000	18,967	3,734,208	714,516
General revenues:						
Property taxes	37,899,708	36,608,062	-	-	37,899,708	36,608,062
Excise taxes	1,791,209	1,835,041	-	-	1,791,209	1,835,041
Intergovernmental	1,386,329	1,747,928	-	-	1,386,329	1,747,928
Other	543,070	78,729	4,543	(14,814)	547,613	63,915
Total Revenues	<u>62,869,339</u>	<u>58,076,780</u>	<u>6,454,525</u>	<u>5,779,758</u>	<u>69,323,864</u>	<u>63,856,538</u>
Expenses:						
General government	4,020,976	3,785,339	-	-	4,020,976	3,785,339
Public safety	8,340,132	7,267,204	-	-	8,340,132	7,267,204
Education	38,202,992	36,056,983	-	-	38,202,992	36,056,983
Public works	4,050,827	3,248,842	-	-	4,050,827	3,248,842
Health and human services	617,831	513,227	-	-	617,831	513,227
Culture and recreation	1,152,996	1,064,815	-	-	1,152,996	1,064,815
Interest expense	755,045	818,335	-	-	755,045	818,335
Utility services	-	-	5,446,634	5,331,904	5,446,634	5,331,904
Total Expenses	<u>57,140,799</u>	<u>52,754,745</u>	<u>5,446,634</u>	<u>5,331,904</u>	<u>62,587,433</u>	<u>58,086,649</u>
Change in Net Position Before Transfer:	5,728,540	5,322,035	1,007,891	447,854	6,736,431	5,769,889
Transfers	<u>(2,000,347)</u>	<u>(107,150)</u>	<u>2,000,347</u>	<u>107,150</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>3,728,193</u>	<u>5,214,885</u>	<u>3,008,238</u>	<u>555,004</u>	<u>6,736,431</u>	<u>5,769,889</u>
Net Position:						
Beginning of year	<u>3,187,885</u>	<u>(2,027,000)</u>	<u>15,092,333</u>	<u>14,537,329</u>	<u>18,280,218</u>	<u>12,510,329</u>
End of year	<u>\$ 6,916,078</u>	<u>\$ 3,187,885</u>	<u>\$ 18,100,571</u>	<u>\$ 15,092,333</u>	<u>\$ 25,016,649</u>	<u>\$ 18,280,218</u>

**Governmental Activities** – Total revenues in fiscal year 2023 in the Town’s governmental activities increased nearly \$4.8 million, or 8.3%, from fiscal year 2022. This increase was due primarily to increases of approximately \$3.0 million and \$1.3 million, respectively, in capital grants and contributions and property taxes revenues.

Property taxes continue to represent the majority of total revenues in governmental activities; property taxes represented approximately 60% and 63% of total fiscal year 2023 and 2022 governmental activities revenues, respectively. Property taxes increased nearly \$1.3 million, or 3.5%, year-over-year. This increase was due to Prop 2 ½ and new growth, which were offset by a modest decrease in debt exclusions.

Operating grants and contributions revenues represented approximately 23% of total fiscal year 2023 and 2022 revenues. Operating grants and contributions revenues increased nearly \$1.0 million in fiscal year 2023. The majority of this increase was due to an over \$0.5 million increase in pension contributions made to the MTRS on behalf of the Town by the Commonwealth.

Capital grants and contributions revenues increased over \$3.0 million year-over-year, which was due primarily to significant capital spending from state-sponsored roadway improvement projects.

There were no other revenue categories that exceeded 10% of total revenues in either fiscal year 2023 or 2022.

Expenses in governmental activities increased nearly \$4.4 million, or 8.3%, year-over-year. The majority of these increases were due to normal, expected increases in operating costs coupled with the effects of noncash personnel benefits expenses.

Education represents the largest expense category for the Town. Education expenses represented approximately 67% and 68%, respectively, of total fiscal year 2023 and 2022 expenses. Public safety expenses represented approximately 15% and 14%, respectively, of total fiscal year 2023 and 2022 expenses. No other expense categories exceeded 10% of total expenses in fiscal years 2023 or 2022.

**Business-Type Activities** – User charges for sewer and water services represent the vast majority of reported revenues. Total revenues increased approximately \$0.7 million year-over-year. This increase was due to greater consumer consumption in fiscal year 2023 coupled with a modest rate increases.

Total business-type expenditures increased approximately \$115,000, or 2.2%, year-over-year..

### **Government Funds Financial Analysis**

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

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

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance surplus of over \$17.9 million, which is approximately \$2.0 million lower than the prior year. Of the ending fund balance over \$4.7 million is available for spending at the government’s discretion as unassigned fund balance in the general fund. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund exceeded \$4.8 million, while total general fund balance approached \$5.4 million. 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 over 9% of total general fund expenditures, while total fund balance represents over 10% of that same amount. These ratios are consistent with the prior year.

The general fund reported a net decrease in its fund balance of approximately \$195,000, which was primarily due to significant transfers of free cash to the Town’s capital projects fund.

The Town’s community preservation fund, which is also reported as a major governmental fund, reported an approximate \$157,000 decrease in fund balance as it funded two large improvement projects in fiscal year 2023.

The fund balance in the capital projects fund decreased over \$2.7 million in fiscal year 2023. This decrease was due primarily to the completion of construction of a new fire station, which was financed with the proceeds of a general obligation bond issuance in fiscal year 2021. As previously noted, the general fund transferred nearly \$1.3 million in free cash to the capital projects fund in fiscal year 2023.

The ARPA grant fund, which was established as a major governmental fund in fiscal year 2022, reports cash of approximately \$2.2 million and liabilities and unearned revenues of that same amount.

The Town's nonmajor governmental funds reported a nearly \$1.1 million increase in fund balance, which was primarily due to the timing of receipts versus expenditures.

**Proprietary Funds** – The Town's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. At the end of the year, net position of the sewer fund was approximately \$8.4 million and net position of the water fund amounted to approximately \$9.7 million.

### **General Fund Budgetary Highlights**

A budget to actual schedule for the general fund has been provided as required supplementary information. Differences between the original budget and final amended budget were approximately \$1.9 million and primarily consisted of the Town's use of free cash for transfers to capital projects and to cover deficits incurred in snow and ice.

### **Capital Asset and Debt Administration**

**Capital Assets** – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023 totaled approximately \$110.8 million, net of accumulated depreciation. Net capital assets increased nearly \$6.29 million in fiscal year 2023 as current year capital additions exceeded depreciation expense.

Additional information on the Town capital assets can be found in the notes of this report.

**Long-Term Debt** – At June 30, 2023, the Town had total long-term debt outstanding of approximately \$36.4 million. Of this amount approximately \$27.9 million represents general obligation bonds of governmental activities and approximately \$8.4 million represents general obligation bonds and notes of business-type activities.

The Town's total long-term debt decreased approximately \$4.2 million in fiscal year 2023.

In June 2021, Moody's Investors Service reaffirmed its bond rating of Aa3 for the Town's general obligation debt. This is the fourth highest bond rating this rating agency assigns and indicates that the Town's debt is of "investment grade."

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town's boundaries. Debt service from such arrangements is assessed annually to the Town. Additional information on the Town's debt can be found in the notes of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- Net state aid for fiscal year 2024 is expected to be nearly \$6.1 million.
- The Town enters fiscal year 2024 with approximately nearly \$2.3 million in stabilization funds and expects to certify approximately \$1.4 million in free cash. These funds may be appropriated by Town Meeting to assist the Town in its general obligations or in financing future capital or other Town projects.
- Inflation is expected to affect the Town in a number of areas including increased capital acquisition costs and operating expenses.
- The Town employs a dual tax rate for its property taxes, which assigns a higher property tax rate to its commercial and industrial taxpayers.
- The Town's real estate tax base is made up predominantly of residential taxes, which in 2023 is approximately 88% of the entire property tax levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than 2 ½% of the previous year's tax levy. The Town typically taxes at or near its levy limit; excess levy capacity for the 2023 tax recap process was approximately \$141,000.

The above items were considered when the Town accepted its budget for fiscal year 2024 at the June 2023 Town Meeting. The Town set its fiscal year 2024 property tax rate on November 17, 2023.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, 195 Main Street, Maynard, Massachusetts 01754.

# TOWN OF MAYNARD, MASSACHUSETTS

## STATEMENT OF NET POSITION JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 18,160,389	\$ 3,264,402	\$ 21,424,791
Investments	4,280,243	-	4,280,243
Receivables, net of allowances:			
Property taxes	1,384,630	-	1,384,630
Excise taxes	230,792	-	230,792
Departmental, user charges and other	144,729	2,874,810	3,019,539
Intergovernmental	369,977	-	369,977
Leases	319,872	-	319,872
Land	5,049,699	-	5,049,699
Construction in-progress	850,152	4,608,447	5,458,599
Depreciable capital assets, net	<u>80,869,425</u>	<u>19,421,994</u>	<u>100,291,419</u>
Total Assets	<u>111,659,908</u>	<u>30,169,653</u>	<u>141,829,561</u>
Deferred Outflows of Resources:			
Other postemployment benefits	13,193,856	464,380	13,658,236
Pensions	<u>5,772,816</u>	<u>203,184</u>	<u>5,976,000</u>
Total Deferred Outflows of Resources	<u>18,966,672</u>	<u>667,564</u>	<u>19,634,236</u>
			(continued)

# TOWN OF MAYNARD, MASSACHUSETTS

## STATEMENT OF NET POSITION JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Warrants and accounts payable	\$ 1,071,341	\$ 102,053	\$ 1,173,394
Accrued payroll and withholdings	2,113,764	28,475	2,142,239
Retainage payable	237,436	-	237,436
Accrued interest	264,633	95,329	359,962
Unearned revenues	1,335,090	-	1,335,090
Deposits and escrows	260,673	-	260,673
Other liabilities	50,000	-	50,000
Bond anticipation note payable	-	1,000,000	1,000,000
Noncurrent liabilities:			
Due within one year	2,717,755	855,281	3,573,036
Due in more than one year	88,030,782	9,694,315	97,725,097
Total Liabilities	<u>96,081,474</u>	<u>11,775,453</u>	<u>107,856,927</u>
Deferred Inflows of Resources:			
Leased property	319,872	-	319,872
Other postemployment benefits	26,791,380	942,969	27,734,349
Pensions	517,776	18,224	536,000
Total Deferred Inflows of Resources	<u>27,629,028</u>	<u>961,193</u>	<u>28,590,221</u>
Net Position:			
Net investment in capital assets	59,644,244	14,711,366	74,355,610
Restricted for:			
Nonexpendable permanent funds	336,878	-	336,878
Expendable permanent funds	1,144,183	-	1,144,183
Capital projects	4,319,967	-	4,319,967
Community preservation	975,439	-	975,439
Other purposes	6,374,658	-	6,374,658
Unrestricted	<u>(65,879,291)</u>	<u>3,389,205</u>	<u>(62,490,086)</u>
Total Net Position	<u>\$ 6,916,078</u>	<u>\$ 18,100,571</u>	<u>\$ 25,016,649</u>
			(concluded)

See accompanying notes to basic financial statements.

