

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF MEDWAY, MASSACHUSETTS

Basic Financial Statements
and
Additional Information

Year Ended June 30, 2024



TOWN OF MEDWAY, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

Honorable Select Board
Town of Medway, 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 Medway, Massachusetts (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 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 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 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.



Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
December 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Medway, 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, 2024. 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.

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 nearly \$148.2 million (total net position) at June 30, 2024. The Town's total net position increased by approximately \$15.3 million in fiscal year 2024.
- The net position in governmental activities increased nearly \$12.3 million, while the net position in business-type activities increased over \$3.0 million in fiscal year 2024.
- The Town continues to report a deficit in its unrestricted net position in its governmental activities. This deficit approached \$18.1 million at June 30, 2024. This deficit is due primarily to the recording of liabilities associated with the net OPEB and pension liabilities, which totaled over \$47.8 million at June 30, 2024 in the aggregate. These liabilities are applied to the Town's unrestricted net position and represent actuarial estimates of future postemployment benefits payable by the Town for retiree medical insurance and pensions.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$42.9 million, which was approximately \$2.0 million higher than the prior year.
- Of the ending fund balance in the governmental funds at June 30, 2024, nearly \$13.3 million is available for spending at the Town's discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.
- At June 30, 2024, unassigned fund balance for the general fund represented over 19% percent of total fiscal year 2024 general fund expenditures.
- The Town's total combined long-term debt in its governmental activities and business-type activities decreased approximately \$5.2 million in fiscal year 2024.

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) fund financial statements and (3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Town’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 vacation 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, fringe benefits and debt service. The business-type activities of the Town include sewer, water and solid waste operations.

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 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 the Town 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 of 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.

Reconciliations are provided in the basic financial statements to help the reader understand the differences.

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 fund, community preservation fund 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. The Town utilizes the proprietary funds to report activities of its enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water and solid waste 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.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees as well as a budget to actual comparison for the current year's general fund operations.

Government-Wide Financial Analysis

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30,</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>
Assets:						
Current and other assets	\$ 50,065,973	\$ 47,085,797	\$ 10,346,340	\$ 22,331,453	\$ 60,412,313	\$ 69,417,250
Capital assets, net	<u>137,880,219</u>	<u>135,536,827</u>	<u>61,305,461</u>	<u>50,563,201</u>	<u>199,185,680</u>	<u>186,100,028</u>
Total Assets	<u>187,946,192</u>	<u>182,622,624</u>	<u>71,651,801</u>	<u>72,894,654</u>	<u>259,597,993</u>	<u>255,517,278</u>
Deferred Outflows of Resources	<u>14,541,641</u>	<u>12,515,347</u>	<u>714,428</u>	<u>495,142</u>	<u>15,256,069</u>	<u>13,010,489</u>
Liabilities:						
Long-term liabilities	75,603,761	86,161,696	31,071,211	32,866,396	106,674,972	119,028,092
Other liabilities	<u>8,727,407</u>	<u>8,038,889</u>	<u>3,896,041</u>	<u>6,283,244</u>	<u>12,623,448</u>	<u>14,322,133</u>
Total Liabilities	<u>84,331,168</u>	<u>94,200,585</u>	<u>34,967,252</u>	<u>39,149,640</u>	<u>119,298,420</u>	<u>133,350,225</u>
Deferred Inflows of Resources	<u>7,193,453</u>	<u>2,227,306</u>	<u>183,770</u>	<u>50,570</u>	<u>7,377,223</u>	<u>2,277,876</u>
Net Position:						
Net investment in capital assets	106,764,017	101,302,345	32,219,529	26,150,173	138,983,546	127,452,518
Restricted	22,265,661	21,168,750	-	-	22,265,661	21,168,750
Unrestricted	<u>(18,066,466)</u>	<u>(23,761,015)</u>	<u>4,995,678</u>	<u>8,039,413</u>	<u>(13,070,788)</u>	<u>(15,721,602)</u>
Total Net Position	<u>\$ 110,963,212</u>	<u>\$ 98,710,080</u>	<u>\$ 37,215,207</u>	<u>\$ 34,189,586</u>	<u>\$ 148,178,419</u>	<u>\$ 132,899,666</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's total net position increased nearly \$15.3 million in fiscal year 2024. The net position in governmental activities increased nearly \$12.3 million, while the net position in business-type activities increased over \$3.0 million.

The largest portion the Town's overall net position (approximately \$139.0 million) reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional significant portion of the Town's total net position (approximately \$22.3 million) represents resources that are subject to external restrictions on how they may be used.

The remaining category represents unrestricted net position, which currently has a deficit balance of approximately \$13.1 million. This deficit balance is primarily the result of the reporting of nearly \$50.0 million in net OPEB and pension liabilities in the Town's governmental and business-type activities. 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 years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 7,308,197	\$ 7,525,532	\$ 8,267,393	\$ 8,323,093	\$ 15,575,590	\$ 15,848,625
Operating grants and contributions	21,576,930	22,227,142	-	-	21,576,930	22,227,142
Capital grants and contributions	773,261	997,243	2,750,000	4,300,421	3,523,261	5,297,664
General revenues:						
Property taxes	50,191,633	48,595,219	-	-	50,191,633	48,595,219
Excise taxes	2,749,030	2,775,938	-	-	2,749,030	2,775,938
Intergovernmental	1,458,481	1,415,321	-	-	1,458,481	1,415,321
Other	2,232,282	1,152,606	2,583	1,982	2,234,865	1,154,588
Total Revenues	<u>86,289,814</u>	<u>84,689,001</u>	<u>11,019,976</u>	<u>12,625,496</u>	<u>97,309,790</u>	<u>97,314,497</u>
Expenses:						
General government	6,270,562	6,775,126	-	-	6,270,562	6,775,126
Public safety	9,768,039	10,103,201	-	-	9,768,039	10,103,201
Education	49,316,949	51,705,651	-	-	49,316,949	51,705,651
Public works	5,013,489	4,711,493	-	-	5,013,489	4,711,493
Health and human services	882,468	750,681	-	-	882,468	750,681
Culture and recreation	2,330,794	2,424,968	-	-	2,330,794	2,424,968
Interest expense	832,651	801,610	-	-	832,651	801,610
Utilities	-	-	7,616,085	7,625,298	7,616,085	7,625,298
Total Expenses	<u>74,414,952</u>	<u>77,272,730</u>	<u>7,616,085</u>	<u>7,625,298</u>	<u>82,031,037</u>	<u>84,898,028</u>
Change in Net Position Before Transfers	11,874,862	7,416,271	3,403,891	5,000,198	15,278,753	12,416,469
Transfers	378,270	184,896	(378,270)	(184,896)	-	-
Change in Net Position	<u>12,253,132</u>	<u>7,601,167</u>	<u>3,025,621</u>	<u>4,815,302</u>	<u>15,278,753</u>	<u>12,416,469</u>
Net Position:						
Beginning of year	98,710,080	91,108,913	34,189,586	29,374,284	132,899,666	120,483,197
End of year	<u>\$ 110,963,212</u>	<u>\$ 98,710,080</u>	<u>\$ 37,215,207</u>	<u>\$ 34,189,586</u>	<u>\$ 148,178,419</u>	<u>\$ 132,899,666</u>

Governmental Activities – Total revenues in fiscal year 2024 in the Town’s governmental activities increased over \$1.6 million, or 1.9%, from the prior fiscal year. This increase was due primarily to increases of approximately \$1.6 million and \$1.1 million, respectively, in property taxes and investment income, which were offset by decreases of approximately \$0.9 million in operating and capital grants and contributions.

The Town’s largest revenue source is property taxes, which represented approximately 58% and 57% of total fiscal year 2024 and 2023 revenues, respectively. Property taxes increased nearly \$1.6 million, or 3.3%, in fiscal year 2024 due to normal property tax increases and new growth; these increases were offset by a nearly \$0.6 million increase in excess levy capacity year-over-year. Operating grants and contributions represented approximately 25% and 26% of total fiscal year 2024 and 2023 revenues, respectively. Operating grants and contributions decreased nearly \$0.7 million in fiscal year 2024. No other revenue sources were greater than 10% of total revenues in fiscal years 2024 or 2023.

Education represents the largest expense category for the Town. In total, education expenses represented approximately 66% and 67%, respectively, of total fiscal year 2024 and 2023 expenses. Public safety expenses represented approximately 13% of total fiscal year 2024 and 2023 expenses. No other expense types were greater than 10% of total expenses in fiscal years 2024 or 2023.

Business-Type Activities – Total business-type activities revenues decreased over \$1.6 million in fiscal year 2024. Charges for services decreased approximately \$56,000 year-over-year, while capital grants and contributions decreased nearly \$1.6 million year-over-year. The decrease in capital grants and contributions was due primarily to the one-time receipt of over \$4.3 million in ARPA and related capital awards in fiscal year 2023; similar receipts in fiscal year 2024 totaled \$2,750,000. Expenses in the business-type activities were consistent 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 \$42.9 million, which was approximately \$2.0 million greater than the prior year. The Town reported positive changes in fund balances in each of its reported major governmental funds in fiscal year 2024. Of the ending fund balances, approximately \$13.3 million is available for spending at the Town’s discretion as unassigned fund balance. 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, the unassigned fund balance of the general fund exceeded \$13.5 million, while total general fund balance approached \$27.1 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 at year end represents over 19% of total fiscal year 2024 general fund expenditures, while total fund balance represents over 38% of that same amount.

