

**TOWN OF BOXFORD, MASSACHUSETTS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

# TOWN OF BOXFORD, MASSACHUSETTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Select Board  
**Town of Boxford, Massachusetts**

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Boxford, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Boxford, Massachusetts, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund and Community Preservation Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 evidence sufficient to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Marcum LLP*

Andover, MA  
February 8, 2024

# TOWN OF BOXFORD, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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As management of the Town of Boxford, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

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

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains 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 our finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Town'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 leave).

The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, interest, and intergovernmental expense.

#### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: governmental funds and fiduciary funds.

#### ***Governmental Funds***

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

# TOWN OF BOXFORD, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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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 Town's near-term financing decisions. Reconciliations are provided to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the General Fund and the Community Preservation Fund (a major fund). A budgetary comparison statement has been provided for the General Fund and the Community Preservation Fund to demonstrate compliance with their budgets.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs.

### ***Notes to 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.

### ***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

### **Financial Highlights**

- At the end of the current fiscal year, net position in governmental activities was \$43,512,259, a change of \$1,586,255.
- At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$15,670,938, a change of \$(697,319) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,818,502 a change of \$177,396 in comparison to the prior year.



# TOWN OF BOXFORD, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

### Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year.

#### Net Position (in Thousands)

	Governmental Activities	
	2023	2022
<b>Assets</b>		
Current and other assets	\$ 20,837	\$ 21,001
Capital assets	67,525	65,753
<b>Total Assets</b>	88,362	86,754
<b>Deferred Outflows of Resources</b>	5,124	4,971
<b>Liabilities</b>		
Other liabilities	4,963	4,624
Long-term liabilities	43,505	41,006
<b>Total Liabilities</b>	48,468	45,630
<b>Deferred Inflows of Resources</b>	1,506	4,169
<b>Net Position</b>		
Net investment in capital assets	56,785	54,287
Restricted	7,690	6,106
Unrestricted	(20,963)	(18,467)
<b>Total Net Position</b>	\$ 43,512	\$ 41,926

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$43,512,259, a change of \$1,586,255 in comparison to the prior year.

The largest portion of net position \$56,785,596 reflects our investment in capital assets (e.g., land, construction in progress, land improvements, buildings and building improvements, machinery, equipment and vehicles, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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.

# TOWN OF BOXFORD, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

An additional portion of net position \$7,690,076 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(20,963,413) primarily resulting from unfunded pension and OPEB liabilities.

### Change in Net Position (in Thousands)

	Governmental Activities	
	2023	2022
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 2,370	\$ 1,885
Operating grants and contributions	7,011	6,586
Capital grants and contributions	363	--
General revenues		
Property taxes	33,627	32,689
Excises	1,717	1,671
Penalties, interest, and other taxes	85	92
Grants and contributions not restricted to specific programs	812	788
Investment income (loss)	662	(58)
Miscellaneous	268	72
<b>Total Revenues</b>	<u>46,915</u>	<u>43,725</u>
<b>Expenses</b>		
General government	3,389	2,477
Public safety	4,911	4,615
Education	31,655	30,934
Public works	3,968	3,793
Health and human services	470	421
Culture and recreation	677	1,128
Interest on long-term debt	74	447
Intergovernmental	185	180
<b>Total Expenses</b>	<u>45,329</u>	<u>43,995</u>
<b>Change in Net Position</b>	1,586	(270)
<b>Net Position - Beginning of Year</b>	<u>41,926</u>	<u>42,196</u>
<b>Net Position - End of Year</b>	<u>\$ 43,512</u>	<u>\$ 41,926</u>

# TOWN OF BOXFORD, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

### ***Governmental Activities***

Governmental activities for the year resulted in a change in net position of \$1,586,255. Key elements of this change are as follows:

General Fund change in fund balance	\$ 127,734
Depreciation expense in excess of principal debt service	(914,662)
Change in pension expense from GASB 75	(79,476)
Change in OPEB expense from GASB 68	(1,095,700)
Capitalized expenditures	4,047,522
Other	(499,163)
	<u>\$ 1,586,255</u>

### **Financial Analysis of the Town's Funds**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

### ***Governmental Funds***

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

### ***General Fund***

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,818,502, while total fund balance was \$7,705,242. Unassigned fund balance increased by \$177,396, primarily from favorable budgetary results of \$814,624, less "Free Cash" of \$870,991 appropriated primarily for fiscal year 2024 capital items. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

General Fund	6/30/23	6/30/22	Change	% of General Fund Expenditures*
Unassigned fund balance	\$ 4,818,502	\$ 4,641,106	\$ 177,396	12.5%
Total fund balance	\$ 7,705,242	\$ 7,577,508	\$ 127,734	19.9%

\*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$1,916,257.

# TOWN OF BOXFORD, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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The total fund balance of the General Fund changed by \$127,734 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 786,927
Expenditures less than budget	27,697
Use of free cash	(1,437,143)
Change in stabilization fund balance	37,894
Change in carryforwards	512,359
Raising of prior year snow and ice deficit	200,000
	<u>\$ 127,734</u>

Included in the total fund balance of the General Fund balance are the Town's stabilization accounts with the following balances:

	6/30/23	6/30/22	Change
General stabilization fund	\$ 943,727	\$ 906,654	\$ 37,073
Library stabilization fund	20,910	20,089	821
	<u>\$ 964,637</u>	<u>\$ 926,743</u>	<u>\$ 37,894</u>

### *Community Preservation Fund*

The fund balance of the Community Preservation Fund (major governmental fund) changed by \$728,593, primarily due to operating revenues largely offset by principal payments of outstanding debt obligations.

### *ARPA Grant Fund*

The fund balance of the ARPA Grant Fund (major governmental fund) did not change in fiscal year 2023, as the recognition of revenues offset the corresponding COVID-19 related expenditures.

### *Community Center Construction Fund*

The fund balance of the Community Center Construction Fund (major governmental fund) changed by \$(2,203,358), primarily from the expenditure of prior year permanent financing proceeds.

### *Nonmajor Governmental Funds*

The fund balance of Nonmajor Governmental Funds changed by \$649,712, primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

# TOWN OF BOXFORD, MASSACHUSETTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### **General Fund Budgetary Highlights**

There was no difference between the original budget and the final amended budget. The Town experienced favorable operating results for revenues of \$786,927. This was primarily due a budgetary surplus of \$124,700 for excises, due to the Town's conservative budgeting approach for motor vehicle excise taxes, and an investment income surplus of \$360,867 during the year. Furthermore, the Town experienced favorable operating results related to expenditures of \$27,697. The Town over expended the public works line item by \$230,176. This over expenditure is due to snow and ice expenditures, which is permissible under Massachusetts General Laws, and will be raised on the subsequent year's tax recapulation.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

Total investment in capital assets for governmental activities at year end amounted to \$67,525,744 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, machinery, equipment and vehicles, and infrastructure. Major capital asset events during the current fiscal year included construction of the building at 10 Elm Street, purchase of a DPW equipment storage building, and the construction of a culvert on Willow Road.

Additional information on capital assets can be found in the Notes to Financial Statements.

#### ***Long-Term Debt***

At the end of the current fiscal year, total bonded debt outstanding including unamortized premiums was \$10,896,000, all of which was backed by the full faith and credit of the Town. The Town also had \$1,211,801 in notes outstanding at year-end.

The Town maintained its AAA rating from S&P for general obligation debt.

Additional information on long-term debt can be found in the Notes to Financial Statements.

