



Town of Concord
Concord Financial Audit Advisory Committee
AGENDA

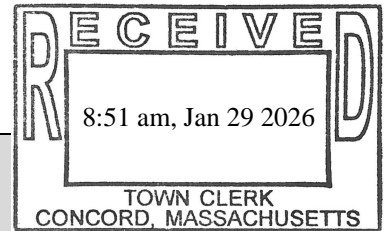
February 11, 2026, at 1:00 PM
Town House, 22 Monument Sq., 2nd Fl. Select Board Conf. Room.

Notice of public meeting as required by M.G.L. Chpt.30A §18-28

HYBRID IN-PERSON AND VIRTUAL MEETING VIA ZOOM

Join the meeting: <https://concordma.zoom.us/j/83346566605>

Meeting ID: 833 4656 6605 Dial in: 646 558 8656



*Please be advised that this open meeting is being broadcast live via Zoom and MMN and recorded for playback online, video-on-demand viewing at <https://concordma.gov/2409/Government>. The listings of matters are those reasonably anticipated by the Chair 48 hours before said meeting, which may be discussed at the meeting. Not all items listed may be addressed. Items may be taken out of order and at times differ from those listed below. Other items not listed may also be brought up for discussion to the extent permitted by law. **Video or call will be muted upon joining meeting please use the "raise your hand" feature in the zoom meeting to ask to speak. ATTENDEES ARE REMINDED THAT BY ATTENDING THIS MEETING THAT YOU CONSENT TO YOUR LIKENESS AND AUDIO BEING USED AND REBROADCAST BY MMN.***

1:00 PM	1. Call to Order and Introductions
1:05 PM	2. Public Comment Public Comment is limited to up to 10 minutes, with no more than 3 minutes allocated to any one speaker. Public Comment is limited to items that are not on the agenda.
1:15 PM	3. Minutes <ul style="list-style-type: none">• Approve the minutes of November 6, 2024
1:20 PM	4. FY24 Town Audit & Management Letter <ul style="list-style-type: none">• FY24 Town Audit - Presentation and review of the final audit and review of the management letter.• Discuss additional issues and recommendations for the summary report to the Select Board
2:15 PM	5. Audit Review Schedule and Auditor Discussion <ul style="list-style-type: none">• FY24 Concord-Carlisle Regional School District Audit• CY24 Concord Municipal Light Plant Audit• FY25 Town Audit
2:25 PM	6. Other Business <ul style="list-style-type: none">• Set date for next meeting – February 26, 2026• Any other business
2:30 PM	7. Adjournment



Town of Concord
Financial Audit Advisory Committee
AGENDA ACTION REQUEST
February 11, 2026

1

Call to Order

Introduction of members, staff and guests

Requested by: FAAC Chair

Action Sought: Open Meeting

Proposed Motion(s)

MOVE to call the meeting to order. [roll call if any member is remote]

Additional Information

Members of the Financial Audit Advisory Committee are:

- Court Booth, At-large member (term exp. 5/31/27)
- Bruce Button, At-large member (term exp. 5/31/26)
- Breht Feigh, At-large member (term exp. 5/31/28)
- Wendy Rovelli, Select Board Representative, Chair FAAC (term exp. 5/31/26)
- Sandeep Pisharody, School Committee Representative (term exp. 5/31/26)
- Bianca Taylor, CMLB Representative (term exp. 5/31/26)
- Brian Waterson, CCRSC Representative (term exp. 5/31/26)

Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>



Town of Concord
Financial Audit Advisory Committee
AGENDA ACTION REQUEST
February 11, 2026

3

Minutes

Approve the minutes of November 6, 2024

Requested by: FAAC Chair

Action Sought: Approval

Proposed Motion(s)

MOVE to approve the minutes from the November 6th, 2024 meeting

Additional Information

Attached is a copy of the minutes of the November 6th, 2024 meeting for the committee to amend/approve as necessary.

Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>

**Financial Audit Advisory Committee
Meeting Minutes on November 6, 2024**

The Financial Audit Advisory Committee (FAAC) met on November 6, 2024, at 8:30 AM Hybrid In-Person and Virtual Meeting via ZOOM. Notice of the meeting was duly filed with the Town Clerk, Town of Concord, Massachusetts, and the meeting was recorded.

Members present: Wendy Rovelli, Select Board Representative; John Flaherty, At-Large member, Cynthia Rainey, School Committee; Bruce Button, At-Large Member; Brian Waterson, CCRSC Representative.

Others present: Anthony Ansaldi, Chief Financial Officer, Jason Bulger, Director Concord Municipal Light Plant, Richard Delorey, Town Accountant; Colleen Rhinhart, Deputy Treasurer/Collector; Karlen Reed, Finance Committee Liaison, Scott McIntire of Marcum LLP.

1. Call to Order and Introductions

Ms. Rovelli called the meeting to order at 8:33 am and noted that Bianca Taylor and Court Booth were unable to attend the meeting.

2. Public Comment

None.

3. Minutes

On a motion made by Mr. Waterstone and seconded by Ms. Rainey, the minutes of August 15, 2024 were unanimously approved.

On a motion made by Mr. Flaherty and seconded by Ms. Rainey, the minutes of September 18, 2024 were unanimously approved.

4. Concord Carlisle Regional School District (CCRSD) Audit Letter

Ms. Rovelli briefly reviewed the FAAC audit letter to the Concord-Carlisle Regional School Committee which follows the structure and format of the letter sent to the Select Board, with the exception that there were no items needing highlighting given the absence of a management letter from the auditor. Mr. Waterstone recommended reversing the order of the two paragraphs included under "Reporting Structure". The committee was in agreement with the recommended change, and following a motion, the committee approved the document which will be forward to the regional school committee.