The community preservation fund reported a fund balance of nearly \$5.7 million at June 30, 2024, which was an increase of approximately \$1.1 million from the prior year.

The capital projects fund expended over \$2.9 million, the majority of which was used to repair/replace the roof at the McGovern Elementary School. This project was principally funded with capital stabilization funds.

The nonmajor governmental funds reported a modest increase in fund balance of nearly \$0.3 million in fiscal year 2024, which is primarily the function of timing of receipts versus expenditures.

Proprietary Funds – The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Fiduciary Fund – The Town’s fiduciary fund is comprised of its OPEB trust fund and private purpose trust funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were not significant. A reconciliation of these differences is found in the required supplementary information.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets, which includes land, buildings, infrastructure, machinery and equipment, for its governmental and business-type activities as of June 30, 2024 totaled approximately \$199.2 million, net of accumulated depreciation. This is an increase of nearly \$13.1 million from the prior year as fiscal year 2024 capital additions (particularly in the business-type activities) exceeded depreciation expense.

Additional information on the Town capital assets can be found in the notes to the financial statements.

Long-Term Debt – The Town’s total general obligation bond and notes payable debt decreased approximately \$5.1 million in fiscal year 2024 to approximately \$59.2 million at June 30, 2024. This decrease was due primarily to normal scheduled debt maturities.

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 to the financial statements.

In connection with the Town’s fiscal year 2023 recent general obligation bond issuance, S&P Global Services affirmed the Town’s AAA credit rating on its long-term debt, which is the highest credit rating for long-term debt issued by this agency.

Economic Factors and Next Year’s Budgets

- Net state aid for fiscal year 2024 is expected to be approximately \$12.3 million.
- The Town enters fiscal year 2024 with the following financial reserves:
 - Certified free cash of nearly \$6.1 million;
 - General stabilization funds of nearly \$4.9 million; and
 - Capital stabilization funds of over \$6.9 million.
- Inflation appears to be stabilizing; however, many of the Town’s recurring costs have increased significantly over the past several fiscal years. These higher costs are primarily concentrated in higher capital acquisition costs, higher borrowing costs, higher transportation and energy expenses.
- The Town’s real estate tax base is made up predominantly of residential taxes, which in setting the 2025 tax rate was approximately 80% of the entire property tax levy. The Town also relies to a moderate degree on its commercial, industrial and personal property real estate tax base which comprise the remainder of the 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 above items were considered when the Town approved its fiscal year 2025 budget in its May 2024 Annual Town Meeting. The Town set its fiscal year 2025 property tax rate on November 11, 2024.

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 Finance Director, Town of Medway, Massachusetts, 155 Village Street, Medway, Massachusetts 02053.

TOWN OF MEDWAY, MASSACHUSETTS

STATEMENT OF NET POSITION JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 41,323,756	\$ 7,994,008	\$ 49,317,764
Investments	5,540,037	-	5,540,037
Receivables, net of allowances:			
Property taxes	2,029,800	-	2,029,800
Excise taxes	138,443	-	138,443
Departmental, user charges and other	288,352	2,352,332	2,640,684
Intergovernmental	704,443	-	704,443
Prepaid items	41,142	-	41,142
Land	30,725,462	614,836	31,340,298
Construction in-progress	-	30,666,625	30,666,625
Depreciable capital assets, net	<u>107,154,757</u>	<u>30,024,000</u>	<u>137,178,757</u>
Total Assets	<u>187,946,192</u>	<u>71,651,801</u>	<u>259,597,993</u>
Deferred Outflows of Resources:			
Other postemployment benefits	5,020,571	128,204	5,148,775
Pensions	<u>9,521,070</u>	<u>586,224</u>	<u>10,107,294</u>
Total Deferred Outflows of Resources	<u>14,541,641</u>	<u>714,428</u>	<u>15,256,069</u>
			(continued)

TOWN OF MEDWAY, MASSACHUSETTS

STATEMENT OF NET POSITION JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Warrants and accounts payable	\$ 1,677,026	\$ 1,425,227	\$ 3,102,253
Accrued payroll and withholdings	1,188,000	49,279	1,237,279
Retainage payable	-	137,000	137,000
Accrued interest	278,736	411,834	690,570
Other liabilities	4,108	-	4,108
Deposits and escrows	1,885,003	-	1,885,003
Noncurrent liabilities:			
Due within one year	3,694,534	1,872,701	5,567,235
Due in more than one year	75,603,761	31,071,211	106,674,972
Total Liabilities	<u>84,331,168</u>	<u>34,967,252</u>	<u>119,298,420</u>
Deferred Inflows of Resources:			
Other postemployment benefits	7,191,229	183,633	7,374,862
Pensions	2,224	137	2,361
Total Deferred Inflows of Resources	<u>7,193,453</u>	<u>183,770</u>	<u>7,377,223</u>
Net Position:			
Net investment in capital assets	106,764,017	32,219,529	138,983,546
Restricted for:			
Nonexpendable permanent funds	8,000	-	8,000
Expendable perpetual funds	797,568	-	797,568
Community preservation	5,681,280	-	5,681,280
Gifts and donations	2,187,005	-	2,187,005
Receipts reserved for appropriation	1,365,581	-	1,365,581
Other purposes	12,226,227	-	12,226,227
Unrestricted	<u>(18,066,466)</u>	<u>4,995,678</u>	<u>(13,070,788)</u>
Total Net Position	<u>\$ 110,963,212</u>	<u>\$ 37,215,207</u>	<u>\$ 148,178,419</u> <i>(concluded)</i>

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

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	\$ 6,270,562	\$ 466,802	\$ 863,711	\$ -	\$ (4,940,049)		\$ (4,940,049)
Public safety	9,768,039	2,217,692	280,411	-	(7,269,936)		(7,269,936)
Education	49,316,949	3,056,124	19,762,096	-	(26,498,729)		(26,498,729)
Public works	5,013,489	584,810	194,981	773,261	(3,460,437)		(3,460,437)
Health and human services	882,468	33,688	394,399	-	(454,381)		(454,381)
Culture and recreation	2,330,794	949,081	81,332	-	(1,300,381)		(1,300,381)
Interest expense	832,651	-	-	-	(832,651)		(832,651)
Total Governmental Activities	<u>74,414,952</u>	<u>7,308,197</u>	<u>21,576,930</u>	<u>773,261</u>	<u>(44,756,564)</u>		<u>(44,756,564)</u>
Business-Type Activities:							
Sewer	1,979,071	1,873,361	-	-		\$ (105,710)	(105,710)
Water	3,750,695	4,723,244	-	2,750,000		3,722,549	3,722,549
Solid waste	<u>1,886,319</u>	<u>1,670,788</u>	<u>-</u>	<u>-</u>		<u>(215,531)</u>	<u>(215,531)</u>
Total Business-Type Activities	<u>7,616,085</u>	<u>8,267,393</u>	<u>-</u>	<u>2,750,000</u>		<u>3,401,308</u>	<u>3,401,308</u>
Total Primary Government	<u>\$ 82,031,037</u>	<u>\$ 15,575,590</u>	<u>\$ 21,576,930</u>	<u>\$ 3,523,261</u>		<u>3,401,308</u>	<u>(41,355,256)</u>
General Revenues:							
Property taxes					50,191,633	-	50,191,633
Motor vehicle and other excise taxes					2,749,030	-	2,749,030
Grants and contributions not restricted to to specific programs					1,458,481	-	1,458,481
Penalties and interest on taxes					118,836	-	118,836
Unrestricted investment income					2,113,446	2,583	2,116,029
Transfers, net					<u>378,270</u>	<u>(378,270)</u>	<u>-</u>
Total General Revenues and Transfers					<u>57,009,696</u>	<u>(375,687)</u>	<u>56,634,009</u>
Change in Net Position					<u>12,253,132</u>	<u>3,025,621</u>	<u>15,278,753</u>
Net Position:							
Beginning of year					<u>98,710,080</u>	<u>34,189,586</u>	<u>132,899,666</u>
End of year					<u>\$ 110,963,212</u>	<u>\$ 37,215,207</u>	<u>\$ 148,178,419</u>

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	<u>General Fund</u>	<u>Community Preservation Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 25,693,050	\$ 5,705,891	\$ 805,033	\$ 9,119,782	\$ 41,323,756
Investments	5,540,037	-	-	-	5,540,037
Receivables, net of allowances:					
Property taxes	2,011,565	18,235	-	-	2,029,800
Excise taxes	138,443	-	-	-	138,443
Departmental, user charges and other	22,176	-	-	266,176	288,352
Intergovernmental	-	-	-	704,443	704,443
Prepaid items	41,142	-	-	-	41,142
Total Assets	<u>33,446,413</u>	<u>5,724,126</u>	<u>805,033</u>	<u>10,090,401</u>	<u>50,065,973</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 33,446,413</u>	<u>\$ 5,724,126</u>	<u>\$ 805,033</u>	<u>\$ 10,090,401</u>	<u>\$ 50,065,973</u>
Liabilities:					
Warrants and accounts payable	\$ 1,299,190	\$ 24,611	\$ 277	\$ 352,948	\$ 1,677,026
Accrued payroll and withholdings	1,034,342	-	-	153,658	1,188,000
Other liabilities	4,108	-	-	-	4,108
Deposits and escrows	1,885,003	-	-	-	1,885,003
Total Liabilities	<u>4,222,643</u>	<u>24,611</u>	<u>277</u>	<u>506,606</u>	<u>4,754,137</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	2,011,565	18,235	-	-	2,029,800
Unavailable revenues - other	140,619	-	-	221,705	362,324
Total Deferred Inflows of Resources	<u>2,152,184</u>	<u>18,235</u>	<u>-</u>	<u>221,705</u>	<u>2,392,124</u>
Fund Balances:					
Nonspendable	41,142	-	-	8,000	49,142
Restricted	256,209	5,681,280	833,539	9,591,351	16,362,379
Committed	10,353,925	-	-	-	10,353,925
Assigned	2,872,841	-	-	-	2,872,841
Unassigned	13,547,469	-	(28,783)	(237,261)	13,281,425
Total Fund Balances	<u>27,071,586</u>	<u>5,681,280</u>	<u>804,756</u>	<u>9,362,090</u>	<u>42,919,712</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,446,413</u>	<u>\$ 5,724,126</u>	<u>\$ 805,033</u>	<u>\$ 10,090,401</u>	<u>\$ 50,065,973</u>