### **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 Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Municipal Finance/Town Accountant  
Town of Boxford, Massachusetts  
7A Spofford Road, 2<sup>nd</sup> Floor  
Boxford, Massachusetts 01921

# TOWN OF BOXFORD, MASSACHUSETTS

## STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash and short-term investments	\$ 12,693,332
Investments	7,646,463
Receivables:	
Property taxes	189,360
Excises	107,992
Departmental and other	158,841
Intergovernmental	29,862
<b>Total Current Assets</b>	<u>20,825,850</u>
<b>Noncurrent Assets</b>	
Receivables:	
Property taxes	9,945
Capital assets:	
Nondepreciable capital assets	24,514,272
Other capital assets, net of accumulated depreciation	43,011,472
<b>Total Noncurrent Assets</b>	<u>67,535,689</u>
<b>Total Assets</b>	<u>88,361,539</u>
<b>Deferred Outflows of Resources</b>	
Related to pension	2,383,812
Related to OPEB	2,740,405
<b>Total Deferred Outflows of Resources</b>	<u>5,124,217</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF BOXFORD, MASSACHUSETTS

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2023

	Governmental Activities
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	712,626
Accrued liabilities	812,903
Notes payable	1,211,801
Unearned revenue	2,090,237
Other current liabilities	134,899
Current portion of long-term liabilities:	
Bonds payable	1,112,000
Compensated absences liability	98,065
Landfill liability	67,727
<b>Total Current Liabilities</b>	<u>6,240,258</u>
<b>Noncurrent Liabilities</b>	
Bonds payable, net of current portion	9,784,000
Compensated absences liability, net of current portion	882,589
Landfill liability, net of current portion	519,499
Net pension liability	16,180,133
Net OPEB liability	14,861,406
<b>Total Noncurrent Liabilities</b>	<u>42,227,627</u>
<b>Total Liabilities</b>	<u>48,467,885</u>
<b>Deferred Inflows of Resources</b>	
Related to pension	1,019,642
Related to OPEB	485,970
<b>Total Deferred Inflows of Resources</b>	<u>1,505,612</u>
<b>Net Position</b>	
Net investment in capital assets	56,785,596
Restricted for:	
Community preservation funds	4,627,861
Grants and other statutory restrictions	3,045,728
Permanent funds:	
Nonexpendable	5,000
Expendable	11,487
Unrestricted	(20,963,413)
<b>Total Net Position</b>	<u>\$ 43,512,259</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF BOXFORD, MASSACHUSETTS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

			Program Revenues		Net (Expenses) Revenues and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses				Governmental Activities
<b>Governmental Activities</b>					
General government	\$ 3,388,657	\$ 655,635	\$ 889,629	\$ --	\$ (1,843,393)
Public safety	4,910,978	1,171,458	97,440	51,934	(3,590,146)
Education	31,655,516	419,921	5,189,729	--	(26,045,866)
Public works	3,968,261	49,549	805,088	302,588	(2,811,036)
Health and human services	469,675	28,595	28,800	8,400	(403,880)
Culture and recreation	677,127	44,746	--	--	(632,381)
Interest on long-term debt	73,804	--	--	--	(73,804)
Intergovernmental	185,386	--	--	--	(185,386)
<b>Total Governmental Activities</b>	<b>\$ 45,329,404</b>	<b>\$ 2,369,904</b>	<b>\$ 7,010,686</b>	<b>\$ 362,922</b>	<b>(35,585,892)</b>
<b>General Revenues</b>					
					33,627,233
					1,717,246
					85,234
					811,908
					662,481
					268,045
<b>Total General Revenues</b>					<b>37,172,147</b>
<b>Change in Net Position</b>					<b>1,586,255</b>
<b>Net Position</b>					
Beginning of Year					41,926,004
End of Year					<b>\$ 43,512,259</b>

*The accompanying notes are an integral part of these financial statements.*



# TOWN OF BOXFORD, MASSACHUSETTS

## GOVERNMENTAL FUNDS BALANCE SHEET

**JUNE 30, 2023**

	General Fund	Community Preservation Fund	ARPA Grant Fund	Community Center Construction Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Assets</b>						
Cash and short-term investments	\$ 7,550,123	\$ 38,263	\$ 1,126,304	\$ 156,252	\$ 3,822,390	\$12,693,332
Investments	1,495,223	4,590,146	963,933	--	597,161	7,646,463
Receivables:						
Property taxes	195,670	3,635	--	--	--	199,305
Excises	107,992	--	--	--	--	107,992
Departmental and other	--	--	--	--	158,841	158,841
Intergovernmental	--	--	--	--	29,862	29,862
<b>Total Assets</b>	<u>\$ 9,349,008</u>	<u>\$ 4,632,044</u>	<u>\$ 2,090,237</u>	<u>\$ 156,252</u>	<u>\$ 4,608,254</u>	<u>\$20,835,795</u>
<b>Liabilities</b>						
Accounts payable	\$ 497,756	\$ --	\$ --	\$ --	\$ 214,870	\$ 712,626
Accrued liabilities	707,997	--	--	--	--	707,997
Notes payable	--	--	--	612,634	599,167	1,211,801
Unearned revenue	--	--	2,090,237	--	--	2,090,237
Other liabilities	134,351	548	--	--	--	134,899
<b>Total Liabilities</b>	<u>1,340,104</u>	<u>548</u>	<u>2,090,237</u>	<u>612,634</u>	<u>814,037</u>	<u>4,857,560</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	303,662	3,635	--	--	--	307,297
<b>Fund Balances</b>						
Nonspendable	--	--	--	--	5,000	5,000
Restricted	--	4,627,861	--	--	4,500,759	9,128,620
Committed	2,640,035	--	--	--	107,242	2,747,277
Assigned	246,705	--	--	--	--	246,705
Unassigned	4,818,502	--	--	(456,382)	(818,784)	3,543,336
<b>Total Fund Balances</b>	<u>7,705,242</u>	<u>4,627,861</u>	<u>--</u>	<u>(456,382)</u>	<u>3,794,217</u>	<u>15,670,938</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 9,349,008</u>	<u>\$ 4,632,044</u>	<u>\$ 2,090,237</u>	<u>\$ 156,252</u>	<u>\$ 4,608,254</u>	<u>\$20,835,795</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF BOXFORD, MASSACHUSETTS

## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2023

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<b>Total Governmental Fund Balances</b>	\$ 15,670,938
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	67,525,744
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	2,383,812
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	2,740,405
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds payable	(10,896,000)
Net pension liability	(16,180,133)
Net OPEB liability	(14,861,406)
Compensated absences liability	(980,654)
Landfill liability	(587,226)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(1,019,642)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(485,970)
Other	<u>202,391</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 43,512,259</u></u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BOXFORD, MASSACHUSETTS**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND**

**CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Community Preservation Fund	ARPA Grant Fund	Community Center Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$32,805,668	\$ 839,787	\$ --	\$ --	\$ --	\$33,645,455
Excises	1,704,700	--	--	--	--	1,704,700
Penalties, interest, and other taxes	84,155	1,079	--	--	--	85,234
Charges for services	422,177	--	--	--	1,144,635	1,566,812
Intergovernmental	4,575,419	442,833	333,967	20,000	2,790,582	8,162,801
Licenses and permits	564,371	--	--	--	--	564,371
Fines and forfeitures	238,722	--	--	--	--	238,722
Investment income	458,760	186,293	--	--	17,428	662,481
Miscellaneous	67,240	--	--	9,448	191,357	268,045
<b>Total Revenues</b>	<u>40,921,212</u>	<u>1,469,992</u>	<u>333,967</u>	<u>29,448</u>	<u>4,144,002</u>	<u>46,898,621</u>
<b>Expenditures</b>						
Current:						
General government	1,898,475	177,077	333,967	--	435,412	2,844,931
Public safety	3,351,574	--	--	--	656,780	4,008,354
Education	26,985,700	--	--	--	1,518,246	28,503,946
Public works	2,801,862	--	--	--	952,477	3,754,339
Health and human services	381,162	--	--	--	58,103	439,265
Culture and recreation	539,345	--	--	2,232,806	98,272	2,870,423
Employee benefits	3,288,942	--	--	--	--	3,288,942
Intergovernmental	185,386	--	--	--	--	185,386
Debt service:						
Principal	916,500	443,500	--	--	--	1,360,000
Interest	244,532	95,822	--	--	--	340,354
<b>Total Expenditures</b>	<u>40,593,478</u>	<u>716,399</u>	<u>333,967</u>	<u>2,232,806</u>	<u>3,719,290</u>	<u>47,595,940</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>327,734</u>	<u>753,593</u>	<u>--</u>	<u>(2,203,358)</u>	<u>424,712</u>	<u>(697,319)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	--	--	--	--	240,326	240,326
Transfers out	(200,000)	(25,000)	--	--	(15,326)	(240,326)
<b>Total Other Financing Sources (Uses)</b>	<u>(200,000)</u>	<u>(25,000)</u>	<u>--</u>	<u>--</u>	<u>225,000</u>	<u>--</u>
<b>Change in Fund Balance</b>	<u>127,734</u>	<u>728,593</u>	<u>--</u>	<u>(2,203,358)</u>	<u>649,712</u>	<u>(697,319)</u>
<b>Fund Balances, at Beginning of Year</b>	<u>7,577,508</u>	<u>3,899,268</u>	<u>--</u>	<u>1,746,976</u>	<u>3,144,505</u>	<u>16,368,257</u>
<b>Fund Balances, at End of Year</b>	<u>\$ 7,705,242</u>	<u>\$ 4,627,861</u>	<u>\$ --</u>	<u>\$ (456,382)</u>	<u>\$ 3,794,217</u>	<u>\$15,670,938</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF BOXFORD, 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, 2023