**TOWN OF MAYNARD, MASSACHUSETTS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 4,020,976	\$ 560,861	\$ 588,473	\$ -	\$ (2,871,642)		\$ (2,871,642)
Public safety	8,340,132	788,813	62,842	-	(7,488,477)		(7,488,477)
Education	38,202,992	1,185,968	13,136,674	351,542	(23,528,808)		(23,528,808)
Public works	4,050,827	600,021	200,259	3,374,666	124,119		124,119
Health and human services	617,831	114,411	109,471	-	(393,949)		(393,949)
Culture and recreation	1,152,996	77,997	97,025	-	(977,974)		(977,974)
Interest expense	755,045	-	-	-	(755,045)		(755,045)
Total Governmental Activities	57,140,799	3,328,071	14,194,744	3,726,208	(35,891,776)		(35,891,776)
Business-Type Activities:							
Sewer	3,194,563	3,741,400	-	-		\$ 546,837	546,837
Water	2,252,071	2,700,582	-	8,000		456,511	456,511
Total Business-Type Activities	5,446,634	6,441,982	-	8,000		1,003,348	1,003,348
Total Primary Government	\$ 62,587,433	\$ 9,770,053	\$ 14,194,744	\$ 3,734,208		1,003,348	(34,888,428)
General Revenues:							
Property taxes					37,899,708	-	37,899,708
Motor vehicle and other excise taxes					1,791,209	-	1,791,209
Grants and contributions not restricted to to specific programs					1,386,329	-	1,386,329
Penalties and interest on taxes					97,288	-	97,288
Unrestricted investment income					445,782	4,543	450,325
Transfers, net					(2,000,347)	2,000,347	-
Total General Revenues and Transfers					39,619,969	2,004,890	41,624,859
Change in Net Position					3,728,193	3,008,238	6,736,431
Net Position:							
Beginning of year					3,187,885	15,092,333	18,280,218
End of year					\$ 6,916,078	\$ 18,100,571	\$ 25,016,649

See accompanying notes to basic financial statements.



**TOWN OF MAYNARD, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2023**

	General Fund	Community Preservation Fund	Capital Projects Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
<b>Assets:</b>						
Cash and cash equivalents	\$ 5,708,929	\$ 975,439	\$ 4,390,495	\$ 2,202,552	\$ 4,882,974	\$ 18,160,389
Investments	2,212,792	-	-	-	2,067,451	4,280,243
Receivables, net of allowances:						
Property taxes	1,379,805	4,825	-	-	-	1,384,630
Excise taxes	230,792	-	-	-	-	230,792
Departmental, user charges and other	38,590	-	-	-	106,139	144,729
Intergovernmental	-	-	-	-	369,977	369,977
Leases	319,872	-	-	-	-	319,872
<b>Total Assets</b>	<b>9,890,780</b>	<b>980,264</b>	<b>4,390,495</b>	<b>2,202,552</b>	<b>7,426,541</b>	<b>24,890,632</b>
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,890,780</b>	<b>\$ 980,264</b>	<b>\$ 4,390,495</b>	<b>\$ 2,202,552</b>	<b>\$ 7,426,541</b>	<b>\$ 24,890,632</b>
<b>Liabilities:</b>						
Warrants and accounts payable	\$ 256,250	\$ -	\$ 8,528	\$ 692,026	\$ 114,537	\$ 1,071,341
Accrued payroll and withholdings	2,070,873	-	-	-	42,891	2,113,764
Retainage payable	-	-	62,000	175,436	-	237,436
Unearned revenues	-	-	-	1,335,090	-	1,335,090
Deposits and escrows	260,673	-	-	-	-	260,673
Other liabilities	50,000	-	-	-	-	50,000
<b>Total Liabilities</b>	<b>2,637,796</b>	<b>-</b>	<b>70,528</b>	<b>2,202,552</b>	<b>157,428</b>	<b>5,068,304</b>
<b>Deferred Inflows of Resources:</b>						
Leased property	319,872	-	-	-	-	319,872
Unavailable revenues - property taxes	1,310,103	4,825	-	-	-	1,314,928
Unavailable revenues - other	230,792	-	-	-	54,948	285,740
<b>Total Deferred Inflows of Resources</b>	<b>1,860,767</b>	<b>4,825</b>	<b>-</b>	<b>-</b>	<b>54,948</b>	<b>1,920,540</b>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	336,878	336,878
Restricted	125,500	975,439	4,319,967	-	6,961,449	12,382,355
Committed	34,964	-	-	-	-	34,964
Assigned	398,096	-	-	-	-	398,096
Unassigned	4,833,657	-	-	-	(84,162)	4,749,495
<b>Total Fund Balances</b>	<b>5,392,217</b>	<b>975,439</b>	<b>4,319,967</b>	<b>-</b>	<b>7,214,165</b>	<b>17,901,788</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,890,780</b>	<b>\$ 980,264</b>	<b>\$ 4,390,495</b>	<b>\$ 2,202,552</b>	<b>\$ 7,426,541</b>	<b>\$ 24,890,632</b>

See accompanying notes to basic financial statements.

**TOWN OF MAYNARD, MASSACHUSETTS**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO THE STATEMENT OF NET POSITION AS OF  
JUNE 30, 2023**

---

Total Governmental Fund Balances		\$ 17,901,788
Capital assets used in governmental activities in the statement of net position are not financial resources and, therefore, are not reported in the funds.		86,769,276
Certain receivables and revenues are deferred in the governmental funds as they are not current financial resources. These revenues are accrued under the economic resources basis of accounting.		1,600,668
Deferred outflows and inflows of resources to be recognized in future expense are not available resources and, therefore, are not reported in the funds:		
Deferred outflows of resources - other postemployment benefits	13,193,856	
Deferred outflows of resources - pensions	5,772,816	
Deferred inflows of resources - other postemployment benefits	(26,791,380)	
Deferred inflows of resources - pensions	<u>(517,776)</u>	
Net effect of reporting deferred outflows and inflows of resources		(8,342,484)
Interest is accrued on outstanding long-term debt in the statement of net position but not in the funds until due.		(264,633)
Long-term liabilities not currently due and payable are reported in the statement of net position and not in the funds:		
Net other postemployment benefits liability	(44,195,118)	
Net pension liability	(16,373,700)	
Compensated absences	(2,039,227)	
Unamortized bond premiums	(1,280,609)	
Lease liabilities	(147,383)	
Bonds and notes payable	<u>(26,712,500)</u>	
Net effect of reporting long-term liabilities		<u>(90,748,537)</u>
Net Position — Governmental Activities		<u>\$ 6,916,078</u>

See accompanying notes to basic financial statements.

**TOWN OF MAYNARD, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Community Preservation Fund	Capital Projects Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
<b>Revenues:</b>						
Property taxes, net of tax refunds	\$ 37,480,340	\$ 385,376	\$ -	\$ -	\$ -	\$ 37,865,716
Intergovernmental	12,206,018	138,011	325,350	2,001,255	5,471,138	20,141,772
Motor vehicle and other excise taxes	1,754,438	-	-	-	-	1,754,438
Licenses and permits	321,492	-	-	-	-	321,492
Penalties and interest on taxes	97,288	-	-	-	-	97,288
Fines and forfeitures	27,140	-	-	-	-	27,140
Departmental and other revenues	735,865	-	-	-	2,235,209	2,971,074
Contributions and donations	-	-	-	-	36,977	36,977
Investment income	422,689	3,224	-	-	19,869	445,782
<b>Total Revenues</b>	<b>53,045,270</b>	<b>526,611</b>	<b>325,350</b>	<b>2,001,255</b>	<b>7,763,193</b>	<b>63,661,679</b>
<b>Expenditures:</b>						
Current:						
General government	3,077,443	6,119	17,890	908	182,189	3,284,549
Public safety	5,239,789	-	3,836,631	-	375,370	9,451,790
Education	23,176,094	-	672,708	-	4,090,060	27,938,862
Public works	2,528,333	-	137,491	-	1,349,421	4,015,245
Health and human services	198,342	10,500	-	-	113,914	322,756
Culture and recreation	631,854	215,043	7,322	-	112,364	966,583
Pension and fringe benefits	11,995,432	-	-	-	-	11,995,432
State and county charges	1,706,040	-	-	-	-	1,706,040
Debt service:						
Principal	2,802,100	110,000	70,923	-	23,214	3,006,237
Interest	915,440	11,900	5,632	-	473	933,445
<b>Total Expenditures</b>	<b>52,270,867</b>	<b>353,562</b>	<b>4,748,597</b>	<b>908</b>	<b>6,247,005</b>	<b>63,620,939</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>774,403</b>	<b>173,049</b>	<b>(4,423,247)</b>	<b>2,000,347</b>	<b>1,516,188</b>	<b>40,740</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	662,223	-	1,716,111	-	690,246	3,068,580
Transfers out	(1,631,246)	(330,000)	-	(2,000,347)	(1,107,334)	(5,068,927)
<b>Total Other Financing Sources (Uses)</b>	<b>(969,023)</b>	<b>(330,000)</b>	<b>1,716,111</b>	<b>(2,000,347)</b>	<b>(417,088)</b>	<b>(2,000,347)</b>
<b>Net Change in Fund Balances</b>	<b>(194,620)</b>	<b>(156,951)</b>	<b>(2,707,136)</b>	<b>-</b>	<b>1,099,100</b>	<b>(1,959,607)</b>
<b>Fund Balances:</b>						
Beginning of the year	5,586,837	1,132,390	7,027,103	-	6,115,065	19,861,395
End of the year	\$ 5,392,217	\$ 975,439	\$ 4,319,967	\$ -	\$ 7,214,165	\$ 17,901,788

See accompanying notes to basic financial statements.

**TOWN OF MAYNARD, 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, 2023**

---

Net Change in Fund Balances — Total Governmental Funds \$ (1,959,607)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated/amortized over their estimated useful lives. Capital asset activity in the current fiscal year included:

Capital asset additions	6,550,290	
Depreciation and amortization expense	<u>(3,638,875)</u>	
Net effect of reporting capital activity		2,911,415

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (792,340)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. Differences in the treatment of long-term debt transactions in the current fiscal year included:

Repayments of long-term debt	2,912,100	
Repayments on lease liabilities	94,137	
Amortization of bond premiums	<u>137,154</u>	
Net effect of reporting long-term debt activity		3,143,391

Some revenues/expenses reported in the statement of activities do not provide/require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds:

Net other postemployment benefits liability	950,216	
Net pension liability	(333,270)	
Compensated absences	(232,858)	
Accrued interest	<u>41,246</u>	
Net effect of reporting long-term liabilities		<u>425,334</u>

Change in Net Position — Governmental Activities \$ 3,728,193

See accompanying notes to basic financial statements.