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION AS OF
JUNE 30, 2024**

Total Governmental Fund Balances		\$ 42,919,712
Capital assets used in governmental activities in the statement of net position are not financial resources and, therefore, are not reported in the funds.		137,880,219
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.		2,392,124
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	5,020,571	
Deferred outflows of resources - pensions	9,521,070	
Deferred inflows of resources - other postemployment benefits	(7,191,229)	
Deferred inflows of resources - pensions	<u>(2,224)</u>	
Net effect of reporting deferred outflows and inflows of resources		7,348,188
Interest is accrued on outstanding long-term debt in the statement of net position but not in the funds until due.		(278,736)
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	(22,805,712)	
Net pension liability	(25,018,987)	
Compensated absences	(357,671)	
Bonds and notes payable	<u>(31,115,925)</u>	
Net effect of reporting long-term liabilities		<u>(79,298,295)</u>
Net Position — Governmental Activities		<u>\$ 110,963,212</u>

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Community Preservation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes, net of tax refunds	\$ 48,766,260	\$ 1,151,070	\$ -	\$ -	\$ 49,917,330
Intergovernmental	17,535,271	305,595	-	5,597,738	23,438,604
Motor vehicle and other excise taxes	2,747,258	-	-	-	2,747,258
Licenses and permits	703,757	-	-	-	703,757
Penalties and interest on taxes	116,205	2,102	-	529	118,836
Fines and forfeitures	18,072	-	-	-	18,072
Departmental and other revenues	875,218	-	-	5,763,640	6,638,858
Contributions and donations	-	-	-	370,068	370,068
Investment income	1,862,119	225,263	-	26,064	2,113,446
Total Revenues	<u>72,624,160</u>	<u>1,684,030</u>	<u>-</u>	<u>11,758,039</u>	<u>86,066,229</u>
Expenditures:					
Current:					
General government	4,078,190	227,314	-	927,986	5,233,490
Public safety	7,360,549	-	-	783,212	8,143,761
Education	37,929,201	-	2,766,158	6,540,718	47,236,077
Public works	5,312,462	-	112,037	765,550	6,190,049
Health and human services	521,903	-	-	254,616	776,519
Culture and recreation	765,820	-	33,270	728,663	1,527,753
Pension and fringe benefits	10,047,397	-	-	-	10,047,397
State and county charges	896,389	-	-	-	896,389
Debt service:					
Principal	3,105,000	340,000	-	13,546	3,458,546
Interest	994,335	64,775	-	-	1,059,110
Total Expenditures	<u>71,011,246</u>	<u>632,089</u>	<u>2,911,465</u>	<u>10,014,291</u>	<u>84,569,091</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,612,914</u>	<u>1,051,941</u>	<u>(2,911,465)</u>	<u>1,743,748</u>	<u>1,497,138</u>
Other Financing Sources (Uses):					
Issuance of long-term debt	-	-	-	95,265	95,265
Transfers in	2,056,404	-	3,285,500	85,814	5,427,718
Transfers out	(3,371,314)	-	(15,238)	(1,662,896)	(5,049,448)
Total Other Financing Sources (Uses)	<u>(1,314,910)</u>	<u>-</u>	<u>3,270,262</u>	<u>(1,481,817)</u>	<u>473,535</u>
Change in Fund Balances	298,004	1,051,941	358,797	261,931	1,970,673
Fund Balances:					
Beginning of the year	<u>26,773,582</u>	<u>4,629,339</u>	<u>445,959</u>	<u>9,100,159</u>	<u>40,949,039</u>
End of the year	<u>\$ 27,071,586</u>	<u>\$ 5,681,280</u>	<u>\$ 804,756</u>	<u>\$ 9,362,090</u>	<u>\$ 42,919,712</u>

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Change in Fund Balances — Total Governmental Funds \$ 1,970,673

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

Capital asset additions	7,861,217	
Depreciation expense	<u>(5,517,825)</u>	
Net effect of reporting capital activity		2,343,392

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 223,585

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:

Issuance of long-term debt	(95,265)	
Repayments of long-term debt	3,458,546	
Amortization of bond premiums	<u>197,227</u>	
Net effect of reporting long-term debt activity		3,560,508

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	4,172,734	
Net pension liability	(117,038)	
Compensated absences	70,046	
Accrued interest	<u>29,232</u>	
Net effect of reporting long-term liabilities		<u>4,154,974</u>

Change in Net Position — Governmental Activities \$ 12,253,132

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Business-Type Activities			
	Sewer	Water	Solid Waste	Total
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 1,688,476	\$ 5,461,609	\$ 843,923	\$ 7,994,008
Receivables, net of allowances:				
User charges receivable	516,765	1,253,836	309,272	2,079,873
Betterments	29,094	-	-	29,094
Total Current Assets	2,234,335	6,715,445	1,153,195	10,102,975
Noncurrent Assets:				
Betterments	243,365	-	-	243,365
Land	-	614,836	-	614,836
Construction in-progress	-	30,666,625	-	30,666,625
Depreciable capital assets, net	9,536,820	20,487,180	-	30,024,000
Total Noncurrent Assets	9,780,185	51,768,641	-	61,548,826
Total Assets	12,014,520	58,484,086	1,153,195	71,651,801
Deferred Outflows of Resources:				
Other postemployment benefits	13,387	90,618	24,199	128,204
Pensions	121,288	394,185	70,751	586,224
Total Deferred Outflows of Resources	134,675	484,803	94,950	714,428

(continued)

TOWN OF MEDWAY, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024**

	<u>Business-Type Activities</u>			
	<u>Sewer</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Total</u>
Liabilities:				
Current Liabilities:				
Warrants and accounts payable	\$ 6,328	\$ 1,295,391	\$ 123,508	\$ 1,425,227
Accrued payroll and withholdings	9,564	32,813	6,902	49,279
Retainage payable	-	137,000	-	137,000
Accrued interest	8,096	403,738	-	411,834
Compensated absences	1,523	8,975	1,188	11,686
Current portion of long-term debt	150,000	1,711,015	-	1,861,015
Total Current Liabilities	<u>175,511</u>	<u>3,588,932</u>	<u>131,598</u>	<u>3,896,041</u>
Noncurrent liabilities:				
Compensated absences	4,567	26,923	3,564	35,054
Net OPEB liability	60,239	410,976	109,044	580,259
Net pension liability	318,713	1,035,818	185,916	1,540,447
Long-term debt	650,000	28,265,451	-	28,915,451
Total Noncurrent Liabilities	<u>1,033,519</u>	<u>29,739,168</u>	<u>298,524</u>	<u>31,071,211</u>
Total Liabilities	<u>1,209,030</u>	<u>33,328,100</u>	<u>430,122</u>	<u>34,967,252</u>
Deferred Inflows of Resources:				
Other postemployment benefits	19,174	129,797	34,662	183,633
Pensions	28	92	17	137
Total Deferred Inflows of Resources	<u>19,202</u>	<u>129,889</u>	<u>34,679</u>	<u>183,770</u>
Net Position:				
Net investment in capital assets	8,736,820	23,482,709	-	32,219,529
Unrestricted	2,184,143	2,028,191	783,344	4,995,678
Total Net Position	<u>\$ 10,920,963</u>	<u>\$ 25,510,900</u>	<u>\$ 783,344</u>	<u>\$ 37,215,207</u> <i>(concluded)</i>

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Business-Type Activities			
	Sewer	Water	Solid Waste	Total
Operating Revenues:				
Charges for services	\$ 1,834,684	\$ 4,567,746	\$ 1,670,738	\$ 8,073,168
Other operating revenues	38,677	155,498	50	194,225
Total Operating Revenues	1,873,361	4,723,244	1,670,788	8,267,393
Operating Expenses:				
Payroll and personnel costs	373,188	1,097,339	281,634	1,752,161
Operating costs	1,190,138	841,788	1,604,685	3,636,611
Depreciation	383,321	907,166	-	1,290,487
Total Operating Expenses	1,946,647	2,846,293	1,886,319	6,679,259
Operating Income	(73,286)	1,876,951	(215,531)	1,588,134
Nonoperating Revenues (Expenses):				
Investment income	2,583	-	-	2,583
Interest expense	(32,424)	(904,402)	-	(936,826)
Total Nonoperating Revenues (Expenses)	(29,841)	(904,402)	-	(934,243)
Income Before Capital Contributions and Transfers	(103,127)	972,549	(215,531)	653,891
Capital Contributions and Transfers:				
Intergovernmental capital contributions	-	2,750,000	-	2,750,000
Transfers in	-	-	900	900
Transfers out	(49,507)	(279,607)	(50,056)	(379,170)
Total Transfers	(49,507)	2,470,393	(49,156)	2,371,730
Change in Net Position	(152,634)	3,442,942	(264,687)	3,025,621
Net Position:				
Beginning of the year	11,073,597	22,067,958	1,048,031	34,189,586
End of the year	\$ 10,920,963	\$ 25,510,900	\$ 783,344	\$ 37,215,207