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**Net Changes in Fund Balances - Total Governmental Funds** \$ (697,319)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,047,522
Depreciation	(2,274,662)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction; however, has any effect on net position:

Repayments of debt	1,360,000
Bond premium amortization	67,000

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue, net of change in allowance for doubtful accounts. (31,947)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension liability and related deferred outflows and inflows	(79,476)
Change in net OPEB liability and related deferred outflows and inflows	(1,095,700)
Change in compensated absences liability	3,741
Change in landfill liability	61,276
Other differences.	225,820

**Change in Net Position of Governmental Activities** \$ 1,586,255

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF BOXFORD, MASSACHUSETTS

## FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
<b>Assets</b>			
Cash and short-term investments	\$ --	\$ 1,146	\$ 3,651
Investments:			
Corporate bonds	--	35,996	--
Corporate equities	--	22,421	--
External investment pool	4,986,331	--	--
Federal agency securities	--	3,699	--
Fixed income mutual funds	--	683	--
Market-linked certificates of deposit	--	658	--
U.S. Treasury notes	--	26,215	--
Total Investments	<u>4,986,331</u>	<u>89,672</u>	<u>--</u>
<b>Total Assets</b>	<u>4,986,331</u>	<u>90,818</u>	<u>3,651</u>
<b>Net Position</b>			
Restricted for OPEB purposes	4,986,331	--	--
Restricted for individuals	<u>--</u>	<u>90,818</u>	<u>3,651</u>
<b>Total Net Position</b>	<u>\$ 4,986,331</u>	<u>\$ 90,818</u>	<u>\$ 3,651</u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF BOXFORD, MASSACHUSETTS

## FIDUCIARY FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

**FOR THE YEAR ENDED JUNE 30, 2023**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
<b>Additions</b>			
Employer contributions	\$ 1,036,134	\$ --	\$ --
Amounts withheld from employees	--	--	69,445
Investment income, net	268,491	3,252	--
Other	--	20,250	--
<b>Total Additions</b>	<u>1,304,625</u>	<u>23,502</u>	<u>69,445</u>
<b>Deductions</b>			
Benefit payments to plan members and beneficiaries	736,134	--	--
Payments on behalf of employees	--	--	72,086
Other	--	15,537	--
<b>Total Deductions</b>	<u>736,134</u>	<u>15,537</u>	<u>72,086</u>
<b>Change in Net Position</b>	568,491	7,965	(2,641)
<b>Restricted Net Position</b>			
Beginning of Year	<u>4,417,840</u>	<u>82,853</u>	<u>6,292</u>
End of Year	<u><u>\$ 4,986,331</u></u>	<u><u>\$ 90,818</u></u>	<u><u>\$ 3,651</u></u>

*The accompanying notes are an integral part of these financial statements.*

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Boxford, Massachusetts (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

#### ***REPORTING ENTITY***

The Town is a municipal corporation governed by an elected Select Board. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2023, it was determined that no entities met the component unit requirements of GASB 14 (as amended) criteria.

#### ***GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

##### *Government-Wide 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. For the most part, the effect of interfund activity has been removed from these statements.

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*.

##### *Fund Financial Statements*

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION*

##### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

##### *Fund Financial Statements*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both 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. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.



# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)***

##### *Fund Financial Statements (Continued)*

- The Community Preservation Fund is used to account for revenues and expenditures related to the levy of a property tax surcharge that is authorized by the Community Preservation Act. This fund was established by the Town for the purpose of acquiring open land for conservation, developing affordable housing, and preserving historical property.
- The ARPA Grant Fund is used to account for revenues and expenditures related to American Rescue Plan Act grant.
- The Community Center Construction Fund is used to account for revenues and expenditures related to the community center capital project.

The fiduciary 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 liabilities are incurred.

The Town reports the following fiduciary funds:

- The OPEB Trust Fund is used to accumulate resources for health insurance benefits for retired employees.
- The Private-Purpose Trust Funds are used to account for trust arrangements, other than those properly reported in permanent funds, under which principal and investment income exclusively benefit individuals.
- The Custodial Funds account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements.

#### ***CASH AND INVESTMENTS***

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CASH AND INVESTMENTS (CONTINUED)*

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments".

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured at NAV for fair value are not subject to level classification.

The Town invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

#### *PROPERTY TAX LIMITATIONS*

Legislation known as "Proposition 2½" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth) unless an override or debt exemption is voted. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

#### *CAPITAL ASSETS*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost that exceeds \$25,000, depending on the asset's category, and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CAPITAL ASSETS (CONTINUED)*

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 are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	20
Infrastructure	50
Vehicles	6
Equipment and machinery	5
Land improvements	5

#### *COMPENSATED ABSENCES*

It is the Town's policy to permit eligible employees to accumulate earned but unused vacation, sick pay, and retirement benefits. All vested sick, vacation, and retirement pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### *LONG-TERM OBLIGATIONS*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

#### *FUND EQUITY*

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

##### *Fund Balance*

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *FUND EQUITY (CONTINUED)*

##### *Fund Balance (Continued)*

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes the unspent balance of capital projects funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes General Fund encumbrances for non-lapsing special article appropriations approved at Town Meeting, General Fund surplus fund balance that has been appropriated as a funding source for a specific purpose, and special purpose stabilization funds.
- *Assigned* represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period and funds reserved by Town management for future debt service payments.
- *Unassigned* represents amounts that are available to be spent in future periods and deficit funds. The General Fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

# **TOWN OF BOXFORD, MASSACHUSETTS**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***FUND EQUITY (CONTINUED)***

##### ***Net Position***

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

##### ***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 disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

### **NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### ***BUDGETARY INFORMATION***

At the annual Town Meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the reserve fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses, which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

# **TOWN OF BOXFORD, MASSACHUSETTS**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### **NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

#### ***BUDGETARY INFORMATION (CONTINUED)***

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

#### ***DEFICIT FUND EQUITY***

Certain individual funds reflected deficit balances as of June 30, 2023. It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

Massachusetts General Laws (MGL), Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, and certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having (or which have) maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board (GASB) 79. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *DEPOSITS*

##### *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town's policy is to minimize custodial credit risk by limiting unsecured bank deposits to no more than 5% of an institution's assets and no more than 10% of the Town's total cash.

As of June 30, 2023, none of the Town's bank balance of \$6,357,850 was exposed to custodial credit risk as uninsured and uncollateralized. Additionally, \$6,318,326 was invested in MMDT (the state pool), which is not subject to this disclosure.

#### *INVESTMENTS*

The following is a summary of the Town's investments as of June 30, 2023:

Investment Type	Amount
Corporate bonds	\$ 2,608,414
Corporate equities	1,624,691
External investment pool	4,986,331
Federal agency securities	615,971
Fixed income mutual funds	49,469
Market-linked certificates of deposit	47,707
U.S. Treasury notes	<u>2,789,883</u>
	<u>\$ 12,722,466</u>

##### *Custodial Credit Risk - Investments*

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Town's investment policy also requires that all securities be held in the Town's name and federal tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### INVESTMENTS (CONTINUED)

##### *Custodial Credit Risk - Investments (Continued)*

As of June 30, 2023, the Town did not have investments subject to custodial credit risk exposure as all assets were held in the Town's name. All of the Town's investments were held in financial institutions that are members of the Securities Investor Protection Corporation (SIPC).

##### *Credit Risk - Investments in Debt Securities*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town's investment policy allows unlimited investment in United States Treasury and agency obligations, as these investments carry an Aaa rating. All other investments must be in investment grade securities, a high concentration of which must be rated A or above.