**TOWN OF MAYNARD, MASSACHUSETTS**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 1,434,797	\$ 1,829,605	\$ 3,264,402
Receivables, net of allowances:			
User charges and other	<u>1,663,650</u>	<u>1,211,160</u>	<u>2,874,810</u>
Total Current Assets	<u>3,098,447</u>	<u>3,040,765</u>	<u>6,139,212</u>
Noncurrent Assets:			
Construction in-progress	-	4,608,447	4,608,447
Depreciable capital assets, net	<u>12,458,435</u>	<u>6,963,559</u>	<u>19,421,994</u>
Total Noncurrent Assets	<u>12,458,435</u>	<u>11,572,006</u>	<u>24,030,441</u>
Total Assets	<u>15,556,882</u>	<u>14,612,771</u>	<u>30,169,653</u>
Deferred Outflows of Resources:			
Other postemployment benefits	163,899	300,481	464,380
Pensions	<u>71,712</u>	<u>131,472</u>	<u>203,184</u>
Total Deferred Outflows of Resources	<u>235,611</u>	<u>431,953</u>	<u>667,564</u>

*(continued)*

**TOWN OF MAYNARD, MASSACHUSETTS**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Liabilities:			
Current Liabilities:			
Warrants and accounts payable	\$ 94,021	\$ 8,032	\$ 102,053
Accrued payroll and withholdings	14,963	13,512	28,475
Accrued interest	63,933	31,396	95,329
Compensated absences	4,396	5,254	9,650
Bond anticipation note payable	-	1,000,000	1,000,000
Current portion of long-term debt	600,631	245,000	845,631
Total Current Liabilities	<u>777,944</u>	<u>1,303,194</u>	<u>2,081,138</u>
Noncurrent liabilities:			
Compensated absences	13,188	15,760	28,948
Net other postemployment benefits liability	549,008	1,006,514	1,555,522
Net pension liability	203,400	372,900	576,300
Long-term debt	5,498,545	2,035,000	7,533,545
Total Noncurrent Liabilities	<u>6,264,141</u>	<u>3,430,174</u>	<u>9,694,315</u>
Total Liabilities	<u>7,042,085</u>	<u>4,733,368</u>	<u>11,775,453</u>
Deferred Inflows of Resources:			
Other postemployment benefits	332,813	610,156	942,969
Pensions	6,432	11,792	18,224
Total Deferred Inflows of Resources	<u>339,245</u>	<u>621,948</u>	<u>961,193</u>
Net Position:			
Net investment in capital assets	6,365,083	8,346,283	14,711,366
Unrestricted	2,046,080	1,343,125	3,389,205
Total Net Position	<u>\$ 8,411,163</u>	<u>\$ 9,689,408</u>	<u>\$ 18,100,571</u>
			<i>(concluded)</i>

See accompanying notes to basic financial statements.

# TOWN OF MAYNARD, MASSACHUSETTS

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities		
	Sewer	Water	Total
Operating Revenues:			
Charges for services	\$ 3,649,900	\$ 2,612,957	\$ 6,262,857
Other operating revenues	91,500	87,625	179,125
Total Operating Revenues	3,741,400	2,700,582	6,441,982
Operating Expenses:			
Payroll and personnel costs	445,353	567,950	1,013,303
Operating costs	1,956,897	1,226,283	3,183,180
Depreciation	640,956	367,851	1,008,807
Total Operating Expenses	3,043,206	2,162,084	5,205,290
Operating Income	698,194	538,498	1,236,692
Nonoperating Revenues (Expenses):			
Investment income	46	4,497	4,543
Interest expenses	(151,357)	(89,987)	(241,344)
Total Nonoperating Revenues (Expenses)	(151,311)	(85,490)	(236,801)
Income Before Capital Contributions and Transfers	546,883	453,008	999,891
Capital Contributions and Transfers:			
Intergovernmental capital contributions	-	8,000	8,000
Transfers in	-	2,000,347	2,000,347
Total Capital Contributions and Transfers	-	2,008,347	2,008,347
Change in Net Position	546,883	2,461,355	3,008,238
Net Position:			
Beginning of the year	7,864,280	7,228,053	15,092,333
End of the year	\$ 8,411,163	\$ 9,689,408	\$ 18,100,571

See accompanying notes to basic financial statements.

**TOWN OF MAYNARD, MASSACHUSETTS**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities		
	Sewer	Water	Total
Cash Flows from Operating Activities:			
Receipts from user charges	\$ 3,427,054	\$ 2,392,404	\$ 5,819,458
Receipts from other operating revenues	91,500	87,625	179,125
Payments to employees	(464,389)	(594,792)	(1,059,181)
Payments to vendors	(2,368,071)	(1,228,616)	(3,596,687)
Net Cash Provided By Operating Activities	<u>686,094</u>	<u>656,621</u>	<u>1,342,715</u>
Cash Flows from Noncapital Financial Activities:			
Transfers in	<u>-</u>	<u>2,000,347</u>	<u>2,000,347</u>
Net Cash Provided By Noncapital Financing Activities	<u>-</u>	<u>2,000,347</u>	<u>2,000,347</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital grants	-	107,365	107,365
Proceeds from the issuance of short-term debt	-	1,000,000	1,000,000
Acquisition and construction of capital assets	(71,688)	(4,192,181)	(4,263,869)
Principal repayments on long-term debt	(620,760)	(565,000)	(1,185,760)
Repayments on short-term debt	-	(1,000,000)	(1,000,000)
Interest payments	(157,364)	(85,751)	(243,115)
Net Cash (Used In) Capital and Related Financing Activities	<u>(849,812)</u>	<u>(4,735,567)</u>	<u>(5,585,379)</u>
Cash Flow from Investing Activities:			
Investment income	<u>46</u>	<u>4,497</u>	<u>4,543</u>
Net Cash Provided By Investing Activities	<u>46</u>	<u>4,497</u>	<u>4,543</u>
Change in Cash and Cash Equivalents	(163,672)	(2,074,102)	(2,237,774)
Cash and Cash Equivalents:			
Beginning of the year	<u>1,598,469</u>	<u>3,903,707</u>	<u>5,502,176</u>
End of the year	<u>\$ 1,434,797</u>	<u>\$ 1,829,605</u>	<u>\$ 3,264,402</u>

*(continued)*



**TOWN OF MAYNARD, MASSACHUSETTS**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Business-Type Activities		
	Sewer	Water	Total
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	\$ 698,194	\$ 538,498	\$ 1,236,692
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:			
Depreciation expense	640,956	367,851	1,008,807
Changes in assets, deferred outflows (inflows) of resources and liabilities:			
Receivables and other current assets	(222,846)	(220,553)	(443,399)
Warrants payable and other current liabilities	(421,382)	(13,613)	(434,995)
Accrued and deferred benefits payable	(8,828)	(15,562)	(24,390)
Net Cash Provided By Operating Activities	<u>\$ 686,094</u>	<u>\$ 656,621</u>	<u>\$ 1,342,715</u>
			(concluded)

See accompanying notes to basic financial statements.

# TOWN OF MAYNARD, MASSACHUSETTS

## FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (a)	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ 1,256,108	\$ 27,994
Investments at fair value:		
Fixed income securities	-	1,584,636
Equity securities	25,392,249	-
Mutual funds	1,453,460	-
PRIT	29,858,058	-
Receivables:		
Contributions	101,274	-
Open trades	3,029	-
Total Assets	<u>58,064,178</u>	<u>1,612,630</u>
Liabilities:		
Warrants and accounts payable	65,087	-
Open trades	9,503	-
Total Liabilities	<u>74,590</u>	<u>-</u>
Net Position:		
Restricted for pensions	56,337,863	-
Restricted for other postemployment benefits	1,651,725	-
Held in trust for private purposes	-	1,612,630
Total Net Position	<u>\$ 57,989,588</u>	<u>\$ 1,612,630</u>

(a) Refer to Note III to the financial statements.

See accompanying notes to basic financial statements.

**TOWN OF MAYNARD, MASSACHUSETTS**

**FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

	Pension and Other Employee Benefit Trust Funds (a)	Private Purpose Trust Funds
Additions:		
Employer contributions	\$ 4,631,715	\$ -
Employee contributions	1,084,141	-
Other contributions	<u>573,128</u>	<u>16,970</u>
Total contributions	<u>6,288,984</u>	<u>16,970</u>
Investment income:		
Interest and dividends	1,692,550	44,514
Net change in fair value of investments	(9,367,869)	-
Less investment management fees	<u>(362,425)</u>	<u>-</u>
Total net investment income	<u>(8,037,744)</u>	<u>44,514</u>
Other income	<u>230</u>	<u>-</u>
Total Additions	<u>(1,748,530)</u>	<u>61,484</u>
Deductions:		
Benefits and refunds to Plan members:		
Benefits to retirees and survivors	5,696,772	-
Member refunds	170,667	-
Transfers and reimbursements to other systems	659,620	-
Administrative expenses:		
Operations payroll and related personnel costs	66,146	-
Other administrative expenses	53,901	-
Public assistance:		
Scholarships	<u>-</u>	<u>52,700</u>
Total Deductions	<u>6,647,106</u>	<u>52,700</u>
Change in Net Position	(8,395,636)	8,784
Net Position:		
Beginning of the year	<u>66,385,224</u>	<u>1,603,846</u>
End of the year	<u>\$ 57,989,588</u>	<u>\$ 1,612,630</u>

(a) Refer to Note III to the financial statements.

See accompanying notes to basic financial statements.

# **TOWN OF MAYNARD, MASSACHUSETTS**

## **NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

---

### **I. Summary of Significant Accounting Policies**

The basic financial statements of the Town of Maynard, Massachusetts (the “Town”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant accounting policies used by the Town.

#### **A. Reporting Entity**

The Town is located approximately twenty miles west of Boston in the Metro West region of Massachusetts. The Town was incorporated on April 19, 1871 and is located in Middlesex County. The Town uses the open town meeting form of town government and is governed by a five-member elected Select Board with an appointed Town Administrator. Members of the Town’s Select Board serve three-year terms.

The Town provides governmental services for the territory within its boundaries, including police, ambulance and fire protection, garbage disposal, public education in grades kindergarten to twelve, sewer and water services, street maintenance, community development, a public library, veteran services parks and recreational facilities, including a municipal golf course. The sewer and water services are principally self-funded through user charges.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. The Maynard Contributory Retirement System (the “Retirement System”) is a component unit of the Town. The Retirement System was established to provide benefits to Town employees and employees of the Maynard Housing Authority. While legally separate, the Retirement System provides services almost entirely to the Town and is presented as if it were part of the primary government through a method of inclusion known as blending. The Retirement System is reported as component of the pension and other employee benefit trust funds balances in the fiduciary fund financial statements.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of material interfund activity has been removed from these statements. Governmental activities, which are principally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are primarily supported by user fees.

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

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding element for all governmental and enterprise funds combined.

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

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., measurable and available). Revenues are considered to be available when they are 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, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In the first, monies must be expended for a specific purpose or project before any amounts will be paid; therefore, revenues are recognized as expenditures are incurred. In the second, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth of Massachusetts (the “Commonwealth”).

The Town considers property tax revenues to be available if they are collected within sixty days after the end of the fiscal year. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The Town reports the following major governmental funds:

*General Fund* – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

*Community Preservation Fund* – is used to account for specific activities related to the purchase of land parcels within the Town for community preservation purposes as well as historical preservation.

*Capital Projects Fund* – is used to account for financial resources that are restricted to expenditures for capital outlays.

*ARPA Grant Fund* – is used to account for the Town’s expenditure of grant awards from the American Rescue Plan Act of 2021, or ARPA.