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	Business-Type Activities			
	Sewer	Water	Solid Waste	Total
Cash Flows from Operating Activities:				
Receipts from user charges	\$ 1,909,366	\$ 4,594,037	\$ 1,663,438	\$ 8,166,841
Receipts from other operating revenues	38,677	155,498	50	194,225
Payments to employees	(358,604)	(1,165,000)	(245,564)	(1,769,168)
Payments to vendors	<u>(1,185,041)</u>	<u>(3,173,387)</u>	<u>(1,600,945)</u>	<u>(5,959,373)</u>
Net Cash Provided By (Used In) Operating Activities	<u>404,398</u>	<u>411,148</u>	<u>(183,021)</u>	<u>632,525</u>
Cash Flows from Noncapital Financial Activities:				
Transfers in	-	-	900	900
Transfers out	<u>(49,507)</u>	<u>(279,607)</u>	<u>(50,056)</u>	<u>(379,170)</u>
Net Cash Used In Noncapital Financing Activities	<u>(49,507)</u>	<u>(279,607)</u>	<u>(49,156)</u>	<u>(378,270)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital grants	-	2,750,000	-	2,750,000
Acquisition and construction of capital assets	(88,863)	(11,943,884)	-	(12,032,747)
Principal repayments on long-term debt	(150,000)	(1,729,855)	-	(1,879,855)
Interest payments	<u>(33,794)</u>	<u>(951,882)</u>	<u>-</u>	<u>(985,676)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(272,657)</u>	<u>(11,875,621)</u>	<u>-</u>	<u>(12,148,278)</u>
Cash Flow from Investing Activities:				
Investment income	<u>2,583</u>	<u>-</u>	<u>-</u>	<u>2,583</u>
Net Cash Provided By Investing Activities	<u>2,583</u>	<u>-</u>	<u>-</u>	<u>2,583</u>
Change in Cash and Cash Equivalents	84,817	(11,744,080)	(232,177)	(11,891,440)
Cash and Cash Equivalents:				
Beginning of the year	<u>1,603,659</u>	<u>17,205,689</u>	<u>1,076,100</u>	<u>19,885,448</u>
End of the year	<u>\$ 1,688,476</u>	<u>\$ 5,461,609</u>	<u>\$ 843,923</u>	<u>\$ 7,994,008</u>

(continued)

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	Business-Type Activities			
	Sewer	Water	Solid Waste	Total
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities:				
Operating Income	\$ (73,286)	\$ 1,876,951	\$ (215,531)	\$ 1,588,134
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used In) Operating Activities:				
Depreciation expense	383,321	907,166	-	1,290,487
Changes in assets, deferred outflows (inflows) of resources and liabilities:				
Receivables and other current assets	74,682	26,291	(7,300)	93,673
Warrants payable and other current liabilities	5,768	(2,329,532)	4,936	(2,318,828)
Accrued and deferred benefits payable	13,913	(69,728)	34,874	(20,941)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 404,398</u>	<u>\$ 411,148</u>	<u>\$ (183,021)</u>	<u>\$ 632,525</u>
				(concluded)

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024**

	<u>OPEB Trust</u>	<u>Private Purpose Trust Funds</u>
Assets:		
Cash and cash equivalents	\$ 63,032	\$ 923,468
Investments at fair value:		
Fixed income securities	619,657	-
Equity securities	1,797,307	-
Mutual funds	<u>921,263</u>	<u>-</u>
Total Assets	<u>3,401,259</u>	<u>923,468</u>
Liabilities:		
Warrants and accounts payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Position:		
Restricted for other postemployment benefits	3,401,259	-
Held in trust for private purposes	<u>-</u>	<u>923,468</u>
Total Net Position	<u>\$ 3,401,259</u>	<u>\$ 923,468</u>

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

FIDUCIARY FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2024

	OPEB Trust	Private Purpose Trust Funds
Additions:		
Employer contributions	\$ 1,948,929	\$ -
Other contributions	<u>-</u>	<u>25,783</u>
Total contributions	<u>1,948,929</u>	<u>25,783</u>
Net investment income	<u>373,779</u>	<u>23,047</u>
Total Additions	<u>2,322,708</u>	<u>48,830</u>
Deductions:		
Benefits to retirees	1,648,929	-
Scholarships	<u>-</u>	<u>51,221</u>
Total Deductions	<u>1,648,929</u>	<u>51,221</u>
Change in Net Position	673,779	(2,391)
Net Position:		
Beginning of the year	<u>2,727,480</u>	<u>925,859</u>
End of the year	<u>\$ 3,401,259</u>	<u>\$ 923,468</u>

See accompanying notes to basic financial statements.

TOWN OF MEDWAY, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town of Medway (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 government entities. The following is a summary of the more significant policies and practices used by the Town.

A. Reporting Entity

The Town, which was incorporated in 1713, is located on the western edge of Norfolk County and is centrally located between the cities of Boston and Worcester, Massachusetts and Providence, Rhode Island. The Town uses an open town meeting format of government with an elected five-member Select Board and an appointed Town Manager, who oversees the Town’s executive and administrative duties.

The Town provides governmental services for the territory within its boundaries, including education, public safety, public works, health and human services, culture and recreation and general governmental services. Additionally, the Town owns and operates water, sewer and solid waste operations; each of which are funded through user charges and treated as business enterprises in these basic financial statements.

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. Pursuant to these criteria there are no component units required to be included in the Town’s basic 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. The effect of material interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 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 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) 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 effect of material interfund activity has been removed from the government-wide financial statements.

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, funds 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 both material and 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 community preservation: open space, historic preservation and affordable housing purposes.

Capital Project Funds – is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

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

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, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports its sewer, water and solid waste (a nonmajor fund) operations 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 its other postemployment benefits (“OPEB”) trust fund and private purpose trust fund as fiduciary funds. The OPEB trust is used to account for funds accumulated by the Town to assist it in its future payment of postemployment benefits to retirees such as medical and life insurance, but specifically excludes pension benefits. The private purpose trust fund is used to account for various trusts established to the benefit of students, individuals, private organizations and other third parties, not the Town.

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 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.

Receivables – Real estate and personal property taxes are assessed on January 1 each year. Bills are sent semiannually with quarterly due dates of August 1, November 1, February 1, and May 1. Interest accrues on delinquent taxes up to the maximum statutory rate per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes and water, sewer and other user fees may be secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

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 may be 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 or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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 and the Electric Department on a straight-line-basis. The estimated useful lives of capital assets being depreciated are as follows:

Buildings and improvements	20 – 40 years
Infrastructure	30 – 75 years
Vehicles, machinery and equipment	5 – 10 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.

Compensated Absences – It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting 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.

Long-Term Debt – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. 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.

Risk Financing – The Town insures for workers' compensation, health, unemployment benefits, casualty, theft and other losses. Uninsured losses are recorded as expenditures when incurred.

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 its net OPEB and pension liabilities, which it expects to amortize into expense over the next four years. The Town does not report deferred outflows of resources in its governmental funds financial statements.

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 financial statements relative to net OPEB and pension liabilities, which it expects to amortize against expense over the next four years. The Town reports unavailable revenues as deferred inflows of resources in its governmental funds financial statements, which it will recognize as revenues when these items become available.

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 perpetual funds represent the endowment portion of donor restricted trusts that support governmental programs.

Expendable perpetual funds represent the spendable portion of donor restricted trusts that support governmental programs.

Community preservation represents funds restricted for open space, historic preservation and affordable housing.

Gifts and donations represent funds restricted for use by donors.

Receipts reserved for appropriation represent special revenue funds that require approval of the governing body for appropriation.

Other purposes represent assets that are restricted by donors or the Town for specific governmental programs and uses, revolving funds and federal and state grants.

Fund Equity – The Town presents 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 such as the corpus of an 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 formal action of the Town's highest level of decision-making authority, which is the Town Meeting action, and can be modified or rescinded through these actions.

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.

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.

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 and 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 investments in the Massachusetts Municipal Depository Trust, which is administered by the Treasurer of the Commonwealth. In addition, the statutes impose various limitations on the amount and length of investments and deposits.

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. In practice, the Town deposits its excess cash resources in financial institutions with proven financial strength, capital adequacy and, in many cases, which maintain excess depository insurance for deposits exceeding the \$250,000 Federal Depository Insurance Corporation (the "FDIC") insurance threshold. At June 30, 2024, approximately \$5.5 million in Town deposits not insured by the FDIC or additional depository insurance.