As of June 30, 2023, the credit quality ratings, as rated by Moody's Investors Service, Inc./S&P Global Ratings/Fitch Ratings, Inc., of the Town's debt securities were as follows (U.S. Treasury notes have an implied rating of AAA):

Investment Type	Amount	Rating as of Year End					Not Readily Available
		Aaa	A2	A1	Baa1	Baa2	
Corporate bonds	\$2,608,414	\$ 319,087	\$ 660,648	\$ 307,227	\$ 528,044	\$ 793,408	\$ --
Federal agency securities	615,971	615,971	--	--	--	--	--
Fixed income mutual funds	49,469	--	--	--	--	--	49,469
Market-linked certificates of deposit	47,707	--	--	--	--	--	47,707
	<u>\$3,321,561</u>	<u>\$ 935,058</u>	<u>\$ 660,648</u>	<u>\$ 307,227</u>	<u>\$ 528,044</u>	<u>\$ 793,408</u>	<u>\$ 97,176</u>



# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS (CONTINUED)*

##### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town's policy is to limit the amount that may be invested in any one issuer is a diversification concept that prohibits the over-concentration of investments in a specific instrument-type and issuer by limiting investments (other than U.S. treasuries, government agencies, and mutual funds) to no more than 5% of an institution's assets and no more than 10% of the Town's cash.

As of June 30, 2023, the Town did not have investments in any one issuer that exceeded 5% of total investments.

##### *Interest Rate Risk - Investments in Debt Securities*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy includes a diversification concept that prohibits the over-concentration of investment maturities; however, the Town places no limit on the length of maturity from date of purchase for the Community Preservation Fund, stabilization, and trust funds that are invested in U.S. Treasury or U.S. agency obligations that may be sold prior to maturity. As of June 30, 2023, the Town's investments were in compliance with these policies.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations was as follows at June 30, 2023:

Investment Type	Amount	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Not Readily Available
Corporate bonds	\$ 2,608,414	\$ 497,609	\$ 2,110,805	\$ --	\$ --
Federal agency securities	615,971	347,928	268,043	--	--
Fixed income mutual funds	49,469	--	--	--	49,469
Market-linked certificates of deposit	47,707	--	47,707	--	--
U.S. Treasury notes	2,789,883	1,380,367	1,409,516	--	--
	<u>\$ 6,111,444</u>	<u>\$ 2,225,904</u>	<u>\$ 3,836,071</u>	<u>\$ --</u>	<u>\$ 49,469</u>

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS (CONTINUED)*

##### *Foreign Currency Risk - Investments*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town's investment policy states that the Town will not invest in any instrument exposed to foreign currency risk. At June 30, 2023, the Town's investments were in compliance with this policy.

#### *FAIR VALUE*

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 - inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 - inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 - unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

#### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

##### *FAIR VALUE (CONTINUED)*

The Town had the following fair value measurements as of June 30, 2023:

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Corporate bonds	\$ 2,608,414	\$ --	\$ 2,608,414	\$ --
Corporate equities	1,624,691	1,624,691	--	--
Federal agency securities	615,971	--	615,971	--
Fixed income mutual funds	49,469	49,469	--	--
Market-linked certificates of deposit	47,707	--	47,707	--
U.S. Treasury notes	2,789,883	2,789,883	--	--
Investments measured at net asset value (NAV):				
External investment pool	4,986,331	N/A	N/A	N/A
	<u>\$ 12,722,466</u>	<u>\$ 4,464,043</u>	<u>\$ 3,272,092</u>	<u>\$ --</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

#### NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements, respectively.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE (CONTINUED)

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2023 tax levy reflected an excess capacity of \$1,737,095.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property taxes and excises receivable at June 30, 2023 consisted of the following:

	Current Portion	Long- Term Portion
Real estate taxes	\$ 159,652	\$ --
Personal property taxes	701	--
Community preservation act	3,635	--
Tax liens	<u>25,372</u>	<u>9,945</u>
Total Property Taxes	<u>\$ 189,360</u>	<u>\$ 9,945</u>
Motor vehicle excise	<u>\$ 107,992</u>	

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

#### NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2023.

#### NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Land improvements	\$ 475	\$ --	\$ --	\$ 475
Buildings and building improvements	32,818	314	--	33,132
Machinery, equipment, and vehicles	8,294	131	(360)	8,065
Infrastructure	42,960	621	(510)	43,071
Total Capital Assets, Being Depreciated	84,547	1,066	(870)	84,743
Less accumulated depreciation for				
Land improvements	(308)	(19)	--	(327)
Buildings and building improvements	(13,855)	(908)	--	(14,763)
Machinery, equipment, and vehicles	(5,896)	(406)	360	(5,942)
Infrastructure	(19,758)	(942)	--	(20,700)
Total Accumulated Depreciation	(39,817)	(2,275)	360	(41,732)
Capital Assets, Being Depreciated, Net	44,730	(1,209)	(510)	43,011
Capital assets, not being depreciated:				
Land	21,003	--	--	21,003
Construction in progress	20	3,491	--	3,511
Total Capital Assets, Not Being Depreciated	21,023	3,491	--	24,514
Capital Assets, Net	\$ 65,753	\$ 2,282	\$ (510)	\$ 67,525

# **TOWN OF BOXFORD, MASSACHUSETTS**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### **NOTE 6 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Town as follows (in thousands):

General government	\$	348
Public safety		494
Education		278
Public works		964
Health and human services		2
Culture and recreation		189
		<hr/>
	\$	<u>2,275</u>

### **NOTE 7 - DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources represent the consumption of net assets that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

### **NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable represent fiscal year 2023 expenditures paid after July 1, 2023. Accrued liabilities primarily represents fiscal year 2023 salaries paid after year end.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

### NOTE 9 - NOTES PAYABLE

The Town had the following notes outstanding at June 30, 2023:

Purpose	Interest Rate	Date of Issue	Date of Maturity	Balance at 6/30/23
27 Main St. Purchase	4.00%	06/22/23	06/21/24	\$ 438,167
Cummings House Renovation and Restoration	4.00%	06/22/23	06/21/24	612,634
Elementary Schools Site Renovations	4.00%	06/22/23	06/21/24	<u>161,000</u>
				<u><u>\$ 1,211,801</u></u>

The following summarizes activity in notes payable during fiscal year 2023:

Purpose	Balance Beginning of Year	Paydown	Rollover	Balance End of Year
27 Main St. Purchase	\$ 465,000	\$ (26,833)	\$ (438,167)	\$ --
Cummings House Renovation and Restoration	612,634	--	(612,634)	--
Elementary Schools Site Renovations	336,000	(175,000)	(161,000)	--
27 Main St. Purchase	--	--	438,167	438,167
Cummings House Renovation and Restoration	--	--	612,634	612,634
Elementary Schools Site Renovations	--	--	161,000	161,000
	<u>\$ 1,413,634</u>	<u>\$ (201,833)</u>	<u>\$ --</u>	<u>\$ 1,211,801</u>

### NOTE 10 - UNEARNED REVENUE

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### NOTE 11 - LONG-TERM DEBT

#### *GENERAL OBLIGATION BONDS*

The Town issues general obligation bonds (including direct placements) and direct borrowings to provide funds for the acquisition and construction of major capital facilities and acquisitions. General obligation bonds outstanding were as follows at June 30, 2023. The Town did not have any direct borrowings outstanding as of June 30, 2023.