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

*Special Revenue Funds* – are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

*Permanent Funds* – are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when 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 a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, noncapitalizable expenses, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports its sewer and water activities as major proprietary funds.

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

The Town reports the following fiduciary funds:

Pension and Other Employee Benefits Trust Funds – is used to account for the activities of the Retirement System and those of its other postemployment benefits, or OPEB, trust.

Private Purpose Trust Funds – is used to account for trust arrangements under which the principal in income benefit individuals, private organizations or other governments. This fund is used primarily for scholarships and other charitable purposes.

#### **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity**

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument’s anticipated life.
- *Level 3* – Inputs reflect the Town’s best estimate of what market participants would use in pricing the investment at the measurement date.

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (“NAV”). These are investments for which a readily determinable fair value is not available, such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

Receivables – Real estate and personal property taxes are assessed on January 1 each year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes to the statutory rate per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes as well as water and sewer usage fees are secured through a lien process within sixty days after the due date and are generally considered 100% collectible. Accordingly, any allowance for uncollectible balances for these receivables is not expected to be significant. All personal property tax, excise tax, user fees and other departmental receivables are shown net of an allowance for uncollectible accounts.

User charges receivables represent amounts billed for sewer and water.

*Inventories and Prepaid Items* – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Capital Assets* – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction in-progress) are depreciated by the Town on a straight-line basis over the following estimated useful lives:

Buildings and improvements	20 to 40 years
Infrastructure	20 to 50 years
Machinery and equipment	5 to 10 years
Vehicles	5 years

*Interfund Balances* – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

*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 in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as transfers, net.

*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 state law. Investment income of the proprietary funds may be voluntarily assigned to the general fund. Investment income of the permanent funds is retained in the funds.

*Compensated Absences* – It is the Town's policy to permit employees to accumulate earned but unused sick pay and, in some cases, vacation benefits. Amounts related to sick-pay benefits are carried forward from year to year. Accumulated sick-pay benefits for the Town's school employees are payable only upon normal retirement, death or after an involuntary termination. Accumulated sick-pay benefits for non-school employees are paid out upon termination of employment. All sick-pay benefits are capped for all employees at varying amounts depending on the terms of the individual employee's collective bargaining agreement. Compensated absence liabilities related to both governmental and business-type activities are normally paid



from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Unearned Revenues – Amounts collected in advance from unlevied taxes, federal and state grants and user charges are reported as unearned revenues, if material.

Long-Term Debt – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method if material. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources in its government-wide financial statements relative to OPEB and pension-related transactions. The Town expects to recognize the reported deferred outflows of resources relative to these personnel-related transactions over the next six years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 in its government-wide and governmental funds financial statements relative to leased property and its OPEB and pension-related transactions. The Town expects to recognize revenues related to deferred inflows of resources for leased property over the next eleven years. The deferred inflows of resources related to OPEB and pension are expected to be recognized as reductions to benefits expense over the next six years. In the governmental funds financial statements, the Town reports unavailable revenues and prepaid taxes (if material) as deferred inflows of resources in its governmental funds financial statements. These amounts are expected to be recognized as an inflow of resources in the period in which the amounts become available.

Fund Equity – The Town presents its fund balances in its governmental funds financial statements using classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

*Nonspendable* represents amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact as the corpus of the endowment.

*Restricted* represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, which consists of the Town Meeting members through Town Meeting Votes. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Votes) it employed previously to commit those amounts.

*Assigned* represents amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed.

*Unassigned* represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

*Net Position* – In the government-wide financial statements, net position reported as net investment in capital assets includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been restricted for the following:

*Nonexpendable permanent funds* represent the amounts held in trust for which cannot be expended and are permanently restricted by various trust agreements.

*Expendable permanent funds* represent the expendable portion of permanent funds, which is restricted based on the individual trust/donor agreements.

*Capital projects* represents amounts restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Community preservation* represents amounts designated for use for community and historical preservation.

*Other purposes* represent assets that are restricted for specific governmental programs and uses such as gifts and donations, revolving funds and federal and state grant awards.

#### **E. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 fiscal year. Actual results could vary from estimates that were used.

## **II. Detailed Notes to All Funds**

### **A. Deposits 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 balance sheet as cash and cash equivalents. The deposits and investments of trust funds are held separately from those of other funds.

State laws and regulations require the Town to invest funds only in preapproved investment instruments, which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool, which is administered by the Massachusetts Municipal Depository Trust, or MMDT. In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

#### ***Primary Government (excludes the Retirement System)***

*Custodial Credit Risk: Deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings. At June 30, 2023, approximately \$6.6 million of the Town's bank deposits were not insured by the Federal Depository Insurance Corporation or other forms of depository insurance and/or collateralization and were therefore exposed to custodial credit risk.

*Custodial Credit Risk: Investments* – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town does not have a formal investment policy related to custodial credit risk. All of the Town's investments are registered in its name and cannot be pledged or assigned. As a result, the Town is not exposed to custodial credit risk on its investments.

**Fair Value Measurements: Investments** – The following table presents the Town’s investments carried at fair value on a recurring basis at June 30, 2023:

	June 30,	Fair Value Measurements Using		
<u>Investments by Fair Value Level</u>	<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Debt securities:				
U.S. treasury bonds	\$ 2,454,498	\$ 2,454,498	\$ -	\$ -
U.S. government agency bonds	380,264	380,264	-	-
Corporate bonds	<u>1,997,565</u>	<u>-</u>	<u>1,997,565</u>	<u>-</u>
Total debt securities	<u>4,832,327</u>	<u>2,834,762</u>	<u>1,997,565</u>	<u>-</u>
Equity securities	952,298	952,298	-	-
Mutual funds	<u>1,541,613</u>	<u>-</u>	<u>1,541,613</u>	<u>-</u>
Total investments by fair value level	<u>7,326,238</u>	<u>\$ 3,787,060</u>	<u>\$ 3,539,178</u>	<u>\$ -</u>
Investments measured at amortized cost:				
MMDT	<u>182,157</u>			
Total investments measured at fair value	<u>\$ 7,508,395</u>			

Short-term investments in the MMDT are measured at amortized cost, which approximates fair value.

**Interest Rate Risk: Investments** – This is the risk that changes in interest rates will adversely affect the market value of an investment. The Town does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In practice, the Town mitigates interest rate risk by managing the duration of its investments.

The following table presents the Town’s investments with maturities at June 30, 2023:

Investment Type	Fair Value	Time Until Maturity (in years)		
		Less than 1	1 to 5	6 to 10
Debt securities:				
U.S. government obligations	\$ 2,834,762	\$ 1,179,216	\$ 1,655,546	\$ -
Corporate bonds	1,997,565	404,820	1,592,745	-
	4,832,327	1,584,036	3,248,291	-
Other investments:				
Equity securities	952,298			
Mutual funds	1,541,613			
MMDT	182,157			
Total Town Investments	\$ 7,508,395			

**Credit Risk: Investments** – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has not adopted a formal policy related to credit risk. The following table summarizes the credit ratings assigned by Moody’s Investors Service for Town investments in fixed income securities at June 30, 2023:

Moody's Rating	Government Securities	Corporate Bonds	Total
Aaa	\$ 2,834,762	\$ 258,826	\$ 3,093,588
A1	-	436,143	436,143
A2	-	513,411	513,411
Baa1	-	19,245	19,245
Baa2	-	769,940	769,940
	<u>\$ 2,834,762</u>	<u>\$ 1,997,565</u>	<u>\$ 4,832,327</u>

**Concentration of Credit Risk: Investments** – The Town does not place a limit on the amount that may be invested in any one issuer. At June 30, 2023, the Town’s investments in U.S. treasury notes represented approximately 33% of total investments. No other individual investment exceeded 5% of the Town’s total investment balance.

***Retirement System (as of December 31, 2022)***

Chapter 32 of Massachusetts General Laws (“MGL”) and the Public Employee Retirement Administration Commission (“PERAC”) regulations require the Retirement System to invest funds only in preapproved investment instruments, which include, but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, certain corporate bonds, equities and investment pools.

**Custodial Credit Risk: Investments** – The Retirement System’s policy for custodial credit risk of investments intends that all investments are either insured and/or registered in the name of the Retirement System. At December 31, 2022, the Retirement System was not exposed to custodial credit risk on its investments.

**Fair Value of Investments** – The Retirement System reports its investments at fair value using the same hierarchy as the Town. The following table presents the fair value of the Retirement System’s investments at December 31, 2022:

	December 31, 2022	Fair Value Measurements Using		
Investments by Fair Value Level		Level 1	Level 2	Level 3
Investments by fair value level:				
Equity securities	\$ 25,202,193	\$ 25,202,193	\$ -	\$ -
Total investments by fair value level	<u>25,202,193</u>	<u>\$ 25,202,193</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV:				
PRIT	<u>29,858,058</u>			
Total investments measured at fair value	<u>\$ 55,060,251</u>			

Over 54% of the Retirement System's investments are invested with the State Commonwealth of Massachusetts' Pension Reserve Investment Management Board, or PRIM. The Retirement System holds five separate pooled PRIT funds, each of which consists of a diverse set of investments that includes private equity, distressed debt, derivatives, venture and real estate investments. The determination of the fair value of these investments is subjective and the period-end values are reported to the Retirement System as NAV. Investments in the PRIT funds are generally more liquid than investments in private equity and real estate holdings, but generally cannot be resold to third parties. The System may liquidate its investments in the PRIT funds at any time with less than thirty days' notice. Distributions from the PRIT funds are received regularly and deposited into an accompanying short-term cash investment account.

Concentration of Credit Risk – The following Retirement System investments held at December 31, 2022, represented approximately 50.2% of the Retirement System's total investments:

PRIT Core Fixed Income Fund	15.9%
PRIT Value Added Fixed Income Fund	14.3%
PRIT Core Real Estate Fund	12.5%
PRIT Hedge Fund	7.5%

## B. Receivables

Receivables as of June 30, 2023 for the Town's major governmental funds in the aggregate, net of applicable allowances for uncollectible accounts, were as follows:

	Gross Amounts	Allowance for Uncollectibles	Net Amounts
Personal property taxes	\$ 68,995	\$ (31,500)	\$ 37,495
Real estate taxes	422,295	-	422,295
Tax liens and deferrals	924,840	-	924,840
Excise taxes	270,692	(39,900)	230,792
Ambulance	81,648	(26,700)	54,948
Other departmental receivables	89,781	-	89,781
Other intergovernmental receivables	369,977	-	369,977
Lease receivable	319,872	-	319,872
	<u>\$ 2,548,100</u>	<u>\$ (98,100)</u>	<u>\$ 2,450,000</u>

Receivables in the Town's proprietary funds were comprised of user charges and intergovernmental receivables. The Town did not record any allowances for uncollectible accounts in its proprietary funds at June 30, 2023.

Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current accounting period. The following table identifies the components of unavailable revenues at June 30, 2023 in the governmental funds:

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Personal property taxes	\$ 37,495	\$ -	\$ -	\$ 37,495
Real estate taxes	350,123	2,470	-	352,593
Tax liens and deferrals	922,485	2,355	-	924,840
Excise taxes	230,792	-	-	230,792
Ambulance	-	-	54,948	54,948
	<u>\$ 1,540,895</u>	<u>\$ 4,825</u>	<u>\$ 54,948</u>	<u>\$ 1,600,668</u>

Lease Receivable – The Town leases property to a telecommunication provider that is set to conclude in fiscal year 2034. A lease receivable has been recorded in the Town’s general fund related to this lease agreement. The net present value of future receipts using a discount rate of 2.8% from the leased property totaled \$319,872 at June 30, 2023 and is reported as lease receivable. Lease revenues and interest income related to this leasing arrangement totaled \$19,247 and \$9,495, respectively, in fiscal year 2023.

The following represents the future expected payments on the lease receivable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 20,648	\$ 8,956	\$ 29,604
2025	22,114	8,378	30,492
2026	23,648	7,759	31,407
2027	25,252	7,097	32,349
2028	26,929	6,390	33,319
2029 - 2033	162,580	19,624	182,204
2034	<u>38,701</u>	<u>1,084</u>	<u>39,785</u>
	<u>\$ 319,872</u>	<u>\$ 59,288</u>	<u>\$ 379,160</u>

## C. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated/amortized:				
Land	\$ 5,049,699	\$ -	\$ -	\$ 5,049,699
Construction in-progress	10,373,097	454,493	(9,977,438)	850,152
Total capital assets not being depreciated	15,422,796	454,493	(9,977,438)	5,899,851
Capital assets being depreciated/amortized:				
Infrastructure	15,450,062	1,058,086	-	16,508,148
Buildings and improvements	90,613,355	14,430,667	-	105,044,022
Vehicles	2,397,592	48,609	(29,563)	2,416,638
Machinery and equipment	6,027,914	535,873	-	6,563,787
Total capital assets being depreciated	114,488,923	16,073,235	(29,563)	130,532,595
Less accumulated depreciation/amortization for:				
Infrastructure	(4,730,825)	(536,583)	-	(5,267,408)
Buildings and improvements	(35,886,950)	(2,467,004)	-	(38,353,954)
Vehicles	(1,573,112)	(180,096)	-	(1,753,208)
Machinery and equipment	(3,862,971)	(455,192)	29,563	(4,288,600)
Total accumulated depreciation/amortization	(46,053,858)	(3,638,875)	29,563	(49,663,170)
Total capital assets being depreciated, net	68,435,065	12,434,360	-	80,869,425
Capital assets, net	<u>\$ 83,857,861</u>	<u>\$ 12,888,853</u>	<u>\$ (9,977,438)</u>	<u>\$ 86,769,276</u>
 <u>Business-Type Activities - Combined</u>	 <u>Beginning Balance</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in-progress	\$ 416,266	\$ 4,192,181	\$ -	\$ 4,608,447
Capital assets being depreciated:				
Infrastructure	\$ 38,285,451	\$ 71,668	\$ -	\$ 38,357,119
Vehicles	648,765	-	(136,247)	512,518
Machinery and equipment	2,329,446	-	-	2,329,446
Total capital assets being depreciated	41,263,662	71,668	(136,247)	41,199,083
Less accumulated depreciation for:				
Infrastructure	(18,762,083)	(920,028)	-	(19,682,111)
Vehicles	(169,765)	(33,034)	136,247	(66,552)
Machinery and equipment	(1,972,681)	(55,745)	-	(2,028,426)
Total accumulated depreciation	(20,904,529)	(1,008,807)	136,247	(21,777,089)
Total capital assets being depreciated, net	20,359,133	(937,139)	-	19,421,994
Capital assets, net	<u>\$ 20,775,399</u>	<u>\$ 3,255,042</u>	<u>\$ -</u>	<u>\$ 24,030,441</u>



<u>Business-Type Activities - Sewer</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Infrastructure	\$ 23,170,375	\$ 71,668	\$ -	\$ 23,242,043
Vehicles	512,518	-	-	512,518
Machinery and equipment	<u>1,079,673</u>	<u>-</u>	<u>-</u>	<u>1,079,673</u>
Total capital assets being depreciated	<u>24,762,566</u>	<u>71,668</u>	<u>-</u>	<u>24,834,234</u>
Less accumulated depreciation for:				
Infrastructure	(10,914,003)	(567,107)	-	(11,481,110)
Vehicles	(33,518)	(33,034)	-	(66,552)
Machinery and equipment	<u>(787,322)</u>	<u>(40,815)</u>	<u>-</u>	<u>(828,137)</u>
Total accumulated depreciation	<u>(11,734,843)</u>	<u>(640,956)</u>	<u>-</u>	<u>(12,375,799)</u>
Total capital assets being depreciated, net	<u>13,027,723</u>	<u>(569,288)</u>	<u>-</u>	<u>12,458,435</u>
Capital assets, net	<u>\$ 13,027,723</u>	<u>\$ (569,288)</u>	<u>\$ -</u>	<u>\$ 12,458,435</u>
 <u>Business-Type Activities - Water</u>	 <u>Beginning Balance</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in-progress	\$ 416,266	\$ 4,192,181	\$ -	\$ 4,608,447
Capital assets being depreciated:				
Infrastructure	15,115,076	-	-	15,115,076
Vehicles	136,247	-	(136,247)	-
Machinery and equipment	<u>1,249,773</u>	<u>-</u>	<u>-</u>	<u>1,249,773</u>
Total capital assets being depreciated	<u>16,501,096</u>	<u>-</u>	<u>(136,247)</u>	<u>16,364,849</u>
Less accumulated depreciation for:				
Infrastructure	(7,848,080)	(352,921)	-	(8,201,001)
Vehicles	(136,247)	-	136,247	-
Machinery and equipment	<u>(1,185,359)</u>	<u>(14,930)</u>	<u>-</u>	<u>(1,200,289)</u>
Total accumulated depreciation	<u>(9,169,686)</u>	<u>(367,851)</u>	<u>136,247</u>	<u>(9,401,290)</u>
Total capital assets being depreciated, net	<u>7,331,410</u>	<u>(367,851)</u>	<u>-</u>	<u>6,963,559</u>
Capital assets, net	<u>\$ 7,747,676</u>	<u>\$ 3,824,330</u>	<u>\$ -</u>	<u>\$ 11,572,006</u>

Depreciation and amortization expense in the governmental activities was charged to functions/programs as follows:

General government	\$ 164,691
Public safety	586,285
Education	2,114,096
Public works	625,304
Health and human services	16,943
Culture and recreation	<u>131,556</u>
	<u>\$ 3,638,875</u>

#### D. Interfund Transfers

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

Transfers Out	Transfers In				Total	
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water Enterprise		
General fund	\$ -	\$ 1,271,000	\$ 360,246	\$ -	\$ 1,631,246	(1)
Community preservation fund	-	-	330,000	-	330,000	(2)
ARPA grant fund	-	-	-	2,000,347	2,000,347	(3)
Nonmajor governmental funds	662,223	445,111	-	-	1,107,334	(4)
	<u>\$ 662,223</u>	<u>\$ 1,716,111</u>	<u>\$ 690,246</u>	<u>\$ 2,000,347</u>	<u>\$ 5,068,927</u>	

- (1) Transfers from general fund to fund capital projects; transfers to nonmajor governmental funds were primarily to fund deficits.
- (2) Transfers of \$230,000 and \$100,000 to affordable housing trust and conservation, respectively.
- (3) ARPA award proceeds used for a water capital project.
- (4) Budgeted transfers from ambulance receipts reserved for appropriations and PEG access (\$404,624); transfers of excess fund balances from circuit breaker (\$257,599); transfer from ambulance receipts reserved for appropriation of \$389,111 to capital projects and \$50,000 from golf revolving to fund a capital article related to golf course improvements

#### E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund current operating costs (generally through revenue or tax anticipation notes) or capital projects (generally through grant anticipation notes or bond anticipation notes). Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively.

The following table summarizes the temporary note activity for the Town during fiscal year 2023:

Type	Interest Rate	Maturity Date	Beginning Balance	Increases	Decreases	Ending Balance
BAN	3.00%	matured	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
BAN	4.00%	4/26/24	-	1,000,000	-	1,000,000
			<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ (1,000,000)</u>	<u>\$ 1,000,000</u>

The BAN was issued to finance a well water expansion program and is recorded in the Town's water enterprise fund.

## F. Long-Term Obligations

The Town issues general obligation bonds and notes as well as leases to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds and notes have been issued for both governmental and business-type activities. In addition, the Town incurs various other long-term obligations related to personnel costs.

The following reflects fiscal year 2023 activity in the Town's long-term liability accounts:

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 29,624,600	\$ -	\$ (2,912,100)	\$ 26,712,500	\$ 2,007,100
Unamortized bond premiums	1,417,763	-	(137,154)	1,280,609	128,095
Lease liabilities	241,520	-	(94,137)	147,383	72,753
Compensated absences	1,806,369	232,858	-	2,039,227	509,807
Net OPEB liability	46,793,830	35,868,189	(38,466,901)	44,195,118	-
Net pension liability	6,261,612	16,380,675	(6,268,587)	16,373,700	-
Total Governmental Activities	<u>\$ 86,145,694</u>	<u>\$ 52,481,722</u>	<u>\$(47,878,879)</u>	<u>\$ 90,748,537</u>	<u>\$ 2,717,755</u>
<i>Business-Type Activities - Combined:</i>					
General obligation bonds	\$ 4,105,400	\$ -	\$ (392,900)	\$ 3,712,500	\$ 362,900
Direct borrowings and placements	5,459,535	-	(792,859)	4,666,676	482,731
Compensated absences	41,276	-	(2,678)	38,598	9,650
Net OPEB liability	1,646,988	1,262,443	(1,353,909)	1,555,522	-
Net pension liability	220,388	576,546	(220,634)	576,300	-
Total Business-Type Activities	<u>\$ 11,473,587</u>	<u>\$ 1,838,989</u>	<u>\$ (2,762,980)</u>	<u>\$ 10,549,596</u>	<u>\$ 855,281</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	\$ 1,580,400	\$ -	\$ (147,900)	\$ 1,432,500	\$ 117,900
Direct borrowings and placements	5,139,535	-	(472,859)	4,666,676	482,731
Compensated absences	18,750	-	(1,166)	17,584	4,396
Net OPEB liability	581,290	445,569	(477,851)	549,008	-
Net pension liability	77,784	203,487	(77,871)	203,400	-
Total Business-Type Activities - Sewer	<u>\$ 7,397,759</u>	<u>\$ 649,056</u>	<u>\$ (1,177,647)</u>	<u>\$ 6,869,168</u>	<u>\$ 605,027</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds	\$ 2,525,000	\$ -	\$ (245,000)	\$ 2,280,000	\$ 245,000
Direct borrowings and placements	320,000	-	(320,000)	-	-
Compensated absences	22,526	-	(1,512)	21,014	5,254
Net OPEB liability	1,065,698	816,874	(876,058)	1,006,514	-
Net pension liability	142,604	373,059	(142,763)	372,900	-
Total Business-Type Activities - Water	<u>\$ 4,075,828</u>	<u>\$ 1,189,933</u>	<u>\$ (1,585,333)</u>	<u>\$ 3,680,428</u>	<u>\$ 250,254</u>