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. All the Town's investments are registered in its name and cannot be pledged or assigned. 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 in at June 30, 2024:

<u>Investments by Fair Value Level</u>	<u>June 30, 2024</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt securities:				
U.S. Treasury notes	\$ 5,720,503	\$ 5,720,503	\$ -	\$ -
U.S. Government agency obligations	91,258	91,258	-	-
Corporate bonds	<u>182,932</u>	<u>-</u>	<u>182,932</u>	<u>-</u>
Total debt securities	<u>5,994,693</u>	<u>5,811,761</u>	<u>182,932</u>	<u>-</u>
Equity securities	1,797,307	1,797,307	-	-
Mutual funds	<u>1,086,264</u>	<u>-</u>	<u>1,086,264</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 8,878,264</u>	<u>\$ 7,609,068</u>	<u>\$ 1,269,196</u>	<u>\$ -</u>

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the more sensitive it is to changes in market interest rates. The following table presents the Town’s investments and maturities at June 30, 2024:

<u>Investments</u>	<u>Fair Value</u>	<u>Time Until Maturity (in years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Debt securities:				
U.S. Government obligations	\$ 5,811,761	\$ 5,604,508	\$ 94,473	\$ 112,780
Corporate bonds	<u>182,932</u>	<u>14,894</u>	<u>168,038</u>	<u>-</u>
Total investments with maturities	<u>5,994,693</u>	<u>\$ 5,619,402</u>	<u>\$ 262,511</u>	<u>\$ 112,780</u>
Other investments:				
Equity securities	1,797,307			
Mutual funds	<u>1,086,264</u>			
Total Investments	<u>\$ 8,878,264</u>			

Credit Risk: Investments – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following table summarizes the credit ratings assigned by Moody’s Investors Service for Town investments in fixed income securities at June 30, 2024:

<u>Credit Rating</u>	<u>U.S.</u>	
	<u>Government Obligations</u>	<u>Corporate Bonds</u>
Aaa	\$ 5,811,761	\$ 19,280
Aa2	-	72,775
Aa3	-	47,415
A1	-	29,100
A2	<u>-</u>	<u>14,362</u>
	<u>\$ 5,811,761</u>	<u>\$ 182,932</u>

Concentration of Credit Risk: Investments – The Town’s investment in U.S. Treasury notes represented approximately 64% of its total investments. No other individual investment represented more than 5% of the Town’s total investments at June 30, 2024.

B. Receivables

Receivables as of June 30, 2024 for the Town's individual and nonmajor governmental funds in the aggregate, including applicable allowances for uncollectible accounts, were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Property taxes	\$ 810,500	\$ (16,000)	\$ 794,500
Tax liens	1,235,300	-	1,235,300
Motor vehicle excise taxes	216,443	(78,000)	138,443
Ambulance	241,400	(79,000)	162,400
Departmental	125,952	-	125,952
Intergovernmental	704,443	-	704,443
	<u>\$ 3,334,038</u>	<u>\$ (173,000)</u>	<u>\$ 3,161,038</u>

Receivables as of June 30, 2024 for the Town's proprietary funds were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer user charges	\$ 521,765	\$ (5,000)	\$ 516,765
Sewer betterments	272,459	-	272,459
Water user charges	1,258,836	(5,000)	1,253,836
Solid waste user charges	310,272	(1,000)	309,272
	<u>\$ 2,363,332</u>	<u>\$ (11,000)</u>	<u>\$ 2,352,332</u>

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

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 785,552	\$ 8,948	\$ -	\$ 794,500
Tax liens	1,226,013	9,287	-	1,235,300
Motor vehicle excise taxes	138,443	-	-	138,443
Departmental	2,176	-	59,305	61,481
Ambulance	-	-	162,400	162,400
	<u>\$ 2,152,184</u>	<u>\$ 18,235</u>	<u>\$ 221,705</u>	<u>\$ 2,392,124</u>

C. Capital Assets

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

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 30,692,192	\$ 33,270	\$ -	\$ 30,725,462
Construction in-progress	<u>98,639</u>	<u>-</u>	<u>(98,639)</u>	<u>-</u>
Total capital assets not being depreciated	<u>30,790,831</u>	<u>33,270</u>	<u>(98,639)</u>	<u>30,725,462</u>
Capital assets being depreciated:				
Buildings and improvements	131,652,081	3,639,492	-	135,291,573
Infrastructure	45,608,976	2,522,543	-	48,131,519
Machinery and equipment	13,391,972	1,038,534	(15,459)	14,415,047
Vehicles	<u>4,094,702</u>	<u>726,017</u>	<u>(175,307)</u>	<u>4,645,412</u>
Total capital assets being depreciated	<u>194,747,731</u>	<u>7,926,586</u>	<u>(190,766)</u>	<u>202,483,551</u>
Less accumulated depreciation for:				
Buildings and improvements	(49,564,247)	(3,290,745)	-	(52,854,992)
Infrastructure	(29,032,265)	(1,138,787)	-	(30,171,052)
Machinery and equipment	(8,652,961)	(743,672)	15,459	(9,381,174)
Vehicles	<u>(2,752,262)</u>	<u>(344,621)</u>	<u>175,307</u>	<u>(2,921,576)</u>
Total accumulated depreciation	<u>(90,001,735)</u>	<u>(5,517,825)</u>	<u>190,766</u>	<u>(95,328,794)</u>
Total capital assets being depreciated, net	<u>104,745,996</u>	<u>2,408,761</u>	<u>-</u>	<u>107,154,757</u>
Governmental Activities Capital Assets, Net	<u>\$ 135,536,827</u>	<u>\$ 2,442,031</u>	<u>\$ (98,639)</u>	<u>\$ 137,880,219</u>

Depreciation expense was charged to governmental activities' functions/programs as follows:

General government	\$ 298,368
Public safety	549,376
Education	2,371,691
Public works	1,842,305
Health and human services	19,163
Culture and recreation	<u>436,922</u>
	<u>\$ 5,517,825</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities: Combined:</u>				
Capital assets not being depreciated:				
Land	\$ 614,836	\$ -	\$ -	\$ 614,836
Construction in-progress	20,340,242	11,829,548	(1,503,165)	30,666,625
Total capital assets not being depreciated	20,955,078	11,829,548	(1,503,165)	31,281,461
Capital assets being depreciated:				
Infrastructure	60,266,019	1,503,165	-	61,769,184
Machinery and equipment	1,796,759	25,473	-	1,822,232
Vehicles	572,747	177,726	-	750,473
Total capital assets being depreciated	62,635,525	1,706,364	-	64,341,889
Less accumulated depreciation for:				
Infrastructure	(31,057,044)	(1,129,251)	-	(32,186,295)
Machinery and equipment	(1,443,593)	(127,349)	-	(1,570,942)
Vehicles	(526,765)	(33,887)	-	(560,652)
Total accumulated depreciation	(33,027,402)	(1,290,487)	-	(34,317,889)
Total capital assets being depreciated, net	29,608,123	415,877	-	30,024,000
Business-Type Activities Capital Assets, Net	<u>\$ 50,563,201</u>	<u>\$ 12,245,425</u>	<u>\$ (1,503,165)</u>	<u>\$ 61,305,461</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities: Sewer</u>				
Capital assets being depreciated:				
Infrastructure	\$ 19,904,694	\$ -	\$ -	\$ 19,904,694
Machinery and equipment	137,224	-	-	137,224
Vehicles	261,201	88,863	-	350,064
Total capital assets being depreciated	20,303,119	88,863	-	20,391,982
Less accumulated depreciation for:				
Infrastructure	(10,110,600)	(364,579)	-	(10,475,179)
Machinery and equipment	(137,224)	-	-	(137,224)
Vehicles	(224,017)	(18,742)	-	(242,759)
Total accumulated depreciation	(10,471,841)	(383,321)	-	(10,855,162)
Total capital assets being depreciated, net	9,831,278	(294,458)	-	9,536,820
Total Sewer	<u>\$ 9,831,278</u>	<u>\$ (294,458)</u>	<u>\$ -</u>	<u>\$ 9,536,820</u>
				(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities: Water</u>				
Capital assets not being depreciated:				
Land	\$ 614,836	\$ -	\$ -	\$ 614,836
Construction in-progress	20,340,242	11,829,548	(1,503,165)	30,666,625
Total capital assets not being depreciated	20,955,078	11,829,548	(1,503,165)	31,281,461
Capital assets being depreciated:				
Infrastructure	40,361,325	1,503,165	-	41,864,490
Machinery and equipment	1,659,535	25,473	-	1,685,008
Vehicles	311,546	88,863	-	400,409
Total capital assets being depreciated	42,332,406	1,617,501	-	43,949,907
Less accumulated depreciation for:				
Infrastructure	(20,946,444)	(764,672)	-	(21,711,116)
Machinery and equipment	(1,306,369)	(127,349)	-	(1,433,718)
Vehicles	(302,748)	(15,145)	-	(317,893)
Total accumulated depreciation	(22,555,561)	(907,166)	-	(23,462,727)
Total capital assets being depreciated, net	19,776,845	710,335	-	20,487,180
Total Water	<u>\$ 40,731,923</u>	<u>\$ 12,539,883</u>	<u>\$ (1,503,165)</u>	<u>\$ 51,768,641</u>
				(concluded)

D. Interfund Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2024 was as follows:

Transfers Out	Transfers In				Total	
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Solid Waste Enterprise Fund		
General Fund	\$ -	\$ 3,285,500	\$ 85,814	\$ -	\$ 3,371,314	(1)
Capital Projects Fund	15,238	-	-	-	15,238	(2)
Nonmajor Governmental Funds	1,661,996	-	-	900	1,662,896	(3)
Sewer Enterprise Fund	49,507	-	-	-	49,507	(4)
Water Enterprise Fund	279,607	-	-	-	279,607	(4)
Solid Waste Fund	50,056	-	-	-	50,056	(4)
	<u>\$ 2,056,404</u>	<u>\$ 3,285,500</u>	<u>\$ 85,814</u>	<u>\$ 900</u>	<u>\$ 5,428,618</u>	

- (1) Transfers of \$3,085,500 from capital stabilization and \$200,000 from free cash to fund capital projects; and transfer of reserved free cash to a newly established opioid settlement revolving fund.
- (2) Transfer of closed capital articles to the general fund.
- (3) Primarily consists of transfers of \$1,651,000 in ambulance receipts reserved for appropriation to the general fund to supplement budget as well as to fund articles.
- (4) Primarily transfers to the general fund to cover shared debt service costs.