	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/23
General Obligation Bonds				
Cummings House historic restoration	\$ 245,350	08/01/24	1.25%	\$ 95,000
Elementary schools site planning	163,000	09/01/25	5.00%	120,000
Land acquisition	86,000	10/01/25	1.78%	23,800
Fire station floor drain/tank replacement	102,000	10/01/25	1.79%	28,600
Wood School interior renovations	667,000	10/01/25	1.81%	199,100
Wood School exterior renovations	125,000	10/01/25	1.82%	38,500
Anvil Farm land acquisition	850,000	06/15/26	3.90%	135,000
Haynes land acquisition	1,900,000	06/15/27	3.94%	400,000
Lincoln Hall building renovations	675,000	06/15/27	3.93%	140,000
School remodeling	355,000	09/15/27	1.60%	105,000
Land acquisition	190,000	09/15/27	1.55%	50,000
Fire truck	430,000	09/15/27	1.70%	180,000
Water treatment plant	400,000	09/15/27	1.70%	165,000
Recreational fields	1,050,000	08/01/30	1.56%	750,000
Spofford Pond roof and windows	2,079,650	08/01/37	1.96%	1,725,000
Lockwood lane bridge	280,000	09/01/39	2-5%	260,000
Cumming house CPA	940,000	09/01/41	2-5%	890,000
Cumming house exempt	2,491,000	09/01/41	2-5%	2,365,000
Fire truck pumper tank	660,000	09/01/41	2-5%	625,000
Willow road culvert	510,000	09/01/41	2-5%	480,000
Town hall and library renovations	1,916,000	09/01/41	2-5%	1,815,000
				<u>\$ 10,590,000</u>



# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

### NOTE 11 - LONG-TERM DEBT (CONTINUED)

#### ***FUTURE DEBT SERVICE***

The annual payments to retire all general obligation bonds outstanding as of June 30, 2023 were as follows:

Year	General Obligation Bonds	
	Principal	Interest
2024	\$ 1,045,000	\$ 320,395
2025	1,025,000	276,012
2026	975,000	314,139
2027	795,000	185,504
2028	660,000	160,517
2029	560,000	139,067
2030	560,000	120,183
2031	505,000	102,258
2032	455,000	91,458
2033	455,000	79,800
2034 - 2038	2,255,000	249,799
2039 - 2042	<u>1,300,000</u>	<u>51,200</u>
	<u>\$ 10,590,000</u>	<u>\$ 2,090,332</u>

#### ***CHANGES IN LONG-TERM LIABILITIES***

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

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Bonds payable	\$ 11,950	\$ --	\$ (1,360)	\$ 10,590	\$ (1,045)	\$ 9,545
Unamortized premium	<u>373</u>	<u>--</u>	<u>(67)</u>	<u>306</u>	<u>(67)</u>	<u>239</u>
	12,323	--	(1,427)	10,896	(1,112)	9,784
Compensated absences liability	984	--	(3)	981	(98)	883
Landfill liability	648	--	(61)	587	(68)	519
Net pension liability	12,763	3,417	--	16,180	--	16,180
Net OPEB liability	<u>14,287</u>	<u>574</u>	<u>--</u>	<u>14,861</u>	<u>--</u>	<u>14,861</u>
Total	<u>\$ 41,005</u>	<u>\$ 3,991</u>	<u>\$ (1,491)</u>	<u>\$ 43,505</u>	<u>\$ (1,278)</u>	<u>\$ 42,227</u>

# **TOWN OF BOXFORD, MASSACHUSETTS**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### **NOTE 11 - LONG-TERM DEBT (CONTINUED)**

#### ***LONG-TERM DEBT SUPPORTING GOVERNMENTAL ACTIVITIES***

Bonds issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the General Fund and Community Preservation Fund. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund.

### **NOTE 12 - LANDFILL POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$587,226 reported as landfill postclosure care liability at June 30, 2023 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2023. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

### **NOTE 13 - DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources are the acquisition of net assets that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

#### NOTE 14 - GOVERNMENTAL FUNDS - FUND BALANCES

The Town's fund balances as of June 30, 2023 are as follows:

	General Fund	Community Preservation Fund	ARPA Grant Fund	Community Center Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Permanent funds	\$ --	\$ --	\$ --	\$ --	\$ 5,000	\$ 5,000
Total Nonspendable	--	--	--	--	5,000	5,000
Restricted						
Community preservation funds	--	4,627,861	--	--	--	4,627,861
Special revenue funds:						
School revolving	--	--	--	--	1,032,095	1,032,095
Town revolving	--	--	--	--	234,834	234,834
State grants	--	--	--	--	1,006,818	1,006,818
Federal grants	--	--	--	--	266,162	266,162
Gifts	--	--	--	--	245,823	245,823
Other	--	--	--	--	319,869	319,869
Capital projects funded by borrowing	--	--	--	--	1,383,671	1,383,671
Permanent funds	--	--	--	--	11,487	11,487
Total Restricted	--	4,627,861	--	--	4,500,759	9,128,620
Committed						
Unemployment fund	--	--	--	--	51,921	51,921
Insurance fund	--	--	--	--	55,321	55,321
Library stabilization	20,910	--	--	--	--	20,910
Next year's expenditures:						
Capital	830,651	--	--	--	--	830,651
Other	40,340	--	--	--	--	40,340
Article carryforwards:						
General government	958,235	--	--	--	--	958,235
Public safety	355,388	--	--	--	--	355,388
Education	119,825	--	--	--	--	119,825
Public works	312,686	--	--	--	--	312,686
Health and human services	2,000	--	--	--	--	2,000
Total Committed	2,640,035	--	--	--	107,242	2,747,277
Assigned						
General government	8,070	--	--	--	--	8,070
Public safety	27,824	--	--	--	--	27,824
Education	186,467	--	--	--	--	186,467
Public works	9,785	--	--	--	--	9,785
Health and human services	3,234	--	--	--	--	3,234
Employee benefits	4,336	--	--	--	--	4,336
Petty cash	2,425	--	--	--	--	2,425
Debt service	4,564	--	--	--	--	4,564
Total Assigned	246,705	--	--	--	--	246,705
Unassigned						
General Fund	3,874,775	--	--	--	--	3,874,775
General stabilization	943,727	--	--	--	--	943,727
Special revenue fund deficits	--	--	--	--	(313,361)	(313,361)
Capital project fund deficits	--	--	--	(456,382)	(505,423)	(961,805)
Total Unassigned	4,818,502	--	--	(456,382)	(818,784)	3,543,336
Total Fund Balances	\$ 7,705,242	\$ 4,627,861	\$ --	\$ (456,382)	\$ 3,794,217	\$ 15,670,938

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 14 - GOVERNMENTAL FUNDS - FUND BALANCES (CONTINUED)

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

### NOTE 15 - TRANSFERS

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes.

The following is a summary of interfund transfers for fiscal year 2023:

Governmental Funds	Transfers In	Transfers Out
General Fund	\$ --	\$ 200,000
Community Preservation (Major Fund)	--	25,000
Nonmajor Governmental Funds		
Special revenue funds	15,326	15,326
Capital project funds	175,000	--
Expendable trust funds	50,000	--
Subtotal Nonmajor Governmental Funds	240,326	15,326
Total	\$ 240,326	\$ 240,326

Of the transfers out of the General Fund, \$175,000 was approved to be transferred to capital projects funds per article 16 of the May 2022 Annual Town Meeting, to be used to for the rehabilitation of the Little Red School House at the Harry Lee Cole School in Boxford.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - ESSEX REGIONAL RETIREMENT SYSTEM

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, with respect to employees' retirement funds.

#### *PLAN DESCRIPTION*

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Essex Regional Retirement System (the System), a cost-sharing, multiple-employer, public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages, and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports, which are publicly available at the System's administrative offices at 491 Maple Street, Suite 202, Danvers, Massachusetts 01923-4025. Reports are also available on the System's website at [www.essexregional.com](http://www.essexregional.com).

#### *Participants' Contributions*

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

#### *PLAN DESCRIPTION (CONTINUED)*

##### *Participants' Contributions (Continued)*

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

##### *Participant Retirement Benefits*

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity.

The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 - General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 - Certain specified hazardous duty positions.
- Group 4 - Police officers, firefighters, and other specified hazardous positions.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

#### *PLAN DESCRIPTION (CONTINUED)*

##### *Participant Retirement Benefits (Continued)*

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

##### *Methods of Payment*

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A - Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B - A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member—provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

#### *PLAN DESCRIPTION (CONTINUED)*

##### *Methods of Payment (Continued)*

- Option C - A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

##### *Participant Refunds*

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions.

Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

##### *Employer Contributions*

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2023 was \$1,551,592, which was equal to its annual required contribution.



# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

#### *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the System, and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

#### **PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2023, the Town reported a liability of \$16,180,133 for its proportionate share of the System's total net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension liability was based on an actuarially determined projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2022, the Town's proportion was 3.487%.