General obligation bonds and notes outstanding at June 30, 2023 were as follows:

Description	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	1.0% - 5.0%	\$ 29,624,600	\$ -	\$ (2,912,100)	\$ 26,712,500
Unamortized premiums		<u>1,417,763</u>	<u>-</u>	<u>(137,154)</u>	<u>1,280,609</u>
Total Governmental Activities		<u>\$ 34,162,113</u>	<u>\$ -</u>	<u>\$ (3,049,254)</u>	<u>\$ 27,993,109</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	1.50% - 5.0%	\$ 1,580,400	\$ -	\$ (147,900)	\$ 1,432,500
MCWT notes	2.0%	<u>5,139,535</u>	<u>-</u>	<u>(472,859)</u>	<u>4,666,676</u>
Total Business-Type Activities - Sewer		<u>\$ 6,719,935</u>	<u>\$ -</u>	<u>\$ (620,759)</u>	<u>\$ 6,099,176</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds	1.50% - 5.0%	\$ 2,525,000	\$ -	\$ (245,000)	\$ 2,280,000
MCWT notes	2.0%	<u>320,000</u>	<u>-</u>	<u>(320,000)</u>	<u>-</u>
Total Business-Type Activities - Water		<u>\$ 2,845,000</u>	<u>\$ -</u>	<u>\$ (565,000)</u>	<u>\$ 2,280,000</u>

Debt service requirements on long-term debt at June 30, 2023 are as follows:

Year Ended June 30,	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2024	\$ 2,007,100	\$ 786,439
2025	2,042,000	717,611
2026	1,912,000	646,916
2027	1,906,800	579,216
2028	1,786,800	510,851
2029 - 2033	7,642,800	1,561,068
2034 - 2038	2,275,000	872,175
2039 - 2043	2,525,000	630,000
2044 - 2048	2,790,000	355,975
2049 - 2051	<u>1,825,000</u>	<u>62,156</u>
	<u>\$ 26,712,500</u>	<u>\$ 6,722,407</u>

Business-Type Activities - Combined				
Year Ended June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 362,900	\$ 121,949	\$ 482,731	\$ 88,507
2025	213,000	110,469	492,808	78,751
2026	223,000	100,982	503,097	68,792
2027	218,200	91,414	513,601	58,626
2028	223,200	81,867	524,323	48,245
2029 - 2033	912,200	291,842	2,150,116	90,536
2034 - 2038	855,000	141,670	-	-
2039 - 2043	470,000	45,194	-	-
2044 - 2046	235,000	7,597	-	-
	<u>\$ 3,712,500</u>	<u>\$ 992,984</u>	<u>\$ 4,666,676</u>	<u>\$ 433,457</u>

Business-Type Activities - Sewer				
Year Ended June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 117,900	\$ 53,167	\$ 482,731	\$ 88,507
2025	118,000	48,138	492,808	78,751
2026	123,000	42,975	503,097	68,792
2027	113,200	37,958	513,601	58,626
2028	113,200	33,185	524,323	48,245
2029 - 2033	432,200	112,993	2,150,116	90,536
2034 - 2038	345,000	40,263	-	-
2039	70,000	1,225	-	-
	<u>\$ 1,432,500</u>	<u>\$ 369,904</u>	<u>\$ 4,666,676</u>	<u>\$ 433,457</u>

Business-Type Activities - Water				
Year Ended June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 245,000	\$ 68,782	\$ -	\$ -
2025	95,000	62,331	-	-
2026	100,000	58,007	-	-
2027	105,000	53,456	-	-
2028	110,000	48,682	-	-
2029 - 2033	480,000	178,849	-	-
2034 - 2038	510,000	101,407	-	-
2039 - 2043	400,000	43,969	-	-
2044 - 2046	235,000	7,597	-	-
	<u>\$ 2,280,000</u>	<u>\$ 623,080</u>	<u>\$ -</u>	<u>\$ -</u>

Lease Liabilities – At June 30, 2023, the Town is party to a noncancellable lease for the purchase of an ambulance. For financial reporting purposes, this lease has been capitalized. Lease payment requirements as of June 30, 2023 were as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 72,753	\$ 3,802	\$ 76,555
2025	74,630	1,925	76,555
	<u>\$ 147,383</u>	<u>\$ 5,727</u>	<u>\$ 153,110</u>

The Town reports \$364,000 as the historical cost of this ambulance and accumulated amortization of \$91,000 at June 30, 2023.

Authorized and Unissued Debt – The following table presents authorized and unissued debt at June 30, 2023:

Fire station construction	\$ 2,000,000
Water treatment facility improvements	1,000,000
Land acquisition	250,000
Green Meadow Elementary School roof	70,000
Waste water treatment plant	<u>63,000</u>
	<u>\$ 3,383,000</u>

#### **G. Excess of Expenditures Over Appropriations and Deficits**

The Town did not report any material expenditures over appropriations in fiscal year 2023.

The Town reported deficits of \$84,162 in its nonmajor governmental funds for several state and federal grants. The Town expects to fund these deficits through future receipts of federal and state awards.

## H. Fund Balances

The components of the Town's fund balances as listed in aggregate in the governmental funds balance sheet at June 30, 2023 are as follows:

	General Fund	Community Preservation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Perpetual permanent funds	\$ -	\$ -	\$ -	\$ 336,878	\$ 336,878
Restricted:					
Expendable trusts	-	-	-	1,144,183	1,144,183
General government	-	-	-	327,383	327,383
Public safety	-	-	-	527,776	527,776
Education	-	-	-	3,590,525	3,590,525
Public works	-	-	-	876,687	876,687
Health and human services	-	-	-	239,623	239,623
Culture and recreation	-	-	-	255,272	255,272
Community preservation	-	975,439	-	-	975,439
Debt service reserve	125,500	-	-	-	125,500
Capital projects:					
Public safety	-	-	1,695,060	-	1,695,060
Education	-	-	962,585	-	962,585
Public works	-	-	1,113,725	-	1,113,725
Other purposes	-	-	548,597	-	548,597
Committed:					
General government	33,796	-	-	-	33,796
Specialized stabilizations	1,168	-	-	-	1,168
Assigned:					
General government	18,427	-	-	-	18,427
Public safety	204,424	-	-	-	204,424
Education	28,011	-	-	-	28,011
Public works	17,234	-	-	-	17,234
Subsequent year budget	130,000	-	-	-	130,000
Unassigned:					
Capital stabilization	408,017	-	-	-	408,017
General stabilization	1,843,901	-	-	-	1,843,901
Unrestricted	<u>2,581,739</u>	<u>-</u>	<u>-</u>	<u>(84,162)</u>	<u>2,497,577</u>
	<u>\$ 5,392,217</u>	<u>\$ 975,439</u>	<u>\$ 4,319,967</u>	<u>\$ 7,214,165</u>	<u>\$ 17,901,788</u>

The ARPA grant fund is not presented above as it did not maintain a fund balance at June 30, 2023.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed. The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

*Stabilization Funds* – The Town maintains three stabilization funds. The general and capital stabilization funds may be used for any municipal purpose upon a two-thirds vote of the Town Meeting and are reported as components of the unassigned fund balance in the general fund. In fiscal year 2023, the Town established a stabilization fund that is funded by host community agreement fees with marijuana establishments. Like the general and capital stabilization funds, appropriation from the stabilization fund requires a two-thirds vote of the Town Meeting and can only be used for specific purposes. This stabilization fund is reported as a component of the committed fund balance in the general fund.

*Encumbrances* – The Town’s encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. At June 30, 2023, the Town reported \$268,096 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other governmental fund.

### **III. Other Information**

#### **A. Retirement System**

*Pension Plan Description* – The Town contributes to the Maynard Retirement System, a cost-sharing multiple-employer defined benefit pension plan for the Town and Maynard Housing Authority. The Retirement System was established under Chapter 32 of MGL. The Retirement System is administered by the Maynard Retirement Board (the “Retirement Board”). The Retirement Board, subject to MGL and PERAC regulations, has the authority to amend or modify the Retirement System’s funding policies. Stand-alone financial statements for the year ended December 31, 2022 were issued and are available at the Retirement Office, 195 Main Street, Maynard, Massachusetts 01754.

Current membership in the Retirement System for all employers as of December 31, 2022 was as follows:

Retirees and beneficiaries currently receiving benefits	140
Active plan members	192
Inactive plan members	<u>99</u>
	<u>431</u>



*Benefit Terms* – Membership in the Retirement System is mandatory for all full-time employees and nonseasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the Retirement System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform throughout the Commonwealth. The Retirement System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the Retirement System include normal retirement, disability retirement and survivor benefits.

- Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55 if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.
- Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of creditable service, average compensation and veteran status.
- Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the Retirement System.

The Retirement System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws. There were no significant changes to the Retirement System's benefit terms in calendar year 2023.

*Contributions Requirements* – Under current MGL, the Retirement System is required to be fully funded by June 30, 2040. Participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. The Town contributed \$2,840,220 to the Retirement System in fiscal year 2023, which equaled the actuarially determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll were approximately 30% in fiscal year 2023.

*Net Pension Liability* – At June 30, 2023, the Town reported a liability of \$16,950,000 for its proportionate share of the net pension liability. The net pension liability was determined based on an actuarial valuation as of January 1, 2021 and updated and rolled forward to December 31, 2022 by an actuary. There were no material changes to the Retirement System's benefit terms in fiscal year 2023. There were no significant changes to the key actuarial assumptions used in the current year actuarial valuation report from the prior year.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the Retirement System relative to the projected contributions of all employers. The Town's proportion was approximately 96.6% at December 31, 2022, which was consistent with the proportion measured at December 31, 2021.

*Fiduciary Net Position* – The elements of the Retirement System's basic financial statements (that is, all information about the Retirement System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the fiduciary fund financial statements. The Retirement System's full financial statements as of and for the year ended December 31, 2022 can be obtained by contacting the Retirement Board.

The Retirement System's fiduciary net position was determined using the accrual basis of accounting. The Retirement System's accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

*Pension Expense* – The Town recognized \$3,185,220 in pension expense in the statement of activities in fiscal year 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 272,000	\$ 504,000
Changes of assumptions	1,623,000	-
Net difference between projected and actual earnings on pension plan investments	4,081,000	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	32,000
	<u>\$ 5,976,000</u>	<u>\$ 536,000</u>

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

<u>Year Ended June 30,</u>	
2024	\$ 284,000
2025	1,095,000
2026	1,603,000
2027	<u>2,458,000</u>
	<u>\$ 5,440,000</u>

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The significant actuarial assumptions used in the latest actuarial valuation included:

Actuarial cost method	Entry age normal
Amortization method	Top appropriation increasing 6.0% until fiscal year 2034, with a final amortization in fiscal year 2035
Remaining amortization period	15 years from July 1, 2020
Asset valuation method	Market value
Investment rate of return	6.5%
Projected salary increases	Service based table with ultimate ranges of 4.25%, 4.50% and 4.75% for groups 1, 2 and 4, respectively
Cost of living adjustments	3% on the first \$15,000 of benefits

Mortality rates:

Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct).

Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct).

For disabled retirees, the mortality rate is assumed to be in accordance with RP-2014 Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct) and set forward one year.