E. Short-Term or Temporary Debt

The Town is authorized to borrow on a short-term or 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). Short-term or temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for short-term or temporary borrowings are generally accounted for in the general fund and enterprise funds, respectively.

In fiscal year 2024, the MCWT permanently financed a \$95,265 interim loan note payable into a long-term note payable. There were no other short-term or temporary borrowing activities in fiscal year 2024.

F. Long-Term Liabilities

The Town issues general obligation bonds and notes 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. Additionally, the Town incurs various other long-term obligations primarily related to personnel costs. The following tables reflects the current year activity in the long-term liability accounts:

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 33,050,000	\$ -	\$ (3,445,000)	\$ 29,605,000	\$ 3,405,000
Unamortized bond premium	1,482,205	-	(197,227)	1,284,978	180,627
Direct borrowings and placements	144,228	95,265	(13,546)	225,947	19,489
Compensated absences	427,717	-	(70,046)	357,671	89,418
Net OPEB liability	34,008,581	7,247,877	(18,450,746)	22,805,712	-
Net pension liability	20,811,667	13,132,231	(8,924,911)	25,018,987	-
Total Governmental Activities	<u>\$ 89,924,398</u>	<u>\$ 20,475,373</u>	<u>\$ (31,101,476)</u>	<u>\$ 79,298,295</u>	<u>\$ 3,694,534</u>

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Business-Type Activities:</i>					
Sewer:					
General obligation bonds	\$ 950,000	\$ -	\$ (150,000)	\$ 800,000	\$ 150,000
Compensated absences	5,636	454	-	6,090	1,523
Net OPEB liability	63,002	35,848	(38,611)	60,239	-
Net pension liability	265,117	167,289	(113,693)	318,713	-
Total Sewer	1,283,755	203,591	(302,304)	1,185,042	151,523
Water:					
General obligation bonds	27,945,000	-	(1,455,000)	26,490,000	1,440,000
Unamortized bond premium	1,529,708	-	(124,186)	1,405,522	117,073
Direct borrowings and placements	2,231,613	-	(150,669)	2,080,944	153,942
Compensated absences	40,546	-	(4,648)	35,898	8,975
Net OPEB liability	607,051	130,481	(326,556)	410,976	-
Net pension liability	861,630	543,691	(369,503)	1,035,818	-
Total Water	33,215,548	674,172	(2,430,562)	31,459,158	1,719,990
Solid Waste:					
Compensated absences	3,300	1,452	-	4,752	1,188
Net OPEB liability	101,368	74,801	(67,125)	109,044	-
Net pension liability	154,651	97,587	(66,322)	185,916	-
Total Solid Waste	259,319	173,840	(133,447)	299,712	1,188
Total Business-Type Activities	\$ 34,758,622	\$ 1,051,603	\$ (2,866,313)	\$ 32,943,912	\$ 1,872,701

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the respective enterprise funds.

General obligation bonds and notes payable outstanding at June 30, 2024 were as follows:

Description	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	1.00 - 5.00%	\$ 33,050,000	\$ -	\$ (3,445,000)	\$ 29,605,000
MCWT Notes	2.00%	144,228	95,265	(13,546)	225,947
Total Governmental Activities, net		\$ 33,194,228	\$ 95,265	\$ (3,458,546)	\$ 29,830,947
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	2.00 - 5.0%	\$ 950,000	\$ -	\$ (150,000)	\$ 800,000
<i>Business-Type Activities - Water:</i>					
General obligation bonds	1.00 - 5.00%	27,945,000	-	(1,455,000)	26,490,000
MCWT Notes	2.00%	2,231,613	-	(150,669)	2,080,944
Total Water		30,176,613	-	(1,605,669)	28,570,944
Total Business-Type Activities, net		\$ 31,126,613	\$ -	\$ (1,755,669)	\$ 29,370,944

Debt service requirements on long-term debt at June 30, 2024 are as follows:

Year Ended June 30,	Governmental Activities			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2025	\$ 3,405,000	\$ 944,784	\$ 19,489	\$ 2,191
2026	3,400,000	824,014	19,504	1,715
2027	2,755,000	711,092	19,519	1,524
2028	2,615,000	611,621	19,534	1,334
2029	2,610,000	519,804	19,549	1,143
2030 - 2034	8,715,000	1,530,770	97,968	2,667
2035 - 2039	4,525,000	596,746	30,384	191
2040 - 2043	1,580,000	97,200	-	-
	<u>\$ 29,605,000</u>	<u>\$ 5,836,031</u>	<u>\$ 225,947</u>	<u>\$ 10,765</u>

Year Ended June 30,	Business-Type Activities: Combined			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 1,590,000	\$ 999,359	\$ 153,942	\$ 41,394
2025	1,545,000	938,994	157,288	38,310
2026	1,540,000	879,327	160,708	35,159
2027	1,460,000	821,207	164,200	31,940
2028	1,450,000	765,150	167,769	28,651
2029 - 2033	5,765,000	3,140,866	895,146	91,358
2034 - 2038	5,050,000	2,220,612	381,891	13,600
2039 - 2043	3,695,000	1,357,688	-	-
2044 - 2048	2,895,000	751,000	-	-
2049 - 2053	2,300,000	185,200	-	-
	<u>\$ 27,290,000</u>	<u>\$ 12,059,403</u>	<u>\$ 2,080,944</u>	<u>\$ 280,412</u>

Year Ended June 30,	Business-Type Activities: Sewer			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2025	\$ 150,000	\$ 27,800	\$ -	\$ -
2026	130,000	22,538	-	-
2027	130,000	17,612	-	-
2028	130,000	12,631	-	-
2029	130,000	7,600	-	-
2030	130,000	2,538	-	-
	<u>\$ 800,000</u>	<u>\$ 90,719</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Business-Type Activities: Water				
Year Ended June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2025	\$ 1,440,000	\$ 971,559	\$ 153,942	\$ 41,394
2026	1,415,000	916,456	157,288	38,310
2027	1,410,000	861,715	160,708	35,159
2028	1,330,000	808,576	164,200	31,940
2029	1,320,000	757,550	167,769	28,651
2030 - 2034	5,635,000	3,138,328	895,146	91,358
2035 - 2039	5,050,000	2,220,612	381,891	13,600
2040 - 2044	3,695,000	1,357,688	-	-
2045 - 2049	2,895,000	751,000	-	-
2050 - 2053	2,300,000	185,200	-	-
	<u>\$ 26,490,000</u>	<u>\$ 11,968,684</u>	<u>\$ 2,080,944</u>	<u>\$ 280,412</u>
				(concluded)

Authorized and unissued debt at June 30, 2024 included:

Project	Amount
Urban renewal projects	\$ 2,515,000
Water treatment plant	2,750,000
High School culvery design	260,000
Water/sewer assessment	250,000
Lead water line study	140,000
	<u>\$ 5,915,000</u>

G. Fund Balances

The components of fund balances as listed in aggregate in the governmental funds balance sheet at June 30, 2024 are as follows:

	General Fund	Community Preservation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Nonexpendable perpetual funds	\$ -	\$ -	\$ -	\$ 8,000	\$ 8,000
Prepaid items	41,142	-	-	-	41,142
Restricted:					
Expendable perpetual funds	-	-	-	797,568	797,568
General government	-	-	-	1,887,483	1,887,483
Public safety	-	-	-	1,547,230	1,547,230
Education	-	-	-	3,059,561	3,059,561
Public works	-	-	-	970,798	970,798
Health and human services	-	-	-	126,449	126,449
Culture and recreation	-	-	-	1,202,262	1,202,262
Debt service reserve	256,209	-	-	-	256,209
Community preservation	-	5,681,280	-	-	5,681,280
Capital projects	-	-	833,539	-	833,539
Committed:					
General government	476,287	-	-	-	476,287
Public safety	1,438,171	-	-	-	1,438,171
Education	424,362	-	-	-	424,362
Public works	307,203	-	-	-	307,203
Health and human services	5,138	-	-	-	5,138
Culture and recreation	330,138	-	-	-	330,138
Capital stabilization funds	6,913,052	-	-	-	6,913,052
Other stabilization funds	459,574	-	-	-	459,574
Assigned:					
Public safety	196,412	-	-	-	196,412
Education	149,798	-	-	-	149,798
Subsequent years' budget	2,503,752	-	-	-	2,503,752
Other purposes	22,879	-	-	-	22,879
Unassigned:					
General stabilization funds	4,891,143	-	-	-	4,891,143
Unrestricted	8,656,326	-	(28,783)	(237,261)	8,390,282
	<u>\$ 27,071,586</u>	<u>\$ 5,681,280</u>	<u>\$ 804,756</u>	<u>\$ 9,362,090</u>	<u>\$ 42,919,712</u>

Stabilization Funds – The Town maintains several stabilization funds. Each stabilization fund requires a two-thirds vote from the Town Meeting to release these reserved funds. The Town reports the general stabilization fund in its unassigned fund balance in its general funds. The capital and other specific-purpose stabilization funds are reported as components 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 Controller as assigned, and (2) classify encumbrances that result from an action of the Town Council as committed. Encumbrances of funds already restricted or

committed are included within the classification of those fund balances and not reported separately. The Town reports \$369,089 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

I. Excess of Expenditures Over Appropriations and Deficits

The Town did not report any expenditures over appropriations in fiscal year 2024.