For the year ended June 30, 2023, the Town recognized total pension expense of \$1,635,629. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 504	\$ 277,876
Changes of assumptions	882,968	--
Net difference between projected and actual earnings on pension plan investments	1,500,340	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	--	741,766
	<u>\$ 2,383,812</u>	<u>\$ 1,019,642</u>

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

#### PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

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

Year ended June 30	Amount
2024	\$ 96,617
2025	162,421
2026	358,344
2027	<u>746,788</u>
	<u>\$ 1,364,170</u>

#### ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement that was updated to a measurement date of December 31, 2022:

COLA	3% of the first \$16,000
Salary increases	Based on years of service, ranging from 7.5% at 0 years of service decreasing to 3.75% after 5 years of service
Investment rate of return	7.00%

Mortality rates for pre-retirement were based on the RP-2014 Employee Mortality Table projected generationally with Scale MP-2021. Mortality rates for healthy retirees were based on the RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP-2021. Mortality rates for disabled retirees were based on the RP-2014 Healthy Annuitant Mortality Table set forward two years projected generationally with Scale MP-2021.

#### TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

#### *TARGET ALLOCATIONS (CONTINUED)*

These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term investment rate of return assumption are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return Arithmetic Average
Domestic equity	21.20%	7.10%
International developed markets equity	12.20%	6.90%
International merging markets equity	4.70%	9.60%
Core fixed income	13.80%	4.70%
High-yield fixed income	7.00%	3.80%
Private equity	17.70%	10.20%
Real estate	11.20%	5.70%
Timberland	3.20%	7.00%
Hedge funds, PCS	9.00%	6.50%
	<u>100.00%</u>	

#### *DISCOUNT RATE*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions at the current contribution rate and employer contributions at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 16 - ESSEX REGIONAL RETIREMENT SYSTEM (CONTINUED)

#### SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
\$ 20,553,493	\$ 16,180,133	\$ 12,507,989

#### *PENSION PLAN FIDUCIARY NET POSITION*

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial report.

### NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

#### *PLAN DESCRIPTION*

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer, defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts' reporting entity and does not issue a stand-alone audited financial report.

# **TOWN OF BOXFORD, MASSACHUSETTS**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### **NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)**

#### ***PLAN DESCRIPTION (CONTINUED)***

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

#### ***BENEFITS PROVIDED***

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establish uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *CONTRIBUTIONS*

Member contributions for MTRS vary depending on the most recent date of membership:

Membership Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

#### *ACTUARIAL ASSUMPTIONS*

The net pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. This valuation used the following assumptions:

- (a) 7.00% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012-2020.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *ACTUARIAL ASSUMPTIONS (CONTINUED)*

- Mortality rates were as follows:
  - Pre-retirement - reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
  - Post-retirement - reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
  - Disability - assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

#### *TARGET ALLOCATION*

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 return are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timber/natural resources	4.00%	3.90%
	<u>100.00%</u>	

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *DISCOUNT RATE*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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 illustrates the sensitivity of the collective net pension liability to changes in the discount rate.

In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease to 6.00%	Current Discount Rate 7.00%	1% Increase to 8.00%
\$ 32,734,080	\$ 25,888,138	\$ 20,094,302

#### *SPECIAL FUNDING SITUATION*

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.



# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 17 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

#### *TOWN PROPORTIONS*

In fiscal year 2022 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$23,571,339 based on a proportionate share of 0.091051%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$1,916,257 as both a revenue and expenditure on the statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$1,938,973 as both a revenue and expense on the Statement of Activities.

### NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2012, the Town established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2023.

#### **GENERAL INFORMATION ABOUT THE OPEB PLAN**

##### *Plan Description*

The Town provides post-employment healthcare insurance benefits for retired employees through the Town's plan. The Town provides health insurance coverage through BlueCross BlueShield. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

#### *GENERAL INFORMATION ABOUT THE OPEB PLAN (CONTINUED)*

##### *Benefits Provided*

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

##### *Funding Policy*

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget limitations/authorizations.

##### *Plan Membership*

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	151
Active employees	<u>181</u>
	<u><u>332</u></u>

#### *INVESTMENTS*

The OPEB Trust Fund's assets at June 30, 2023 consisted of investments in an external investment pool held in the State Retirees Benefits Trust Fund.

##### *Rate of Return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

#### *ACTUARIAL ASSUMPTIONS AND OTHER INPUTS*

The net OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% as of June 30, 2023 and for future periods
Salary increases	3%, annually as of June 30, 2023 and for future periods
Investment rate of return	6.30%, net of OPEB plan investment expense
Municipal bond rate	4.13%
Discount rate	6.28% (previously 6.40%)
Healthcare cost trend rates	6.50% for 2023, fluctuating 0% to an ultimate rate of 3.63% in future years
Retirees' share of benefit-related costs	50% for premiums for the Medex 2 plan, 34% for Managed Blue for Seniors plan, and 21% for all other individual plans
Participation rate	80% of employees eligible to receive retirement benefits would enroll in the retiree medical plans

Mortality rates for pre-retirement were based on RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Mortality rates for post-retirement were based on RP-2014 Mortality Table for Blue Collar Healthy Annuityants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Mortality rates for disabled were based on RP-2014 Mortality Table for Blue Collar Healthy Annuityants projected generationally with scale MP-2016 for males and females.

The actuarial assumptions used in the valuation were based on the results of the latest experience study of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

#### *TARGET ALLOCATIONS*

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

#### *TARGET ALLOCATIONS (CONTINUED)*

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table.

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

#### *CONTRIBUTIONS*

In addition to the implicit subsidy contribution, the Town is expected to contribute \$250,000 annually beyond pay-as-you-go costs.

#### *DISCOUNT RATE*

The discount rate used to measure the net OPEB liability was 6.28%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on the combination of the investment rate of return of 6.30% through fiscal year 2089 and municipal bond rate of 4.13% thereafter.

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2023**

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### NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

#### ***NET OPEB LIABILITY***

The components of the net OPEB liability, measured as of June 30, 2023, were as follows:

Total OPEB liability	\$ 19,847,737
Plan fiduciary net position	<u>4,986,331</u>
Net OPEB Liability	<u><u>\$ 14,861,406</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	25.12%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

#### ***CHANGES IN THE NET OPEB LIABILITY***

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	<u>\$ 18,704,813</u>	<u>\$ 4,417,840</u>	<u>\$ 14,286,973</u>
Changes for the year:			
Service cost	432,836	--	432,836
Interest	1,201,619	--	1,201,619
Contributions - employer	--	1,036,134	(1,036,134)
Net investment income	--	268,491	(268,491)
Changes in assumptions	244,603	--	244,603
Benefit payments	<u>(736,134)</u>	<u>(736,134)</u>	<u>--</u>
Net Changes	<u>1,142,924</u>	<u>568,491</u>	<u>574,433</u>
Balances, End of Year	<u><u>\$ 19,847,737</u></u>	<u><u>\$ 4,986,331</u></u>	<u><u>\$ 14,861,406</u></u>

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

#### *CHANGES IN THE NET OPEB LIABILITY (CONTINUED)*

Changes in assumptions reflect a change in the discount rate from 6.40% in 2022 to 6.28% in 2023.

#### *SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
\$ 17,558,270	\$ 14,861,406	\$ 12,648,568

#### *SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES*

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (5.50%)	Current Healthcare Cost Trend Rates (6.50%)	1% Increase (7.50%)
\$ 12,422,778	\$ 14,861,406	\$ 17,847,469

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 18 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

#### *OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB*

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$2,131,834.

At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ 485,970
Change in assumptions	2,704,926	--
Net difference between projected and actual OPEB	<u>35,479</u>	<u>--</u>
	<u>\$ 2,740,405</u>	<u>\$ 485,970</u>

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

Year Ended June 30	Amount
2024	\$ 785,588
2025	676,699
2026	738,381
2027	<u>53,767</u>
	<u>\$ 2,254,435</u>

### NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 8, 2024, which is the date the financial statements were available to be issued.

The Town purchased land in July of 2023 for \$1,450,000. The Town intends to use this land to further its community preservation efforts.

# **TOWN OF BOXFORD, MASSACHUSETTS**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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### **NOTE 20 - COMMITMENTS AND CONTINGENCIES**

#### ***OUTSTANDING LEGAL ISSUES***

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

#### ***GRANTS***

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

#### ***ENCUMBRANCES***

At year-end the Town's General Fund had \$239,716 in encumbrances that will be honored in the next fiscal year.

### **NOTE 21 - NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)*, effective for the Town for the fiscal year ending June 30, 2024. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections. Management is currently evaluating the impact of implementing this GASB pronouncement.