5. CY23 Concord Municipal Light Plan (CMLP) Audit

Mr. McIntire of Marcum led the discussion of the CMLP Audit. He started with the Governance Letter, which identifies that the audit follows generally accepted auditing standards, government auditing

standards and OMB, office management and budget uniform guidance. He reviewed the audit scope timing and identified the following significant risks of material statement as part of our audit planning: Management Override Controls and Improper Revenue Recognition. These are standards based on the auditing standards. He further noted that no new accounting policies were adopted and the application of existing policies had not changed during 2023. The audit process did look at the assumptions associated with significant estimates which were included in the financial statements, including those for: estimated lives and depreciation methods for depreciable assets, Net pension liability and Net OPEB liability. The auditors did not encounter any significant difficulties in dealing with management in performing and completing the audit. Based on the US generally accepted auditing standards the financial statements fairly represent the financial position and cash flows of the CMLP as of 12/31/23.

Review of the financials started with the Statement of Net Position, representing the equivalent of a balance sheet for the consolidation of CMLP and Broadband activities. Net position increased by \$3,376,546. This change resulted primarily from a reduction in Operating Expenses of \$2,060,791 and a net increase in Non-Operating revenue of \$649,497. Energy pricing had a large impact on purchase power expenses. In response to a question about net pension assets, Mr. McIntire pointed out that in 2022 investment returns resulted in a net asset and an associated net pension liability of \$0. At December 31, 2023, the Plant reported a liability of \$3,535,807 related to its proportionate share of the net pension liability, which represents 11.3% of the Concord Contributory Retirement System. 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, 2023. The amount reported as deferred outflows of resources related to pension results from contributions subsequent to the measurement date. The majority of the deferred outflows related to pension (\$3,459,557) was due to an increase in actual earnings in pensions reserves (\$1,931,564).

The net OPEB liability was based upon an actuarial valuation as of June 30, 2023. There were no changes in plan assumption. The net pension liability of \$1,117,578 was reduced by \$1,011,623 resulting primarily from employer contributions, interest and investment income. The total OPEB liability is approximately 64% funded.

The statement of Cash Flow is important in understanding the Enterprises ability to cover principal and interest – the net change in cash and short-term investments was \$1,558,641, with a year end total balance of \$17,015,646. As of December 31, 2023, total bonded debt was \$2,090,000 (exclusive of unamortized bond premium).

A breakdown of CMLP vs. Broadband activities is provided starting on page 45. The majority of assets, accumulated depreciation and liabilities are associated with the light plant. Broadband does have an accumulated liability for the repayment of borrowed funds from the light plan totaling \$1,750,000. Broadband had an increase in Net Position of \$303,872, totaling \$903,731 by year end. It was also noted that only CMLP contributes a PILOT (payment in lieu of taxes) payment to the town as the formula is currently based on CMLP revenues.

6. Other Business

Committee members discussed preferred meeting times. The next meeting will be scheduled based on timing and availability of the FY2024 Town audit information.

6. Adjournment

Ms. Rovelli adjourned the meeting at 9:20 am.

DRAFT



Town of Concord
Financial Audit Advisory Committee
AGENDA ACTION REQUEST
February 11, 2026

4

FY24 Town Audit & Management Letter

Presentation of the Town FY24 Audit Results

Requested by: FAAC Chair

Action Sought: Discussion

Proposed Motion(s)

Discussion dependent

Additional Information

The Town's audit firm of CBIZ (formerly Marcum, LLP, formerly Melanson) will present the results of the FY24 Town audit to the FAAC.

Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>

TOWN OF CONCORD, MASSACHUSETTS

Financial Statements



For the Year Ended June 30, 2024

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CBIZ CPAs P.C.

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Independent Auditors' Report

To the Honorable Select Board
Town of Concord, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Concord, Massachusetts (the "Town"), as of and for the year ended June 30, 2024, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant, which are as of and for the year ended December 31, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Concord, Massachusetts, as of June 30, 2024, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant, which are as of December 31, 2023), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Concord Municipal Light Plant, which represents 45.3% and 73.9% of the assets and deferred outflows of resources and revenues, respectively, of the business-type activities. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for this entity, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Concord Contributory Retirement System and Concord Municipal Light Plant were not audited in accordance with *Government Auditing Standards*. 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 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Boston, MA
November 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Concord, 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, 2024.

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 and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being 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).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, and interest on long-term debt. The business-type activities include water, sewer, electric, and swim & fitness services.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Reconciliations are provided to facilitate this comparison between governmental funds and governmental activities.

The Town maintains twenty-four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Projects Fund, and Town Federal Grants Fund which are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water, sewer, and electric, which are considered to be major funds, and swim & fitness which is a nonmajor fund.

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 and Other 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, and other supplementary information.

Financial Highlights

As of the close of the current fiscal year, net position in governmental activities was \$184,416,938, a change of \$12,392,370, and net position in business-type activities was \$123,632,280 a change of \$5,417,501.

As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$81,998,543, a change of \$(45,360,683) in comparison to the prior year.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,982,660, a change of \$4,997,253 in comparison to the prior year.

Government-Wide Financial Analysis

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

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 104,075,802	\$ 144,454,303	\$ 62,371,385	\$ 60,005,958	\$ 166,447,187	\$ 204,460,261
Capital assets	<u>227,946,241</u>	<u>179,015,710</u>	<u>91,693,385</u>	<u>90,699,563</u>	<u>319,639,626</u>	<u>269,715,273</u>
Total assets	332,022,043	323,470,013	154,064,770	150,705,521	486,086,813	474,175,534
Deferred outflows of resources	13,820,695	20,689,461	4,833,111	4,102,550	18,653,806	24,792,011
Long-term liabilities	125,226,581	143,116,724	18,722,867	19,146,517	143,949,448	162,263,241
Other liabilities	<u>23,847,561</u>	<u>13,550,286</u>	<u>12,900,886</u>	<u>11,692,752</u>	<u>36,748,447</u>	<u>25,243,038</u>
Total liabilities	149,074,142	156,667,010	31,623,753	30,839,269	180,697,895	187,506,279
Deferred inflows of resources	12,351,658	15,467,896	3,641,848	5,754,023	15,993,506	21,221,919
Net investment in capital assets	150,790,007	148,219,404	81,865,092	80,238,493	232,655,099	228,457,897
Restricted	39,440,582	35,656,313	12,100,694	13,249,068	51,541,276	48,905,381
Unrestricted	<u>(5,813,651)</u>	<u>(11,851,149)</u>	<u>29,666,494</u>	<u>24,727,218</u>	<u>23,852,843</u>	<u>12,876,069</u>
Total net position	\$ <u>184,416,938</u>	\$ <u>172,024,568</u>	\$ <u>123,632,280</u>	\$ <u>118,214,779</u>	\$ <u>308,049,218</u>	\$ <u>290,239,347</u>

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 \$308,049,218, a change of \$17,809,871 in comparison to the prior year.