It is assumed that 55% of pre-retirement deaths are job-related for group 1 and 2 members and 90% are job-related for group 4 members. For members retired under an accidental disability, 40% of deaths are assumed to be from the same cause as the disability.

The investment rate of return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns and professional judgment. The market expectations analysis used a building-block approach, which included expected returns by asset class and the target asset allocation.

The target allocation of the Retirement System's investments by asset class is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity securities - large cap	30.0%
Domestic equity securities - small cap	5.0%
International equity securities	15.0%
Fixed income	30.0%
Alternative assets	10.0%
Real estate	10.0%

The Retirement System's investment policy targets an investment return that meets or exceeds the actuarial investment rate of return (currently 6.5%). This long-term expected rate of return is presented neither as an arithmetic or geometric means.

Discount Rate – The discount rate used to measure the total pension liability at December 31, 2022 was 6.5%, which was unchanged from the prior year. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially-determined contribution rates and the member rate. Based on those assumptions, the Retirement System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity Analysis* – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.5% as well as the Town’s proportionate share of the net pension liability using a discount rate that is 1% lower or higher than the current rate:

Current Discount Rate	Net Pension Liability At		
	1% Decrease	Current Rate	1% Increase
6.50%	\$ 24,633,000	\$ 16,950,000	\$ 10,433,000

## B. Massachusetts Teachers’ Retirement System

Teachers and certain administrative employees of the Town’s school department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing, multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the Retirement System, MTRS was established under Chapter 32 of MGL. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GAAP.

For the year ended June 30, 2022 (the latest period for which MTRS has provided financial data), the Commonwealth contributed \$3,337,214 to the MTRS on behalf of the Town. The Town’s proportionate share of the collective MTRS net pension liability at this reporting date was approximately 0.159%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Town as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The net pension liability assumed by the Commonwealth on behalf of the Town was \$41,050,128 at June 30, 2022 (the latest period for which MTRS has provided financial data). The pension expense assumed by the Commonwealth on behalf of the Town was \$3,376,774 for the year ended June 30, 2022 (the latest period for which MTRS has provided financial data). This amount has been recognized by the Town as intergovernmental revenue and pension expense for the year ended June 30, 2023.

Additional information on MTRS can be found on its website.

### C. Other Postemployment Benefits

The Town administers a single-employer defined benefit healthcare plan (the “OPEB Plan”). The OPEB Plan provides health and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Chapter 32B of MGL. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. All benefits are provided through the Town’s premium-based insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Town’s financial statements. OPEB Plan disclosures can be found in this footnote disclosure.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2023:

Inactive employees or beneficiaries receiving benefits	190
Active employees	<u>315</u>
	<u>505</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 25% of the calculated contribution and the remainder of the cost is funded by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis plus additional contributions in varying amounts annually. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2023, the Town’s average contribution rate was approximately 7% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was determined using an actuarial valuation as of July 1, 2022, which was rolled forward to the measurement date of June 30, 2023. The components of the net OPEB liability of the Town at June 30, 2023 were as follows:

Total OPEB liability	\$ 47,402,365
Plan fiduciary net position	<u>(1,651,725)</u>
Net OPEB liability	<u>\$ 45,750,640</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.48%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.55% (previously 7.11%)
Single equivalent discount rate	3.69% (previously 3.73%)
Healthcare cost trend rates	6.5% in 2023 decreasing to an ultimate rate of 5.0% per annum in 2026
Mortality	Pub-2010 mortality tables with projection scale MP-2021

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real-Rate of Return</u>
Domestic equity	40.37%	3.90%
International equity	20.70%	5.75%
Domestic bond	19.54%	1.39%
International bond	4.00%	1.21%
Alternatives	14.89%	3.14%
Cash and cash equivalents	0.50%	0.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.65% (3.73% in the prior year), which is a blended rate between the investment rate of return and the index rate for twenty-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2023:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at June 30, 2022	\$ 49,948,281	\$ 1,507,463	\$ 48,440,818
Changes for the year:			
Service cost	1,939,343	-	1,939,343
Interest	1,725,141	-	1,725,141
Experience differences	(10,969,694)	-	(10,969,694)
Changes in assumptions	6,426,735	-	6,426,735
Employer contributions	-	1,692,441	(1,692,441)
Net investment income	-	119,262	(119,262)
Benefit payments	<u>(1,667,441)</u>	<u>(1,667,441)</u>	<u>-</u>
Net changes	<u>(2,545,916)</u>	<u>144,262</u>	<u>(2,690,178)</u>
Balances at June 30, 2023	<u>\$ 47,402,365</u>	<u>\$ 1,651,725</u>	<u>\$ 45,750,640</u>

Sensitivity Analyses – The following presents the Town’s net OPEB liability as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower and higher than the current discount rate:

Current Rate	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
3.69%	\$ 53,274,571	\$ 45,750,640	\$ 42,300,377

The following presents the Town’s net OPEB liability as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and higher than the current healthcare cost trend rates:

Current Rate	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
6.5% decreasing to 5.0%	\$ 38,618,795	\$ 45,750,640	\$ 54,933,128

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the Town recognized OPEB expense of \$708,783. Deferred outflows/inflows of resources related to OPEB at June 30, 2023 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,337,074
Changes of assumptions	13,658,236	11,393,558
Net difference between projected and actual earnings on OPEB Plan investments	-	3,717
	<u>\$ 13,658,236</u>	<u>\$ 27,734,349</u>

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

<u>Year Ended June 30,</u>	
2024	\$ (2,894,922)
2025	(2,786,471)
2026	(2,070,361)
2027	(2,604,087)
2028	(2,490,950)
Thereafter	<u>(1,229,322)</u>
	<u>\$ (14,076,113)</u>



*Investment Custody* – In accordance with MGL, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established under MGL. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

*Investment Policy* – The OPEB Plan does not have a formal investment policy at this time. The OPEB Plan invests its funds in permissible investments as stipulated by the Commonwealth.

*Investment Rate of Return* – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **D. Pension and Other Employee Benefit Trust Funds**

The Town reports pension and other postemployment benefits trust funds in a single column in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position in the fiduciary funds. The Town's OPEB Plan does not issue stand-alone financial statements and must be reported separately.

The Statement of Fiduciary Net Position of the Town's pension and other employee benefit trust fund at June 30, 2023 was comprised as follows:

	Maynard Contributory Retirement (a)	OPEB Trust	Pension and Other Employee Benefit Trust Funds
Assets:			
Cash and cash equivalents	\$ 1,247,899	\$ 8,209	\$ 1,256,108
Investments at fair value:			
Equity securities	25,202,193	190,056	25,392,249
Mutual funds	-	1,453,460	1,453,460
PRIT	29,858,058	-	29,858,058
Receivables:			
Contributions	101,274	-	101,274
Open trades	3,029	-	3,029
Total Assets	<u>56,412,453</u>	<u>1,651,725</u>	<u>58,064,178</u>
Liabilities:			
Warrants and accounts payable	65,087	-	65,087
Open trades	9,503	-	9,503
Total Liabilities	<u>74,590</u>	<u>-</u>	<u>74,590</u>
Net Position:			
Restricted for pensions	56,337,863	-	56,337,863
Restricted for other postemployment benefits	-	1,651,725	1,651,725
Total Net Position	<u>\$ 56,337,863</u>	<u>\$ 1,651,725</u>	<u>\$ 57,989,588</u>

(a) As of December 31, 2022.

The Statement of Changes in Fiduciary Net Position of the Town's pension and other employee benefit trust fund as of and for the year ended June 30, 2023 was comprised as follows:

	Maynard Contributory Retirement (a)	OPEB Trust	Pension and Other Employee Benefit Trust Funds
Additions:			
Employer contributions	\$ 2,939,274	\$ 1,692,441	\$ 4,631,715
Employee contributions	1,084,141	-	1,084,141
Other contributions	<u>573,128</u>	<u>-</u>	<u>573,128</u>
Total contributions	<u>4,596,543</u>	<u>1,692,441</u>	<u>6,288,984</u>
Investment income:			
Interest and dividends	1,689,626	2,924	1,692,550
Net change in investment values	(9,489,615)	121,746	(9,367,869)
Less investment management fees	<u>(357,017)</u>	<u>(5,408)</u>	<u>(362,425)</u>
Total net investment income	<u>(8,157,006)</u>	<u>119,262</u>	<u>(8,037,744)</u>
Other income	<u>230</u>	<u>-</u>	<u>230</u>
Total Additions	<u>(3,560,233)</u>	<u>1,811,703</u>	<u>(1,748,530)</u>
Deductions:			
Benefits and refunds to Plan members:			
Benefits to retirees and survivors	4,029,331	1,667,441	5,696,772
Member refunds	170,667	-	170,667
Transfers and reimbursements to other systems	659,620	-	659,620
Administrative expenses:			
Operations payroll and related personnel costs	66,146	-	66,146
Other administrative expenses	<u>53,901</u>	<u>-</u>	<u>53,901</u>
Total Deductions	<u>4,979,665</u>	<u>1,667,441</u>	<u>6,647,106</u>
Change in Net Position	<u>(8,539,898)</u>	<u>144,262</u>	<u>(8,395,636)</u>
Net Position – beginning of year	<u>64,877,761</u>	<u>1,507,463</u>	<u>66,385,224</u>
Net Position – end of year	<u>\$ 56,337,863</u>	<u>\$ 1,651,725</u>	<u>\$ 57,989,588</u>

(a) As of and for the year ended December 31, 2022.

## E. 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; environmental matters; 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.

## **F. Commitments and Contingencies**

General – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2023, cannot be determined, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2023.

Appellate Tax Board – The Town has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts (“ATB”). Assessed property values for properties contested by taxpayers in ATB approximated \$20.5 million at June 30, 2023. The Town reports a \$50,000 estimated liability associated with these ATB cases at June 30, 2023.

Grants– Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The Town expects such amounts, if any, to be immaterial.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town expects the amount if any, in these situations, to be immaterial.

## **G. Economic Dependence**

During the year ended June 30, 2023, approximately 23% of revenues of the general fund were recognized from the Commonwealth of Massachusetts and the federal government.

## **IV. Implementation of New GASB Pronouncements**

### **A. Current Year Implementations**

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement was to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement became effective in fiscal year 2023. The adoption of this accounting standard did not have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement was to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions of this Statement became effective in fiscal year 2023. The adoption of this accounting standard did not have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement was to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement became effective in fiscal year 2023. The adoption of this accounting standard did not have a material impact on the financial statements.