# TOWN OF BOXFORD, MASSACHUSETTS

## REQUIRED SUPPLEMENTARY INFORMATION GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
	Budget	Budget	(Budgetary	Positive
			Basis)	(Negative)
<b>Revenues</b>				
Property taxes	\$ 32,836,698	\$ 32,836,698	\$ 32,805,668	\$ (31,030)
Excises	1,580,000	1,580,000	1,704,700	124,700
Penalties, interest, and other taxes	80,000	80,000	84,155	4,155
Charges for services	340,000	340,000	422,177	82,177
Intergovernmental	2,660,268	2,660,268	2,659,162	(1,106)
Licenses and permits	420,000	420,000	564,371	144,371
Fines and forfeitures	20,000	20,000	238,722	218,722
Investment income	60,000	60,000	420,867	360,867
Miscellaneous	183,169	183,169	67,240	(115,929)
<b>Total Revenues</b>	<u>38,180,135</u>	<u>38,180,135</u>	<u>38,967,062</u>	<u>786,927</u>
<b>Expenditures</b>				
General government	2,936,043	2,936,043	2,874,798	61,245
Public safety	3,693,797	3,693,797	3,611,325	82,472
Education	25,384,166	25,384,166	25,375,735	8,431
Public works	2,871,416	2,871,416	3,101,592	(230,176)
Health and human services	396,668	396,668	386,396	10,272
Culture and recreation	525,450	525,450	519,735	5,715
Employee benefits	3,054,788	3,054,788	2,993,278	61,510
Debt service	1,340,118	1,340,118	1,336,033	4,085
Intergovernmental	184,507	184,507	185,386	(879)
Prior year encumbrances	180,815	180,815	155,793	25,022
Prior year snow and ice deficit	200,000	200,000	200,000	--
<b>Total Expenditures</b>	<u>40,767,768</u>	<u>40,767,768</u>	<u>40,740,071</u>	<u>27,697</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,587,633)</u>	<u>(2,587,633)</u>	<u>(1,773,009)</u>	<u>814,624</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(325,000)	(325,000)	(325,000)	--
Use of prior year fund balance (carryforwards)	1,475,490	1,475,490	1,475,490	--
Use of free cash:				
Operating budget	1,435,009	1,435,009	1,435,009	--
Debt service	2,134	2,134	2,134	--
<b>Total Other Financing Sources (Uses)</b>	<u>2,587,633</u>	<u>2,587,633</u>	<u>2,587,633</u>	<u>--</u>
<b>Excess of Revenues and Other Sources</b>				
<b>Over Expenditures and Other Uses</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 814,624</u>	<u>\$ 814,624</u>

*See independent auditors' report and notes to required supplementary information.*

# TOWN OF BOXFORD, MASSACHUSETTS

## REQUIRED SUPPLEMENTARY INFORMATION COMMUNITY PRESERVATION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
	Budget	Budget	(Budgetary	Positive
			Basis)	(Negative)
<b>Revenues</b>				
Property taxes	\$ 817,880	\$ 817,880	\$ 839,787	\$ 21,907
Penalties and interest	--	--	1,079	1,079
Intergovernmental	442,833	442,833	442,833	--
Investment income	--	--	186,293	186,293
<b>Total Revenues</b>	<u>1,260,713</u>	<u>1,260,713</u>	<u>1,469,992</u>	<u>209,279</u>
<b>Expenditures</b>				
General government	2,060,097	2,060,097	1,855,402	204,695
Debt service	539,715	539,715	539,322	393
<b>Total Expenditures</b>	<u>2,599,812</u>	<u>2,599,812</u>	<u>2,394,724</u>	<u>205,088</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,339,099)</u>	<u>(1,339,099)</u>	<u>(924,732)</u>	<u>414,367</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(25,000)	(25,000)	(25,000)	--
Use of surplus	1,822,200	1,822,200	1,822,200	--
Use of prior year fund balance (carryforwards)	199,503	199,503	199,503	--
Reservations:				
Community housing	(126,788)	(126,788)	(126,788)	--
Budget reserve	(530,000)	(530,000)	(530,000)	--
Other use	(816)	(816)	(816)	--
<b>Total Other Financing Sources (Uses)</b>	<u>1,339,099</u>	<u>1,339,099</u>	<u>1,339,099</u>	<u>--</u>
<b>Excess of Revenues and Other Sources</b>				
<b>Over Expenditures and Other Uses</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 414,367</u>	<u>\$ 414,367</u>

*See independent auditors' report and notes to required supplementary information.*

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR GENERAL FUND AND COMMUNITY PRESERVATION FUND BUDGETS

FOR THE YEAR ENDED JUNE 30, 2023

### ***BUDGETARY BASIS***

The General Fund and Community Preservation fund final appropriation appearing on the previous pages represents the final amended budgets after all reserve fund transfers and supplemental appropriations.

### ***BUDGET/GAAP RECONCILIATION***

The budgetary data is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund and the Community Preservation Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

General Fund	Revenues	Expenditures	Other Financing Sources/(Uses)
GAAP Basis	\$ 40,921,212	\$ 40,593,478	\$ (200,000)
To reverse unbudgeted GASB 24 Massachusetts Teacher Retirement System	(1,916,257)	(1,916,257)	--
Current year carryforwards and continuing appropriations	--	1,987,850	--
Record budgeted use of free cash	--	--	1,437,143
To record use of carryforwards	--	--	1,475,490
Record raising of prior year's snow and ice deficit	--	200,000	--
Reverse effects of combining General Fund and stabilization fund (GASB 54)	(37,893)	--	--
Reclassification of budgeted transfers	--	(125,000)	(125,000)
<b>Budgetary Basis</b>	<u>\$ 38,967,062</u>	<u>\$ 40,740,071</u>	<u>\$ 2,587,633</u>

# TOWN OF BOXFORD, MASSACHUSETTS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR GENERAL FUND AND COMMUNITY PRESERVATION FUND BUDGETS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

Community Preservation Fund	Revenues	Expenditures	Other Financing Sources/(Uses)
GAAP basis	\$ 1,469,992	\$ 716,399	\$ (25,000)
Reverse beginning of year appropriation carryforwards from expenditures	--	(199,503)	--
Add end of year appropriation carryforwards to expenditures	--	1,877,828	199,503
Record budgeted use of surplus	--	--	1,822,200
Record budgeted reserves	--	--	(657,604)
<b>Budgetary Basis</b>	<u>\$ 1,469,992</u>	<u>\$ 2,394,724</u>	<u>\$ 1,339,099</u>

# TOWN OF BOXFORD, MASSACHUSETTS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)

### Essex Regional Retirement System

Fiscal Year	Measurement Date	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 Percentage of the Total Pension Liability
June 30, 2023	December 31, 2022	3.487%	\$ 16,180,133	\$ 5,584,749	289.72%	57.57%
June 30, 2022	December 31, 2021	3.675%	12,762,825	4,945,967	258.05%	67.01%
June 30, 2021	December 31, 2020	3.686%	14,629,494	6,065,303	241.20%	59.73%
June 30, 2020	December 31, 2019	3.729%	15,710,208	5,832,314	269.36%	55.46%
June 30, 2019	December 31, 2018	3.797%	16,041,666	4,930,080	325.38%	51.89%
June 30, 2018	December 31, 2017	3.692%	13,895,133	4,727,147	293.94%	55.40%
June 30, 2017	December 31, 2016	3.658%	14,092,733	4,787,031	294.39%	51.12%
June 30, 2016	December 31, 2015	3.663%	13,307,669	5,080,198	261.95%	51.01%
June 30, 2015	December 31, 2014	3.652%	12,389,026	4,880,552	253.84%	52.27%

### Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	June 30, 2022	0.091000%	\$ --	\$ 23,571,339	\$ 23,571,339	\$ 9,123,303	0.00%	57.75%
June 30, 2022	June 30, 2021	0.092165%	--	20,927,720	20,927,720	8,297,688	0.00%	62.03%
June 30, 2021	June 30, 2020	0.092453%	--	26,390,483	26,390,483	7,562,572	0.00%	50.67%
June 30, 2020	June 30, 2019	0.091337%	--	23,029,746	23,029,746	7,159,323	0.00%	53.95%
June 30, 2019	June 30, 2018	0.092036%	--	21,822,869	21,822,869	6,765,909	0.00%	54.84%
June 30, 2018	June 30, 2017	0.093014%	--	21,286,632	21,286,632	6,518,035	0.00%	54.25%
June 30, 2017	June 30, 2016	0.095524%	--	21,357,123	21,357,123	6,226,940	0.00%	51.12%
June 30, 2016	June 30, 2015	0.094803%	--	19,424,725	19,424,725	6,066,283	0.00%	55.38%
June 30, 2015	June 30, 2014	0.092382%	--	14,685,326	14,685,326	5,664,397	0.00%	61.64%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