The largest portion of net position, \$232,655,099 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, 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.

An additional portion of net position, \$51,541,276, represents resources that are subject to external restrictions on how they may be used. Components include:

- Restricted grants and other statutory restrictions, \$41,667,186.
- Nonexpendable and expendable permanent funds \$9,874,090.

The remaining balance of unrestricted net position results in a surplus of \$23,852,843 primarily resulting from surpluses in enterprise funds softened by a deficit in governmental funds due to unfunded pension and OPEB liabilities.

The following is a summary of condensed government-wide statement of changes in net position financial data for the current and prior fiscal year:

	CHANGE IN NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 9,968,960	\$ 9,550,210	\$ 46,660,812	\$ 48,324,738	\$ 56,629,772	\$ 57,874,948
Operating grants and contributions	18,595,602	19,425,411	-	-	18,595,602	19,425,411
Capital grants and contributions	266,139	489,975	216,173	255,159	482,312	745,134
General revenues:						
Property taxes	114,424,218	106,683,474	-	-	114,424,218	106,683,474
Excises	5,421,063	5,021,560	-	-	5,421,063	5,021,560
Penalties, interest, and other taxes	340,060	303,614	-	-	340,060	303,614
Grants and contributions not restricted to specific programs	2,682,645	2,233,912	-	-	2,682,645	2,233,912
Investment income (loss)	5,007,907	4,252,372	2,043,005	940,464	7,050,912	5,192,836
Miscellaneous	725,665	390,376	434,763	359,831	1,160,428	750,207
Total Revenues	157,432,259	148,350,904	49,354,753	49,880,192	206,787,012	198,231,096
Expenses						
General government	15,813,907	13,649,724	-	-	15,813,907	13,649,724
Public safety	14,938,622	16,633,010	-	-	14,938,622	16,633,010
Education	93,295,484	89,376,096	-	-	93,295,484	89,376,096
Public works	10,109,941	9,989,296	-	-	10,109,941	9,989,296
Health and human services	1,750,183	1,228,319	-	-	1,750,183	1,228,319
Culture and recreation	6,314,360	6,174,226	-	-	6,314,360	6,174,226
Interest on long-term debt	3,178,515	1,292,629	-	-	3,178,515	1,292,629
Water services	-	-	5,169,821	4,868,211	5,169,821	4,868,211
Sewer services	-	-	3,403,849	2,690,313	3,403,849	2,690,313
Electric services	-	-	32,704,603	34,800,086	32,704,603	34,800,086
Swim & fitness services	-	-	2,379,356	2,041,905	2,379,356	2,041,905
Total Expenses	145,401,012	138,343,300	43,657,629	44,400,515	189,058,641	182,743,815
Change in net position before transfers	12,031,247	10,007,604	5,697,124	5,479,677	17,728,371	15,487,281
Transfers in (out)	361,123	346,086	(279,623)	(198,086)	81,500	148,000
Change in net position	12,392,370	10,353,690	5,417,501	5,281,591	17,809,871	15,635,281
Net position - beginning of year	172,024,568	161,670,878	118,214,779	112,933,188	290,239,347	274,604,066
Net position - end of year	\$ 184,416,938	\$ 172,024,568	\$ 123,632,280	\$ 118,214,779	\$ 308,049,218	\$ 290,239,347

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$12,392,370 which is largely attributable to General Fund and Community Preservation Fund results, permanent fund investment income as well as decreases in pension and OPEB liabilities.

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$5,417,501. This change can be attributed to an increase in utility rates as well as usage.

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 of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,982,660, while total fund balance was \$39,055,594. 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:

<u>Fund Balance Components</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>Change</u>
Nonspendable fund balance	\$ 669,711	\$ -	\$ 669,711
Restricted fund balance	9,821,133	10,635,678	(814,545)
Committed fund balance	9,612,026	11,806,934	(2,194,908)
Assigned fund balance	970,064	2,584,661	(1,614,597)
Unassigned fund balance	<u>17,982,660</u>	<u>12,985,407</u>	<u>4,997,253</u>
Total fund balance	<u>\$ 39,055,594</u>	<u>\$ 38,012,680</u>	<u>\$ 1,042,914</u>
Unassigned fund balance as a percentage of total General Fund expenditures ¹	13.76%	10.82%	2.94%
Total fund balance as a percentage of total General Fund expenditures ¹	29.89%	31.69%	-1.80%

¹ Expenditure amounts used to calculate the above percentages have been adjusted to exclude on-behalf payments from the Commonwealth to the Massachusetts Teachers Retirement System of \$6,687,474.

Unassigned fund balance in the General Fund changed by \$4,997,253 driven primarily from positive budgetary results of \$6,120,866 less \$750,000 of overlay surplus used for fiscal year 2024.

The total fund balance of the General Fund changed by \$1,042,914 during the current fiscal year primarily from strong budgetary results.

Capital Projects Fund (Major Governmental Fund)

The fund balance of the Capital Projects Fund changed by \$(50,459,802) primarily due to timing differences between the receipt and disbursement of grant funds and permanent financing of capital projects.