## **B. Future Year Implementations**

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for decision making or assessing accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2023 (fiscal year 2024). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2023 (fiscal year 2025). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2024 (fiscal year 2025). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

\* \* \* \* \*

**TOWN OF MAYNARD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION  
TOWN PENSION PLAN**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

*(dollar amounts are in thousands)*

Year Ended June 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	96.6%	\$ 16,950	\$ 9,499	178.4%	76.3%
2022	96.6%	6,482	9,499	68.2%	90.6%
2021	96.8%	11,329	9,718	116.6%	82.7%
2020	96.9%	15,245	9,728	156.7%	75.9%
2019	96.9%	18,985	9,533	199.2%	69.3%
2018	96.9%	12,859	9,533	134.9%	77.5%
2017	96.9%	14,870	8,997	165.3%	72.0%
2016	97.2%	15,203	9,025	168.5%	70.1%
2015	97.1%	10,962	7,702	142.3%	71.5%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE PENSION PLAN**

*(dollar amounts are in thousands)*

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 2,840	\$ 2,840	\$ -	\$ 9,499	29.9%
2022	2,679	2,679	-	9,499	28.2%
2021	2,533	2,533	-	9,718	26.1%
2020	2,393	2,393	-	9,728	24.6%
2019	2,255	2,255	-	9,533	23.7%
2018	2,128	2,128	-	9,533	22.3%
2017	2,007	2,007	-	8,997	22.3%
2016	1,900	1,900	-	9,025	21.1%
2015	1,791	1,791	-	7,702	23.3%

These schedules are presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

**TOWN OF MAYNARD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION  
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM PENSION PLAN**

---

**SCHEDULE OF THE COMMONWEALTH'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**  
*(dollar amounts are in thousands)*

For the Year Ended June 30, *	Commonwealth's Proportion of the MTRS Net Pension Liability	Town's Proportion of the MTRS Net Pension Liability	Commonwealth's Proportionate Share of the MTRS Net Pension Liability On Behalf of the Town	Commonwealth's Actuarially Determined Contribution	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	100%	0%	\$ 41,050	\$ 3,337	57.8%
2022	100%	0%	35,772	2,755	62.0%
2021	100%	0%	44,329	2,412	50.7%
2020	100%	0%	40,434	2,315	53.9%
2019	100%	0%	36,699	2,035	54.8%
2018	100%	0%	35,238	1,902	54.3%
2017	100%	0%	36,401	1,831	52.7%
2016	100%	0%	24,672	1,455	55.4%

\* Amounts determined for the previous year ended June 30.

Contributions to the MTRS are the responsibility of the Commonwealth of Massachusetts. Accordingly, the Town has not recognized any portion of the net pension liability relative to Town employees covered under the MTRS pension plan.

These schedules are presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

**TOWN OF MAYNARD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS PLAN**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

*(dollar amounts are in thousands)*

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service cost	\$ 1,939	\$ 2,319	\$ 2,356	\$ 2,410	\$ 2,133	\$ 2,552	\$ 2,381
Interest	1,725	1,435	1,335	2,028	2,027	1,781	1,921
Changes in benefit terms	-	-	(823)	-	-	-	-
Experience differences	(10,970)	-	(8,224)	(1,210)	(3,449)	(568)	-
Changes in assumptions	6,427	(10,515)	(4,225)	12,292	5,581	(5,573)	-
Benefit payments	(1,667)	(2,016)	(1,781)	(1,908)	(1,747)	(1,226)	(1,644)
Net Change in Total OPEB Liability	(2,546)	(8,777)	(11,362)	13,612	4,545	(3,034)	2,658
Total OPEB Liability:							
Beginning of year	49,948	58,725	70,087	56,475	51,930	54,964	52,306
End of year (a)	<u>\$ 47,402</u>	<u>\$ 49,948</u>	<u>\$ 58,725</u>	<u>\$ 70,087</u>	<u>\$ 56,475</u>	<u>\$ 51,930</u>	<u>\$ 54,964</u>
Plan Fiduciary Net Position:							
Contributions	\$ 1,692	\$ 2,041	\$ 1,806	\$ 1,908	\$ 1,757	\$ 1,316	\$ 1,744
Net investment income (loss)	119	(241)	339	43	68	81	30
Benefit payments	(1,667)	(2,016)	(1,781)	(1,908)	(1,747)	(1,226)	(1,644)
Net Change in Plan Fiduciary Net Position	144	(216)	364	43	78	171	130
Plan Fiduciary Net Position:							
Beginning of year	1,508	1,724	1,360	1,317	1,239	1,068	938
End of year (b)	<u>\$ 1,652</u>	<u>\$ 1,508</u>	<u>\$ 1,724</u>	<u>\$ 1,360</u>	<u>\$ 1,317</u>	<u>\$ 1,239</u>	<u>\$ 1,068</u>
Net OPEB Liability — End of Year (a) - (b)	<u>\$ 45,750</u>	<u>\$ 48,440</u>	<u>\$ 57,001</u>	<u>\$ 68,727</u>	<u>\$ 55,158</u>	<u>\$ 50,691</u>	<u>\$ 53,896</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.49%	3.02%	2.94%	1.94%	2.33%	2.39%	1.94%
Covered payroll	\$ 24,824	\$ 21,110	\$ 20,595	\$ 21,555	\$ 21,030	\$ 18,221	\$ 17,777
Net OPEB Liability as a Percentage of Covered Payroll	184.30%	229.46%	276.77%	318.84%	262.28%	278.20%	303.18%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

**TOWN OF MAYNARD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS PLAN**

**SCHEDULE OF CONTRIBUTIONS**

*(dollar amounts are in thousands)*

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially- Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2023	\$ 3,065	\$ 1,692	\$ 1,373	\$ 24,824	6.8%
2022	2,676	2,041	635	21,110	9.7%
2021	3,426	1,781	1,645	20,595	8.6%
2020	3,349	1,908	1,441	21,555	8.9%
2019	3,588	1,797	1,791	21,029	8.5%
2018	3,442	1,276	2,166	18,221	7.0%
2017	4,548	1,844	2,704	17,777	10.4%

Notes to Schedule:

Valuation date	July 1, 2022
Asset valuation method	Market value of the assets as of the reporting date
Actuarial cost method	Individual entry age normal
Investment rate of return	6.55% (previously 7.11%)
Single equivalent discount rate	3.69% (previously 3.73%)
Healthcare cost trend rates	6.5% initial decreasing to an ultimate rate of 5.0% in 2026
Mortality	Pub-2010 mortality tables with projection scale MP-2021

**SCHEDULE OF INVESTMENT RETURNS**

Year Ended June 30,	Annual Money-Weighted Rate of Return*
2023	7.91%
2022	-13.79%
2021	24.90%
2020	3.14%
2019	5.75%
2018	7.57%
2017	6.17%

\* Net of investment expenses.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.



**TOWN OF MAYNARD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual		Actual	Positive
	Original	Final	Budgetary	Articles and	Budgetary	(Negative)
	Budget	Budget	Amounts	Encumbrances	Adjusted	Variance
Revenues:						
Property taxes, net of tax refunds	\$ 37,264,212	\$ 37,264,212	\$ 37,400,040		\$ 37,400,040	\$ 135,828
Intergovernmental	8,770,845	8,770,845	8,829,244		8,829,244	58,399
Motor vehicle and other excise taxes	1,725,000	1,725,000	1,754,438		1,754,438	29,438
Licenses and permits	283,000	283,000	321,492		321,492	38,492
Penalties and interest on taxes	104,000	104,000	97,288		97,288	(6,712)
Fines and forfeitures	55,000	55,000	27,140		27,140	(27,860)
Departmental and other revenues	742,500	742,500	735,864		735,864	(6,636)
Investment income	33,500	33,500	363,279		363,279	329,779
Total Revenues	<u>48,978,057</u>	<u>48,978,057</u>	<u>49,528,785</u>		<u>49,528,785</u>	<u>550,728</u>
Expenditures:						
General government	3,706,584	3,603,731	3,309,221	\$ 18,427	3,327,648	276,083
Public safety	5,480,549	5,480,549	5,250,569	204,424	5,454,993	25,556
Education	23,258,058	23,258,058	23,176,094	28,011	23,204,105	53,953
Public works	2,507,393	2,920,621	2,824,794	17,234	2,842,028	78,593
Health and human services	229,860	229,860	198,342	-	198,342	31,518
Culture and recreation	649,984	649,984	631,854	-	631,854	18,130
Pension and fringe benefits	9,058,994	9,083,994	8,875,011	-	8,875,011	208,983
State and county charges	1,994,114	1,994,114	1,706,040	-	1,706,040	288,074
Debt service	<u>3,744,057</u>	<u>3,744,057</u>	<u>3,717,540</u>	<u>-</u>	<u>3,717,540</u>	<u>26,517</u>
Total Expenditures	<u>50,629,593</u>	<u>50,964,968</u>	<u>49,689,465</u>	<u>\$ 268,096</u>	<u>49,957,561</u>	<u>1,007,407</u>
Other Financing Sources (Uses):						
Transfers in	1,223,012	1,223,012	1,457,595		1,457,595	234,583
Transfers out	<u>-</u>	<u>(1,535,599)</u>	<u>(1,565,455)</u>		<u>(1,565,455)</u>	<u>(29,856)</u>
Total Other Financing Sources (Uses)	<u>1,223,012</u>	<u>(312,587)</u>	<u>(107,860)</u>		<u>(107,860)</u>	<u>204,727</u>
(Deficiency) Excess of Revenues and Other Financing Sources Over Expenditures and Other Finance Uses	<u>(428,524)</u>	<u>(2,299,498)</u>	<u>\$ (268,540)</u>		<u>\$ (536,636)</u>	<u>\$ 1,762,862</u>
Other Budgetary Items:						
Prior year encumbrances	310,751	310,751				
Free cash	-	1,870,974				
Overlay release	100,000	100,000				
Other	<u>17,773</u>	<u>17,773</u>				
Total Other Budgetary Items	<u>428,524</u>	<u>2,299,498</u>				
Net Budget	<u>\$ -</u>	<u>\$ -</u>				

See notes to required supplementary information.

See accompanying independent auditors' report.

## TOWN OF MAYNARD, MASSACHUSETTS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

An annual budget is legally adopted for the general fund. Financial orders are initiated by department heads, recommended by the Finance Committee and Select Board and approved by the Town Meeting members at the Town's annual meeting, which is generally in June. At the close of each fiscal year, unencumbered appropriation balances lapse or revert to unreserved fund balance. Budgetary control is exercised through the Town's accounting system.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting.

The Town's general fund is prepared on a basis other than GAAP. The "actual" results column of the Schedule of Revenues, Expenditures and Changes in Fund Equity – Budgetary Basis is presented on a budgetary basis to provide meaningful comparison with the budget. A complete reconciliation is provided below:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues — budgetary basis			\$ 49,528,785
On-behalf payments	\$ 3,376,774	\$ -	3,376,774
Revenue recognition	80,300	-	80,300
Stabilization investment income	-	59,411	59,411
Revenues — GAAP basis	<u>\$ 3,457,074</u>	<u>\$ 59,411</u>	<u>\$ 53,045,270</u>
Expenditures — budgetary basis			\$ 49,689,465
On-behalf payments	\$ 3,376,774	\$ -	3,376,774
Indirect cost treatment	-	(795,372)	(795,372)
Expenditures — GAAP basis	<u>\$ 3,376,774</u>	<u>\$ (795,372)</u>	<u>\$ 52,270,867</u>
Net transfers — budgetary basis			\$ (107,860)
Stabilization transfers	\$ -	\$ (65,791)	(65,791)
Indirect cost treatment	-	(795,372)	(795,372)
Net transfers — GAAP basis	<u>\$ -</u>	<u>\$ (861,163)</u>	<u>\$ (969,023)</u>