*See independent auditors' report.*

# TOWN OF BOXFORD, MASSACHUSETTS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)

<b>Essex Regional Retirement System</b>								
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll		
June 30, 2023	December 31, 2022	\$ 1,551,592	\$ 1,551,592	\$ --	\$ 6,701,460	23.15%		
June 30, 2022	December 31, 2021	1,523,087	1,523,087	--	6,383,204	23.86%		
June 30, 2021	December 31, 2020	1,423,044	1,423,044	--	6,145,866	23.15%		
June 30, 2020	December 31, 2019	1,339,233	1,339,233	--	5,936,173	22.56%		
June 30, 2019	December 31, 2018	1,293,521	1,293,521	--	5,985,851	21.61%		
June 30, 2018	December 31, 2017	1,171,226	1,171,226	--	5,560,961	21.06%		
June 30, 2017	December 31, 2016	1,059,806	1,059,806	--	5,647,351	18.77%		
June 30, 2016	December 31, 2015	1,006,232	1,006,232	--	5,251,619	19.16%		
June 30, 2015	December 31, 2014	936,588	936,588	--	4,610,822	20.31%		
<b>Massachusetts Teachers' Retirement System</b>								
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll		
June 30, 2023	June 30, 2022	\$ 1,916,257	\$ 1,916,257	\$ --	\$ 9,191,136	20.85%		
June 30, 2022	June 30, 2021	1,611,484	1,611,484	--	9,123,303	17.66%		
June 30, 2021	June 30, 2020	1,436,191	1,436,191	--	8,297,688	17.31%		
June 30, 2020	June 30, 2019	1,318,642	1,318,642	--	7,562,572	17.44%		
June 30, 2019	June 30, 2018	1,210,071	1,210,071	--	7,159,323	16.90%		
June 30, 2018	June 30, 2017	1,149,203	1,149,203	--	6,765,909	16.99%		
June 30, 2017	June 30, 2016	1,074,243	1,074,243	--	6,518,035	16.48%		
June 30, 2016	June 30, 2015	968,817	968,817	--	6,226,940	15.56%		
June 30, 2015	June 30, 2014	865,967	865,967	--	6,066,283	14.28%		

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

*See independent auditors' report.*

# TOWN OF BOXFORD, MASSACHUSETTS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (UNAUDITED)

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 432,836	\$ 332,587	\$ 299,406	\$ 286,453	\$ 316,568	\$ 297,469	\$ 314,494
Interest	1,201,619	1,025,753	995,801	929,803	895,274	758,436	655,663
Differences between expected and actual experience	--	(649,878)	--	(442,134)	--	1,894,235	--
Changes of assumptions	244,603	3,549,876	441,137	907,664	--	(369,560)	--
Benefit payments, including refunds of member contributions	<u>(736,134)</u>	<u>(821,153)</u>	<u>(776,946)</u>	<u>(727,697)</u>	<u>(650,522)</u>	<u>(639,372)</u>	<u>(497,053)</u>
<b>Net Change in Total OPEB Liability</b>	1,142,924	3,437,185	959,398	954,089	561,320	1,941,208	473,104
<b>Total OPEB Liability - Beginning</b>	<u>18,704,813</u>	<u>15,267,628</u>	<u>14,308,230</u>	<u>13,354,141</u>	<u>12,792,821</u>	<u>10,851,613</u>	<u>10,378,509</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>19,847,737</u>	<u>18,704,813</u>	<u>15,267,628</u>	<u>14,308,230</u>	<u>13,354,141</u>	<u>12,792,821</u>	<u>10,851,613</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	1,036,134	1,121,153	1,076,946	1,027,697	1,000,522	989,372	797,053
Net investment income (loss)	268,491	(174,806)	958,102	58,867	143,244	173,023	187,870
Benefit payments, including refunds of member contributions	<u>(736,134)</u>	<u>(821,153)</u>	<u>(776,946)</u>	<u>(727,697)</u>	<u>(650,522)</u>	<u>(639,372)</u>	<u>(497,053)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	568,491	125,194	1,258,102	358,867	493,244	523,023	487,870
<b>Plan Fiduciary Net Position - Beginning</b>	<u>4,417,840</u>	<u>4,292,646</u>	<u>3,034,544</u>	<u>2,675,677</u>	<u>2,182,433</u>	<u>1,659,410</u>	<u>1,171,540</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>4,986,331</u>	<u>4,417,840</u>	<u>4,292,646</u>	<u>3,034,544</u>	<u>2,675,677</u>	<u>2,182,433</u>	<u>1,659,410</u>
<b>Net OPEB Liability (Asset) - Ending (a-b)</b>	<u>\$ 14,861,406</u>	<u>\$ 14,286,973</u>	<u>\$ 10,974,982</u>	<u>\$ 11,273,686</u>	<u>\$ 10,678,464</u>	<u>\$ 10,610,388</u>	<u>\$ 9,192,203</u>

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

*See independent auditors' report.*

# TOWN OF BOXFORD, MASSACHUSETTS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (UNAUDITED)

	2023	2022	2021	2020	2019	2018	2017
<b>Schedule of Net OPEB Liability</b>							
Total OPEB liability	\$ 19,847,737	\$ 18,704,813	\$ 15,267,628	\$ 14,308,230	\$ 13,354,141	\$ 12,792,821	\$ 10,851,613
Plan fiduciary net position	<u>4,986,331</u>	<u>4,417,840</u>	<u>4,292,646</u>	<u>3,034,544</u>	<u>2,675,677</u>	<u>2,182,433</u>	<u>1,659,410</u>
<b>Net OPEB Liability (Asset)</b>	<u>\$ 14,861,406</u>	<u>\$ 14,286,973</u>	<u>\$ 10,974,982</u>	<u>\$ 11,273,686</u>	<u>\$ 10,678,464</u>	<u>\$ 10,610,388</u>	<u>\$ 9,192,203</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	25.12%	23.62%	28.12%	21.21%	20.04%	17.06%	15.29%
<b>Covered Employee Payroll</b>	\$ 14,175,550	\$ 13,762,670	\$ 12,130,527	\$ 11,777,211	\$ 10,980,482	\$ 10,660,662	\$ 11,605,943
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	104.84%	103.81%	90.47%	95.72%	97.25%	99.53%	79.20%
	2023	2022	2021	2020	2019	2018	2017
<b>Schedule of Contributions</b>							
Actuarially determined contribution*	\$ 1,185,283	\$ 1,065,932	\$ 885,368	\$ 1,135,524	\$ 1,120,810	\$ 989,774	\$ 992,163
Contributions in relation to the actuarially determined contribution	<u>1,036,134</u>	<u>1,121,153</u>	<u>1,076,946</u>	<u>1,027,697</u>	<u>1,000,522</u>	<u>989,372</u>	<u>797,053</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ 149,149</u>	<u>\$ (55,221)</u>	<u>\$ (191,578)</u>	<u>\$ 107,827</u>	<u>\$ 120,288</u>	<u>\$ 402</u>	<u>\$ 195,110</u>
<b>Covered Employee Payroll</b>	\$ 14,175,550	\$ 13,762,670	\$ 12,130,527	\$ 11,777,211	\$ 10,980,482	\$ 10,660,662	\$ 11,605,943
<b>Contributions as a Percentage of Covered Employee Payroll</b>	7.31%	8.15%	8.88%	8.73%	9.11%	9.28%	6.87%
	2023	2022	2021	2020	2019	2018	2017
<b>Schedule of Investment Returns</b>							
Annual money weighted rate of return, net of investment expense	5.79%	-3.85%	29.70%	2.03%	5.72%	9.02%	13.49%

\*Based on a 30-year funding schedule.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

***See independent auditors' report on supplementary information.***



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Select Board  
**Town of Boxford, Massachusetts**

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Boxford, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 8, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Andover, MA  
February 8, 2024