Town Federal Grants Fund (Major Governmental Fund)

The fund balance of the Federal Grants Fund changed by \$16,635 primarily due to timing differences between the receipt and disbursement of grant funds.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$4,039,570 primarily from timing differences between the receipt and disbursement of grants and permanent fund investment income.

Proprietary funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$29,666,494 and total net position of the enterprise funds at the end of the year amounted to \$123,632,280, a change of \$5,417,501 in comparison to the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final budget reflect an increase in appropriations of \$4,749,444 primarily due to the use of prior year carryforwards. Significant budgetary variances between the final amended budget and actual results are as follows:

- Overall revenues exceeded expectations by \$3,643,791, or 2.86%.
- Overall expenditures (including encumbrances) were favorable by \$2,477,075, or 1.83%.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$319,639,626 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment and furnishings, construction in progress, infrastructure, and intangible assets.

Major capital asset events during the current fiscal year included the following:

Governmental activities

- \$ 51,786,583 Middle school construction
- \$ 2,175,743 Road and parking lot reconstruction

Business-type activities

- \$ 681,711 Water related infrastructure
- \$ 95,921 Sewer related infrastructure
- \$ 2,425,207 Electric related infrastructure

Additional information on capital assets can be found in Note 15 in the Notes to Financial Statements.

Long-Term Debt

As of June 30, 2024, total bonded debt outstanding, inclusive of premiums was \$100,939,273 all of which was backed by the full faith and credit of the Town.

Additional information on long-term debt can be found in Note 22 in the Notes to Financial Statements.

Credit Rating

During the fiscal year, the Town's Aaa credit rating remained unchanged by Moody's.

Economic Factors and Next Year's Budgets and Rates

The May 2024 Annual Town Meeting adopted a fiscal year 2025 General Fund budget of \$137,787,781, a \$7,511,704 increase or 5.77% over the prior year. This increase includes the following:

- An increase of \$1,033,806 (or 3.26%) in the operating budget of the Town;
- An increase of \$1,544,846 (or 3.43%) in the operating budget of the Concord Public Schools (K-8);
- An increase of \$783,062 (or 3.09%) for Concord's assessed share of the Concord – Carlisle Regional School District budget;
- An increase of \$91,110 (or 5.55%) for Concord's assessed share of the Minuteman Regional Technical School District budget;
- An increase of \$3,603,880 (or 15.45%) in the Town's miscellaneous accounts (e.g., group insurance, retirement, debt, etc.).

It is anticipated that 84% of the resources to fund the General Fund budget will be generated by property taxes. Additional funding includes state aid (4.43%), local receipts (8.00%), and other available funds (3.65%).

The property tax levy for fiscal year 2025 (\$116,241,894) represents a 3.06% increase over the prior year. This rise reflects an increase of 0.99% in the property tax rate from \$13.13 per thousand to \$13.26 per thousand and an increase of 1.80% in taxable assessed value from \$9.212 billion to \$9.379 billion. The assessment date for valuing the Town’s fiscal year 2025 real estate and personal property is January 1, 2024. The table below presents a comparison between fiscal year 2024 and fiscal year 2025.

	<u>FY24</u>	<u>FY25</u>	<u>% Change</u>
Taxable Assessed Value	\$9,212,781,383	\$9,379,716,636	1.80%
Tax Rate (per \$1,000)	\$13.13	\$13.26	0.99%
Property Tax Levy	\$112,788,698	\$116,241,894	3.06%

Increases in the property tax levy for municipalities in Massachusetts are governed by statutory regulations referred to as Proposition 2 ½. The total property tax levy is constrained by a ceiling which cannot be more than 2 ½ percent of the previous year’s levy limit plus any new growth resulting from property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation. The Town has made an effort to remain well under this ceiling or levy limit. Excess levy capacity, the difference between the property tax levy and the levy limit, totaled \$4,023,789 in fiscal year 2025.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy the amount required to pay debt service on any specific bonds and note issued pursuant to a majority vote of the voters. The fiscal year 2025 tax levy includes \$10,113,678 levied for such authorized purpose.

Requests for Information

This financial report is designed to provide a general overview of the Town of Concord’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:

Chief Financial Officer
 Town of Concord, Massachusetts
 22 Monument Square
 Concord, Massachusetts 01742

TOWN OF CONCORD, MASSACHUSETTS

Statement of Net Position

June 30, 2024

(Except for the Electric Enterprise Fund, which is as of December 31, 2023)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 54,109,926	\$ 32,850,610	\$ 86,960,536
Investments	43,605,392	-	43,605,392
Receivables, net of allowance for uncollectibles:			
Property taxes	1,866,198	-	1,866,198
Excises	389,730	-	389,730
User fees	-	7,028,743	7,028,743
Betterments	-	28,000	28,000
Departmental and other	470,053	-	470,053
Intergovernmental	1,742,075	-	1,742,075
Leases	250,965	65,322	316,287
Inventory	-	1,490,114	1,490,114
Prepaid expenses	-	4,297,012	4,297,012
Total Current Assets	102,434,339	45,759,801	148,194,140
Noncurrent:			
Restricted cash	-	15,492,921	15,492,921
Receivables, net of allowance for uncollectibles:			
Betterments	-	83,420	83,420
Leases	1,641,463	253,187	1,894,650
Investment in associated companies	-	782,056	782,056
Capital assets:			
Depreciable, net of accumulated depreciation	102,901,218	81,068,145	183,969,363
Nondepreciable	125,045,023	10,625,240	135,670,263
Total Noncurrent Assets	229,587,704	108,304,969	337,892,673
Total Assets	332,022,043	154,064,770	486,086,813
Deferred Outflows of Resources			
Related to pension	11,006,541	3,927,097	14,933,638
Related to OPEB	2,674,312	906,014	3,580,326
Related to refunding	139,842	-	139,842
Total Deferred Outflows of Resources	13,820,695	4,833,111	18,653,806

(continued)