The Town reported deficits of \$28,783 and \$237,261, respectively, in its capital projects fund and nonmajor governmental funds at June 30, 2024. The Town expects these deficits will be cured through future intergovernmental receipts, budget transfers or the issuance of general obligation bonds.

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Norfolk County Retirement System (the “Retirement System”), a cost-sharing multiple-employer defined benefit pension plan. The Retirement System was established under Chapter 32 of Massachusetts General Laws (“MGL”). The Retirement System is administered by the Norfolk County Retirement Board (the “Retirement Board”). Stand-alone audited financial statements for the year ended December 31, 2023 were issued and are available by submitting a request to the Retirement System at 480 Neponset Street, Building No. 15, Canton, Massachusetts 02021.

Current membership in the Retirement System for all forty-two participating employers as of December 31, 2023 was as follows:

Active members	7,119
Inactive members	3,799
Retirees and beneficiaries	<u>3,953</u>
	<u>14,871</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 creditable 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 the current fiscal year.

Contributions Requirements – Under current MGL participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. The Retirement System is required to be fully funded by June 30, 2040.

The Town contributed \$3,709,260 to the Retirement System in fiscal year 2024, which equaled its actuarially-determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll were approximately 27% in fiscal year 2024.

Net Pension Liability – At June 30, 2024, the Town reported a liability of \$26,559,434 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 and rolled back to December 31, 2023, the measurement date. There were no material changes to the Retirement System's benefit terms since the actuarial valuation. There were a number of changes in actuarial assumptions in fiscal year 2024; the most notable change was a decrease in the discount rate from 7.75% to 7.625%.

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 3.82% at December 31, 2023 and 2022.

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 Retirement System's full financial statements as of and for the year ended December 31, 2023, which 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 the Massachusetts Public Employee Retirement Administration Commission, or 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 \$3,833,504 in pension expense in the statement of activities in fiscal year 2024.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2024, 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	\$ 1,913,270	\$ -
Changes of assumptions	4,489,714	-
Net difference between projected and actual earnings on pension plan investments	3,282,433	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	421,877	2,361
	<u>\$ 10,107,294</u>	<u>\$ 2,361</u>

The net deferred outflows of resources at June 30, 2024 are expected to be recognized in the Town's pension expense as follows:

Year Ended June 30,

2025	\$ 2,886,335
2026	2,554,690
2027	3,482,364
2028	<u>1,181,544</u>
	<u>\$ 10,104,933</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 cost method
Projected Salary Increases	4.0% to 5.5%
Cost of Living Adjustments	2.75% of the first \$18,000 of retirement income
Investment Rate of Return	7.625% (previously 7.75%)
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Tables Report from the Society of Actuaries dated January 2019 with Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the Retirement System's target allocation as of December 31, 2023 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	30.5%	7.3%
International equity	15.5%	7.9%
Fixed income	20.5%	4.9%
Real estate	9.5%	7.0%
Private equity	10.0%	10.2%
Hedge funds	11.5%	8.6%
Real estate	2.5%	8.9%

Discount Rate – The discount rate used to measure the total pension liability at December 31, 2023 was 7.625%, which is a reduction from the previous discount rate of 7.75%. 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. 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 current discount rate 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
7.625%	\$ 35,005,341	\$ 26,559,434	\$ 19,383,297

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, 2023 (the latest period for which MTRS has provided financial data), the Commonwealth contributed \$4,329,525 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 0.201%, 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 \$52,974,203 at June 30, 2023 (the latest period for which MTRS has provided financial data). The pension expense assumed by the Commonwealth on behalf of the Town was \$4,946,209 for the year ended June 30, 2023 (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, 2024.

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, 2024:

Inactive employees or beneficiaries receiving benefits	361
Active employees	<u>279</u>
	<u>640</u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 50% of medical insurance premiums and 100% of dental and life insurance. The Town currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis plus additional contributions, which were \$300,000 in fiscal year 2024. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2024, the Town’s average contribution rate was approximately 5% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was determined using an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 (the measurement date). The components of the net OPEB liability at June 30, 2024 were as follows:

Total other postemployment benefits liability	\$ 26,787,230
Less Plan fiduciary net position	<u>3,401,259</u>
Net other postemployment benefits liability	<u>\$ 23,385,971</u>
Plan fiduciary net position as a percentage of total other postemployment benefits liability	12.7%

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:

Actuarial Cost Method	Individual entry age normal
Healthcare Cost Trends	5.0% in 2024 trending down to an ultimate rate of 3.63% in 2060
Investment Rate of Return	6.81% (previously 5.93%)
Single Equivalent Discount Rate	6.81% (previously 5.53%)
Pre-retirement Mortality	RP-2014 Blue Collar Mortality Table projected generationally with scale MP-2016, set forward one year for females (non-teachers only); for teachers, the RP-2014 White Collar Mortality table was used
Post-retirement Mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with scale MP-2016, set forward one year for females (non-teachers only); for teachers, the RP-2014 White Collar Healthy Annuitant Table was used
Disabled Mortality	RP-2014 Blue Collar Healthy Annuitant Table projected generationally for scale MP-2016, set forward one year (non-teachers only); for teachers, the RP-2014 White Collar Healthy Annuitant Table was used

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 weighing 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities - large cap	55.75%	4.91%
Domestic equities - small/mid cap	6.00%	5.29%
International equities - developed markets	8.75%	5.32%
International equities - emerging markets	3.75%	6.13%
Fixed income - domestic	16.50%	2.30%
Fixed income - international	1.00%	2.02%
Alternatives	4.00%	6.35%
Real estate	2.50%	6.25%
Cash	<u>1.75%</u>	<u>0.00%</u>
Total	<u>100.00%</u>	
Real rate of return		4.56%
Inflation assumption		<u>2.50%</u>
Total nominal return		7.06%
Less investment expense		<u>-0.25%</u>
Net investment return		<u>6.81%</u>

Discount Rate – The discount rate used to measure the total OPEB liability was 6.81% versus a discount rate of 5.53% in the previous actuarial report.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2024:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2023	\$ 37,507,482	\$ 2,727,480	\$ 34,780,002
Changes for the year:			
Service cost	864,996	-	864,996
Interest	2,077,019	-	2,077,019
Change in benefit terms	(3,552,755)	-	(3,552,755)
Changes in assumptions	(3,016,134)	-	(3,016,134)
Experience differences	(5,444,449)	-	(5,444,449)
Employer contributions	-	1,948,929	(1,948,929)
Net investment income	-	373,779	(373,779)
Benefit payments	(1,648,929)	(1,648,929)	-
Net changes	(10,720,252)	673,779	(11,394,031)
Balances at June 30, 2024	<u>\$ 26,787,230</u>	<u>\$ 3,401,259</u>	<u>\$ 23,385,971</u>

Sensitivity Analyses – The following presents the Town’s net OPEB liability at June 30, 2024 as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate:

Current Discount Rate	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
6.81%	\$ 26,686,907	\$ 23,385,971	\$ 20,640,403

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 or higher than the current healthcare cost trend rates:

Current Trend Rate	Net OPEB Liability At		
	1% Decrease	Current Rate	1% Increase
5.00%	\$ 20,361,950	\$ 23,385,971	\$ 27,052,154

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the Town recognized an OPEB benefit of \$2,249,210. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2024 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,144,115	\$ 4,717,458
Changes of assumptions	4,004,660	2,467,402
Net difference between projected and actual earnings on OPEB Plan investments	-	190,002
	<u>\$ 5,148,775</u>	<u>\$ 7,374,862</u>

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

Year Ended June 30,

2025	\$ (79,138)
2026	398,992
2027	(864,769)
2028	<u>(1,681,172)</u>
	<u>\$ (2,226,087)</u>

Investment Custody – In accordance with MGL, the Town Treasurer is the custodian of the OPEB Plan.

Investment Policy – The OPEB Plan invests its funds in permissible investments as stipulated by the Commonwealth. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule and may. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

Investment Rate of Return – For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was approximately 12.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Risk Financing

The Town is exposed to various risks of loss related to general liability; torts; theft of, damage to and destruction of assets; errors and omissions; employment matter; 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.

E. 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 at June 30, 2024 cannot be determined, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2024.

Appellate Tax Board – The Town has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts (“ATB”). Assessed residential real estate values for ATB cases totaled approximately \$0.7 million at June 30, 2024. No provision has been made in the government-wide financial statements in the event that the Town is unsuccessful in ATB.

Grant Compliance – 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 does not believe it has failed to comply with any of these agreements.

F. Economic Dependence

During the fiscal year ended June 30, 2024, approximately 24% of total general fund revenues were recognized from the Commonwealth or other governmental agencies.

IV. Implementation of Accounting Pronouncements

A. Current 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 was 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 became effective in fiscal year 2024. The adoption of this accounting standard did not have a material effect on the Town’s financial statements.