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

TOWN OF CONCORD, MASSACHUSETTS

Statement of Net Position

June 30, 2024

(Except for the Electric Enterprise Fund, which is as of December 31, 2023)

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities			
Current:			
Warrants and accounts payable	7,054,568	6,616,864	13,671,432
Accrued liabilities	7,036,696	611,601	7,648,297
Tax refunds payable	263,587	-	263,587
Escrow deposits	58,543	-	58,543
Unearned revenue	4,586,343	4,491,727	9,078,070
Customer deposits	-	798,826	798,826
Customer advances for construction	-	378,493	378,493
Notes payable	4,801,000	-	4,801,000
Other current liabilities	46,824	3,375	50,199
Current portion of long-term liabilities:			
Bonds and loans payable	7,944,677	2,529,195	10,473,872
Compensated absences	249,423	22,698	272,121
Estimated landfill closure and postclosure care costs	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Current Liabilities	<u>32,051,661</u>	<u>15,452,779</u>	<u>47,504,440</u>
Noncurrent:			
Bonds and loans payable, net of current portion	80,191,008	10,274,393	90,465,401
Compensated absences, net of current portion	2,244,808	304,628	2,549,436
Estimated landfill closure and postclosure care costs, net of current portion	70,000	-	70,000
Net pension liability	17,712,073	4,274,818	21,986,891
Net OPEB liability	<u>16,804,592</u>	<u>1,317,135</u>	<u>18,121,727</u>
Total Noncurrent Liabilities	<u>117,022,481</u>	<u>16,170,974</u>	<u>133,193,455</u>
Total Liabilities	149,074,142	31,623,753	180,697,895
Deferred Inflows of Resources			
Related to pension	2,427,312	1,074,450	3,501,762
Related to OPEB	8,127,325	2,248,889	10,376,214
Related to leases	<u>1,797,021</u>	<u>318,509</u>	<u>2,115,530</u>
Total Deferred Inflows of Resources	12,351,658	3,641,848	15,993,506
Net Position			
Net investment in capital assets	150,790,007	81,865,092	232,655,099
Restricted for:			
Grants and other statutory restrictions	29,566,492	12,100,694	41,667,186
Permanent funds:			
Nonexpendable	4,874,772	-	4,874,772
Expendable	4,999,318	-	4,999,318
Unrestricted	<u>(5,813,651)</u>	<u>29,666,494</u>	<u>23,852,843</u>
Total Net Position	<u>\$ 184,416,938</u>	<u>\$ 123,632,280</u>	<u>\$ 308,049,218</u>

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

TOWN OF CONCORD, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2024

(Except for the Electric Enterprise Fund, which is for the year ended December 31, 2023)

	Program Revenues				
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues</u>	
Governmental Activities					
General government	\$ 15,813,907	\$ 1,523,834	\$ 1,438,653	\$ -	\$ (12,851,420)
Public safety	14,938,622	2,859,795	160,614	-	(11,918,213)
Education	93,295,484	381,692	16,041,995	-	(76,871,797)
Public works	10,109,941	2,460,346	254,310	266,139	(7,129,146)
Health and human services	1,750,183	183,938	320,573	-	(1,245,672)
Culture and recreation	6,314,360	2,559,355	379,457	-	(3,375,548)
Interest on long term debt	<u>3,178,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,178,515)</u>
Total Governmental Activities	145,401,012	9,968,960	18,595,602	266,139	(116,570,311)
Business-Type Activities					
Water services	5,169,821	6,106,788	-	-	936,967
Sewer services	3,403,849	2,702,588	-	216,173	(485,088)
Electric services	32,704,603	35,296,544	-	-	2,591,941
Swim & fitness services	<u>2,379,356</u>	<u>2,554,892</u>	<u>-</u>	<u>-</u>	<u>175,536</u>
Total Business-Type Activities	<u>43,657,629</u>	<u>46,660,812</u>	<u>-</u>	<u>216,173</u>	<u>3,219,356</u>
Total	<u>\$ 189,058,641</u>	<u>\$ 56,629,772</u>	<u>\$ 18,595,602</u>	<u>\$ 482,312</u>	(113,350,955)

(continued)

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

TOWN OF CONCORD, MASSACHUSETTS

Statement of Activities
 For the Year Ended June 30, 2024
 (Except for the Electric Enterprise Fund, which is for the year ended December 31, 2023)

(continued)	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
Changes in Net Position			
Net (Expenses) Revenues from previous page	(116,570,311)	3,219,356	(113,350,955)
General Revenues			
Property taxes	114,424,218	-	114,424,218
Excises	5,421,063	-	5,421,063
Penalties, interest, and other taxes	340,060	-	340,060
Grants and contributions not restricted to specific programs	2,682,645	-	2,682,645
Investment income	5,007,907	2,043,005	7,050,912
Miscellaneous	725,665	434,763	1,160,428
Transfers, net	<u>361,123</u>	<u>(279,623)</u>	<u>81,500</u>
Total General Revenues and Transfers	<u>128,962,681</u>	<u>2,198,145</u>	<u>131,160,826</u>
Change in Net Position	12,392,370	5,417,501	17,809,871
Net Position			
Beginning of year	<u>172,024,568</u>	<u>118,214,779</u>	<u>290,239,347</u>
End of year	<u>\$ 184,416,938</u>	<u>\$ 123,632,280</u>	<u>\$ 308,049,218</u>

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

TOWN OF CONCORD, MASSACHUSETTS

Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Capital Projects Fund	Town Federal Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 10,750,397	\$ 20,099,803	\$ 3,449,640	\$ 19,810,086	\$ 54,109,926
Investments	33,731,302	-	-	9,874,090	43,605,392
Receivables:					
Property taxes	1,840,377	-	-	25,821	1,866,198
Excises	389,730	-	-	-	389,730
Departmental	-	-	-	470,053	470,053
Intergovernmental	143,520	-	42,760	1,555,795	1,742,075
Leases	1,892,428	-	-	-	1,892,428
Due from other funds	698,763	-	-	-	698,763
Total Assets	\$ 49,446,517	\$ 20,099,803	\$ 3,492,400	\$ 31,735,845	\$ 104,774,565
Liabilities					
Warrants and accounts payable	\$ 867,644	\$ 5,292,826	\$ 16,295	\$ 877,803	\$ 7,054,568
Accrued liabilities	5,292,408	-	-	237,702	5,530,110
Escrow deposits	58,543	-	-	-	58,543
Unearned revenue	263,587	-	4,074,225	512,118	4,849,930
Due to other funds	-	-	-	698,763	698,763
Notes payable	-	-	-	240,000	240,000
Other liabilities	46,824	-	-	-	46,824
Total Liabilities	6,529,006	5,292,826	4,090,520	2,566,386	18,478,738
Deferred Inflows of Resources					
Unavailable revenues	2,064,896	-	-	435,367	2,500,263
Related to leases	1,797,021	-	-	-	1,797,021
Total Deferred Inflows of Resources	3,861,917	-	-	435,367	4,297,284
Fund Balances					
Nonspendable	669,711	-	-	4,874,772	5,544,483
Restricted	9,821,133	14,810,693	352,848	24,349,022	49,333,696
Committed	9,612,026	-	-	42,807	9,654,833
Assigned	970,064	-	-	-	970,064
Unassigned	17,982,660	(3,716)	(950,968)	(532,509)	16,495,467
Total Fund Balances	39,055,594	14,806,977	(598,120)	28,734,092	81,998,543
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 49,446,517	\$ 20,099,803	\$ 3,492,400	\$ 31,735,845	\$ 104,774,565

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

TOWN OF CONCORD, MASSACHUSETTS

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2024

Total Governmental Fund Balances	\$ 81,998,543
<ul style="list-style-type: none"> ● Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. 	227,946,241
<ul style="list-style-type: none"> ● Revenues are reported on the accrual basis of accounting and are not deferred until collection. 	2,500,263
<ul style="list-style-type: none"> ● Deferred outflows of resources to be recognized as an increase to pension, OPEB, and debt expense in future periods: <ul style="list-style-type: none"> Related to pension Related to OPEB Related to loss on refunding bonds 	11,006,541 2,674,312 139,842
<ul style="list-style-type: none"> ● Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds: <ul style="list-style-type: none"> Bonds and loans payable Compensated absences Landfill closure and postclosure care costs Net pension liability Net OPEB liability 	(92,696,685) (2,494,231) (80,000) (17,712,073) (16,804,592)
<ul style="list-style-type: none"> ● In the Statement of Activities interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	(1,506,586)
<ul style="list-style-type: none"> ● Deferred inflows of resources to be recognized as a decrease to pension and OPEB expense in future periods: <ul style="list-style-type: none"> Related to pension Related to OPEB 	(2,427,312) <u>(8,127,325)</u>
Net Position of Governmental Activities	\$ <u>184,416,938</u>

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

TOWN OF CONCORD, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes In Fund Balances
For the Year Ended June 30, 2024

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Town Federal Grants <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues					
Property taxes	\$ 112,661,215	\$ -	\$ -	\$ 1,653,561	\$ 114,314,776
Excises	5,271,407	-	-	-	5,271,407
Penalties, interest, and other taxes	330,691	-	-	9,369	340,060
Departmental	1,668,245	-	-	6,571,735	8,239,980
Licenses and permits	1,656,404	-	-	-	1,656,404
Fines and forfeitures	44,686	-	-	-	44,686
Intergovernmental	13,260,764	-	468,847	6,182,304	19,911,915
Investment income	3,750,155	-	-	1,257,752	5,007,907
Contributions	-	-	-	679,929	679,929
Miscellaneous	391,289	1,278	-	333,098	725,665
Total Revenues	139,034,856	1,278	468,847	16,687,748	156,192,729
Expenditures					
Current:					
General government	10,680,892	-	290,068	2,133,612	13,104,572
Public safety	12,208,728	-	78,918	456,025	12,743,671
Education	78,902,483	-	-	4,636,563	83,539,046
Public works	3,854,697	-	-	2,589,865	6,444,562
Snow and ice	652,372	-	-	-	652,372
Health and human services	1,332,383	-	-	194,378	1,526,761
Culture and recreation	2,620,974	-	1,542	2,713,676	5,336,192
Employee benefits	15,421,572	-	-	-	15,421,572
Debt service:					
Principal	8,105,000	-	-	67,808	8,172,808
Interest	3,023,135	-	-	-	3,023,135
Intergovernmental	564,098	-	-	-	564,098
Capital outlay	-	55,022,080	81,684	842,982	55,946,746
Total Expenditures	137,366,334	55,022,080	452,212	13,634,909	206,475,535
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,668,522	(55,020,802)	16,635	3,052,839	(50,282,806)
Other Financing Sources (Uses)					
Issuance of notes	-	4,561,000	-	-	4,561,000
Transfers in	472,761	-	-	1,000,492	1,473,253
Transfers out	(1,098,369)	-	-	(13,761)	(1,112,130)
Total Other Financing Sources (Uses)	(625,608)	4,561,000	-	986,731	4,922,123
Change in Fund Balances	1,042,914	(50,459,802)	16,635	4,039,570	(45,360,683)
Fund Balances at 6/30/23, as previously reported	38,012,680	65,266,779	(317,900)	24,397,667	127,359,226
Adjustment - change from major to nonmajor fund	-	-	(296,855)	296,855	-
Fund Balances at 6/30/23, as Restated	38,012,680	65,266,779	(614,755)	24,694,522	127,359,226
Fund Balances, at End of Year	<u>\$ 39,055,594</u>	<u>\$ 14,806,977</u>	<u>\$ (598,120)</u>	<u>\$ 28,734,092</u>	<u>\$ 81,998,543</u>