B. Future Year Implementations

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.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2025 (fiscal year 2026). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

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TOWN OF MEDWAY, 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
2024	3.82%	\$ 26,559	\$ 13,871	191.5%	66.6%
2023	3.82%	22,093	14,356	153.9%	68.6%
2022	3.82%	14,069	13,870	101.4%	79.4%
2021	3.51%	17,951	12,819	140.0%	70.2%
2020	3.51%	20,601	12,385	166.3%	58.3%
2019	3.51%	22,820	10,910	209.2%	58.3%
2018	3.50%	19,346	10,541	183.5%	63.5%
2017	3.57%	18,648	10,646	175.2%	61.6%
2016	3.57%	17,951	9,768	183.8%	58.6%
2015	3.32%	17,193	9,196	187.0%	60.1%

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
2024	\$ 3,709	\$ 3,709	\$ -	\$ 13,871	26.7%
2023	3,510	3,510	-	14,356	24.4%
2022	3,271	3,271	-	13,870	23.6%
2021	2,815	2,815	-	12,819	22.0%
2020	2,628	2,628	-	12,385	21.2%
2019	2,452	2,452	-	10,910	22.5%
2018	2,239	2,239	-	10,541	21.2%
2017	2,099	2,099	-	10,646	19.7%
2016	1,903	1,903	-	9,768	19.5%
2015	1,565	1,565	-	9,196	17.0%

See accompanying independent auditors' report.

TOWN OF MEDWAY, 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	Commonwealth's Actuarially Determined Contribution	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	100%	0%	\$ 52,974	\$ 4,330	58.5%
2023	100%	0%	57,671	4,688	57.8%
2022	100%	0%	52,518	4,044	52.0%
2021	100%	0%	67,657	3,682	50.7%
2020	100%	0%	67,870	3,886	53.9%
2019	100%	0%	57,948	3,213	54.8%
2018	100%	0%	56,598	3,056	54.3%
2017	100%	0%	60,893	3,063	52.7%
2016	100%	0%	53,635	2,675	55.4%
2015	100%	0%	42,198	2,488	61.6%

* 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.

See accompanying independent auditors' report.

TOWN OF MEDWAY, 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,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service cost	\$ 865	\$ 808	\$ 485	\$ 468	\$ 452	\$ 859	\$ 1,131	\$ 1,736
Interest	2,077	2,025	1,559	1,513	1,518	1,781	1,276	1,289
Changes in benefit terms	(3,553)	-	-	-	-	-	-	-
Differences in experience	(5,444)	-	2,580	-	(8,229)	-	(4,578)	-
Changes in assumptions	(3,016)	713	8,019	-	(1,239)	(6,620)	-	-
Benefit payments	(1,649)	(1,503)	(1,342)	(1,240)	(1,165)	(1,125)	(1,056)	(1,054)
Net Change in Total OPEB Liability	(10,720)	2,043	11,301	741	(8,663)	(5,105)	(3,227)	1,971
Total OPEB Liability:								
Beginning of year	36,507	34,464	24,163	23,422	32,085	37,190	40,417	38,446
End of year (a)	\$ 25,787	\$ 36,507	\$ 35,464	\$ 24,163	\$ 23,422	\$ 32,085	\$ 37,190	\$ 40,417
Plan Fiduciary Net Position:								
Contributions	\$ 1,949	\$ 1,803	\$ 1,642	\$ 1,540	\$ 1,465	\$ 1,425	\$ 1,156	\$ 1,154
Net investment income (loss)	374	296	(175)	406	50	95	3	1
Benefit payments	(1,649)	(1,503)	(1,342)	(1,240)	(1,165)	(1,125)	(1,056)	(1,054)
Net Change in Plan Fiduciary Net Position	674	596	125	706	350	395	103	101
Plan Fiduciary Net Position:								
Beginning of year	2,727	2,131	2,006	1,300	950	555	452	351
End of year (b)	\$ 3,401	\$ 2,727	\$ 2,131	\$ 2,006	\$ 1,300	\$ 950	\$ 555	\$ 452
Net OPEB Liability — End of Year	\$ 22,386	\$ 33,780	\$ 33,333	\$ 22,157	\$ 22,122	\$ 31,135	\$ 36,635	\$ 39,965
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.2%	7.5%	6.0%	8.3%	5.6%	3.0%	1.5%	1.1%
Covered payroll	\$ 38,256	\$ 33,574	\$ 32,596	\$ 26,896	\$ 26,113	\$ 21,905	\$ 21,267	\$ 19,594
Net OPEB Liability as a Percentage of Covered Payroll	58.5%	100.6%	102.3%	82.4%	84.7%	142.1%	172.3%	204.0%

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 MEDWAY, 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
2024	\$ 2,122	\$ 1,949	\$ 173	\$ 38,256	5.1%
2023	2,420	1,803	617	33,574	5.4%
2022	2,062	1,642	420	32,596	5.0%
2021	1,618	1,540	78	26,896	5.7%
2020	2,043	1,465	578	26,113	5.6%
2019	2,738	1,425	1,313	21,905	6.5%
2018	3,231	1,156	2,075	21,267	5.4%
2017	3,685	1,254	2,431	19,594	6.4%

Notes to Schedule:

Valuation date	July 1, 2023
Asset valuation method	Market value of the assets as of the reporting date
Actuarial cost method	Individual entry age normal
Investment rate of return	6.81% (previously 5.93%)
Single equivalent discount rate	6.81% (previously 5.53%)
Healthcare cost trend rates	5.0% in 2024 trending down to an ultimate rate of 3.63% in 2060

SCHEDULE OF INVESTMENT RETURNS

Year Ended June 30,	Annual Money- Weighted Rate of Return (net of investment expenses)
2024	12.46%
2023	12.35%
2022	-7.68%
2021	25.87%
2020	4.07%
2019	11.41%
2018	0.55%
2017	0.00%

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 MEDWAY, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual		Actual	Positive
	Original Budget	Final Budget	Budgetary Amounts	Articles and Encumbrances	Budgetary Adjusted	(Negative) Variance
Revenues:						
Property taxes, net of tax refunds	\$ 48,881,512	\$ 48,881,512	\$ 48,766,260		\$ 48,766,260	\$ (115,252)
Intergovernmental	12,568,125	12,568,125	12,589,062		12,589,062	20,937
Motor vehicle and other excise taxes	2,296,598	2,296,598	2,747,258		2,747,258	450,660
Licenses and permits	375,000	375,000	703,757		703,757	328,757
Penalties and interest on taxes	80,000	80,000	116,205		116,205	36,205
Fines and forfeitures	10,000	10,000	18,072		18,072	8,072
Departmental and other revenues	323,402	323,402	875,218		875,218	551,816
Investment income	115,000	115,000	1,307,509		1,307,509	1,192,509
Total Revenues	64,649,637	64,649,637	67,123,341		67,123,341	2,473,704
Expenditures:						
General government	5,015,657	5,015,657	4,326,927	\$ 497,151	4,824,078	191,579
Public safety	8,331,824	9,248,609	7,360,549	1,634,583	8,995,132	253,477
Education	33,570,558	33,570,558	32,982,992	574,160	33,557,152	13,406
Public works	6,062,705	6,062,705	5,312,462	309,218	5,621,680	441,025
Health and human services	579,254	579,254	521,903	5,138	527,041	52,213
Culture and recreation	1,159,779	1,159,779	765,820	330,138	1,095,958	63,821
Pension and fringe benefits	12,220,774	12,220,774	10,570,436	-	10,570,436	1,650,338
State and county charges	899,633	899,633	896,389	-	896,389	3,244
Debt service	4,451,471	4,451,471	3,802,973	-	3,802,973	648,498
Total Expenditures	72,291,655	73,208,440	66,540,451	\$ 3,350,388	69,890,839	3,317,601
Other Financing Sources (Uses):						
Transfers in	2,037,776	2,497,776	2,606,818		2,606,818	109,042
Transfers out	(1,285,814)	(1,685,814)	(1,685,814)		(1,685,814)	-
Total Other Financing Sources (Uses)	751,962	811,962	921,004		921,004	109,042
(Deficiency) Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(6,890,056)	(7,746,841)	\$ 1,503,894		\$ (1,846,494)	\$ 5,900,347
Other Budgetary Items:						
Prior year articles and encumbrances	2,617,131	2,617,131				
Free cash	4,272,925	4,472,925				
Overlay release	-	656,785				
Total Other Budgetary Items	6,890,056	7,746,841				
Net Budget	\$ -	\$ -				

See notes to required supplementary information.

See accompanying independent auditors' report.

TOWN OF MEDWAY, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2024

An annual budget is legally adopted for the general fund. Generally, financial orders are initiated by the Town Manager, recommended by the Town Finance Committee and approved at Town Meeting. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The Town's general fund is prepared using the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue, which is not 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 a meaningful comparison with the budget. A complete reconciliation is provided below:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues — budgetary basis			\$ 67,123,341
On behalf payments	\$ 4,946,209	\$ -	4,946,209
Stabilization interest	-	554,610	554,610
Revenues — GAAP basis	<u>\$ 4,946,209</u>	<u>\$ 554,610</u>	<u>\$ 72,624,160</u>
Expenditures — budgetary basis			\$ 66,540,451
Accounting for indirect costs	\$ -	\$ (771,776)	(771,776)
Transfer treatment - debt service	-	296,362	296,362
On behalf payments	4,946,209	-	4,946,209
Expenditures — GAAP basis	<u>\$ 4,946,209</u>	<u>\$ (475,414)</u>	<u>\$ 71,011,246</u>
Net transfers — budgetary basis			\$ 921,004
Accounting for indirect costs	\$ -	\$ (771,776)	(771,776)
Transfer treatment - debt service	-	296,362	296,362
Stabilization transfers	-	(1,760,500)	(1,760,500)
Net transfers — GAAP basis	<u>\$ -</u>	<u>\$ (2,235,914)</u>	<u>\$ (1,314,910)</u>