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

TOWN OF CONCORD, MASSACHUSETTS

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ (45,360,683)																				
<ul style="list-style-type: none"> ● 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay</td> <td style="text-align: right;">56,916,773</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(7,986,242)</td> </tr> </table> ● 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, excises, etc.) differ between the two statements. This amount represents the net change in unavailable revenue. 286,988 ● The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Issuance of general obligation bonds and loans</td> <td style="text-align: right;">(4,561,000)</td> </tr> <tr> <td>Repayments of general obligation bonds and loans</td> <td style="text-align: right;">8,281,190</td> </tr> </table> ● In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. This amount reflects the change in accrued interest. (846,587) ● 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Amortization loss on refunding bonds</td> <td style="text-align: right;">(27,969)</td> </tr> <tr> <td>Amortization bond premiums</td> <td style="text-align: right;">719,176</td> </tr> <tr> <td>Change in net pension liability, net of related deferrals</td> <td style="text-align: right;">1,105,973</td> </tr> <tr> <td>Change in net OPEB liability, net of related deferrals</td> <td style="text-align: right;">2,865,139</td> </tr> <tr> <td>Change in compensated absences</td> <td style="text-align: right;">989,612</td> </tr> <tr> <td>Change in landfill liability</td> <td style="text-align: right;"><u>10,000</u></td> </tr> </table> 		Capital outlay	56,916,773	Depreciation	(7,986,242)	Issuance of general obligation bonds and loans	(4,561,000)	Repayments of general obligation bonds and loans	8,281,190	Amortization loss on refunding bonds	(27,969)	Amortization bond premiums	719,176	Change in net pension liability, net of related deferrals	1,105,973	Change in net OPEB liability, net of related deferrals	2,865,139	Change in compensated absences	989,612	Change in landfill liability	<u>10,000</u>
Capital outlay	56,916,773																				
Depreciation	(7,986,242)																				
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Change in net OPEB liability, net of related deferrals	2,865,139																				
Change in compensated absences	989,612																				
Change in landfill liability	<u>10,000</u>																				
Change in Net Position of Governmental Activities	\$ <u>12,392,370</u>																				

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

TOWN OF CONCORD, MASSACHUSETTS

Proprietary Funds
Statement of Net Position
June 30, 2024

(Except for the Electric Enterprise Fund, which is as of December 31, 2023)

	Business-Type Activities				
	Water Fund	Sewer Fund	Electric Fund	Nonmajor Fund	Total Enterprise Funds
Assets					
Current:					
Cash and short-term investments	\$ 16,958,893	\$ 8,942,926	\$ 1,522,725	\$ 5,426,066	\$ 32,850,610
User fees receivable, net of allowance for uncollectibles	1,325,453	421,796	5,281,494	-	7,028,743
Betterments receivable	-	28,000	-	-	28,000
Inventory	184,840	-	1,305,274	-	1,490,114
Prepaid expenses	-	-	4,297,012	-	4,297,012
Leases receivable	-	-	65,322	-	65,322
Total Current Assets	18,469,186	9,392,722	12,471,827	5,426,066	45,759,801
Noncurrent:					
Restricted cash	-	-	15,492,921	-	15,492,921
Betterments receivable, net of current portion	-	83,420	-	-	83,420
Leases receivable, net of current portion	-	-	253,187	-	253,187
Investment in associated companies	-	-	782,056	-	782,056
Capital assets:					
Depreciable, net of accumulated depreciation	22,891,606	15,339,492	36,473,992	6,363,055	81,068,145
Nondepreciable	7,420,670	850,000	2,354,570	-	10,625,240
Total Noncurrent Assets	30,312,276	16,272,912	55,356,726	6,363,055	108,304,969
Total Assets	48,781,462	25,665,634	67,828,553	11,789,121	154,064,770
Deferred Outflows of Resources					
Related to pension	270,955	67,740	3,458,557	129,845	3,927,097
Related to OPEB	156,501	35,275	689,345	24,893	906,014
Total Deferred Outflow of Resources	427,456	103,015	4,147,902	154,738	4,833,111
Liabilities					
Current:					
Warrants and accounts payable	494,676	496,001	5,559,650	66,537	6,616,864
Accrued liabilities	207,629	37,856	309,111	57,005	611,601
Unearned revenue	-	-	4,416,986	74,741	4,491,727
Customer deposits	88,119	-	710,707	-	798,826
Customer advances for construction	-	-	378,493	-	378,493
Other current liabilities	-	-	-	3,375	3,375
Current portion of long-term liabilities:					
Bonds and loans payable	1,030,742	874,962	623,491	-	2,529,195
Compensated absences	7,452	2,484	10,034	2,728	22,698
Total Current Liabilities	1,828,618	1,411,303	12,008,472	204,386	15,452,779
Noncurrent:					
Bonds and loans payable, net of current portion	7,085,880	1,545,502	1,643,011	-	10,274,393
Compensated absences, net of current portion	67,070	22,357	190,648	24,553	304,628
Net pension liability	429,588	107,398	3,535,807	202,025	4,274,818
Net OPEB liability	168,717	14,513	1,117,578	16,327	1,317,135
Total Noncurrent Liabilities	7,751,255	1,689,770	6,487,044	242,905	16,170,974
Total Liabilities	9,579,873	3,101,073	18,495,516	447,291	31,623,753
Deferred Inflows of Resources					
Related to pension	119,178	29,794	866,369	59,109	1,074,450
Related to OPEB	345,601	101,163	1,609,296	192,829	2,248,889
Related to leases	-	-	318,509	-	318,509
Total Deferred Inflows of Resources	464,779	130,957	2,794,174	251,938	3,641,848
Net Position					
Net investment in capital assets	25,500,640	13,439,336	36,562,061	6,363,055	81,865,092
Restricted for:					
Debt service	-	304,742	-	-	304,742
Capital improvements	-	4,795,812	7,000,140	-	11,795,952
Unrestricted	13,663,626	3,996,729	7,124,564	4,881,575	29,666,494
Total Net Position	\$ 39,164,266	\$ 22,536,619	\$ 50,686,765	\$ 11,244,630	\$ 123,632,280

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

TOWN OF CONCORD, MASSACHUSETTS

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2023)

	Business-Type Activities				
	Water <u>Fund</u>	Sewer <u>Fund</u>	Electric <u>Fund</u>	Nonmajor <u>Fund</u>	Total Enterprise <u>Funds</u>
Operating Revenues					
Charges for services	\$ 6,106,788	\$ 2,702,588	\$ 35,296,544	\$ 2,554,892	\$ 46,660,812
Total Operating Revenues	6,106,788	2,702,588	35,296,544	2,554,892	46,660,812
Operating Expenses					
Salaries and benefits	1,540,371	481,631	3,946,813	1,079,003	7,047,818
Other operating expenses	2,164,475	1,932,074	1,412,783	968,024	6,477,356
Depreciation	1,194,762	940,482	2,069,428	332,329	4,537,001
Electric operations	-	-	25,137,106	-	25,137,106
Total Operating Expenses	4,899,608	3,354,187	32,566,130	2,379,356	43,199,281
Operating Income (Loss)	1,207,180	(651,599)	2,730,414	175,536	3,461,531
Nonoperating Revenues (Expenses)					
Investment income	719,408	389,930	727,342	206,325	2,043,005
Interest expense	(270,213)	(49,662)	(95,979)	-	(415,854)
Loss on disposal of capital assets	-	-	(42,494)	-	(42,494)
Miscellaneous income	-	-	434,763	-	434,763
Total Nonoperating Revenues (Expenses), Net	449,195	340,268	1,023,632	206,325	2,019,420
Income Before Transfers and Capital Contributions	1,656,375	(311,331)	3,754,046	381,861	5,480,951
Capital contributions	-	216,173	-	-	216,173
Transfers in	-	97,877	-	-	97,877
Transfers out	-	-	(377,500)	-	(377,500)
Change in Net Position	1,656,375	2,719	3,376,546	381,861	5,417,501
Net Position at Beginning of Year	37,507,891	22,533,900	47,310,219	10,862,769	118,214,779
Net Position at End of Year	\$ 39,164,266	\$ 22,536,619	\$ 50,686,765	\$ 11,244,630	\$ 123,632,280

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

TOWN OF CONCORD, MASSACHUSETTS

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2024

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2023)

	Business-Type Activities				
	Water Fund	Sewer Fund	Electric Fund	Nonmajor Fund	Total Enterprise Funds
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 6,366,177	\$ 2,804,951	\$ 36,633,414	\$ 2,588,605	\$ 48,393,147
Payments to employees for salaries and benefits	(1,540,371)	(481,631)	(3,773,456)	(1,068,196)	(6,863,654)
Payments to suppliers and service providers	<u>(1,764,604)</u>	<u>(1,594,641)</u>	<u>(28,114,852)</u>	<u>(1,050,397)</u>	<u>(32,524,494)</u>
Net Cash Provided By Operating Activities	3,061,202	728,679	4,745,106	470,012	9,004,999
Cash Flows From Noncapital Financing Activities					
Transfers in	-	97,877	-	-	97,877
Transfers out	<u>-</u>	<u>-</u>	<u>(377,500)</u>	<u>-</u>	<u>(377,500)</u>
Net Cash Provided By (Used for) Noncapital Financing Activities	-	97,877	(377,500)	-	(279,623)
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(2,101,207)	(552,978)	(2,880,328)	(38,803)	(5,573,316)
Capital contributions	-	264,234	-	-	264,234
Principal payments on bonds and loans	(925,000)	(912,635)	(560,000)	-	(2,397,635)
Interest expense	<u>(378,955)</u>	<u>(49,662)</u>	<u>(95,979)</u>	<u>-</u>	<u>(524,596)</u>
Net Cash (Used For) Capital and Related Financing Activities	(3,405,162)	(1,251,041)	(3,536,307)	(38,803)	(8,231,313)
Cash Flows From Investing Activities					
Investment income	<u>719,408</u>	<u>389,930</u>	<u>727,342</u>	<u>206,325</u>	<u>2,043,005</u>
Net Cash Provided By Investing Activities	<u>719,408</u>	<u>389,930</u>	<u>727,342</u>	<u>206,325</u>	<u>2,043,005</u>
Net Change in Cash and Short-Term Investments	375,448	(34,555)	1,558,641	637,534	2,537,068
Cash and Short-Term Investments, Beginning of Year	<u>16,583,445</u>	<u>8,977,481</u>	<u>15,457,005</u>	<u>4,788,532</u>	<u>45,806,463</u>
Cash and Short-Term Investments, End of Year	<u>\$ 16,958,893</u>	<u>\$ 8,942,926</u>	<u>\$ 17,015,646</u>	<u>\$ 5,426,066</u>	<u>\$ 48,343,531</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 1,207,180	\$ (651,599)	\$ 2,730,414	\$ 175,536	\$ 3,461,531
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,194,762	940,482	2,069,428	332,329	4,537,001
Changes in assets, liabilities, and deferred outflows/inflows:					
User fees receivable	259,389	102,363	264,948	-	626,700
Inventory	8,473	-	(13,679)	-	(5,206)
Prepays and other assets	-	-	(543,284)	-	(543,284)
Deferred outflows of resources:					
Related to pensions	235,056	58,763	(1,460,415)	102,445	(1,064,151)
Related to OPEB	62,808	14,427	246,172	10,183	333,590
Net pension liability	(212,591)	(53,147)	4,094,610	(99,331)	3,729,541
Net OPEB liability	(18,936)	(2,167)	(1,011,623)	(2,438)	(1,035,164)
Accounts payable and accrued liabilities	450,964	350,503	(568,879)	10,807	243,395
Customer advances for construction	-	-	122,570	-	122,570
Unearned revenue	-	-	507,129	33,713	540,842
Deferred inflows of resources:					
Related to pensions	(46,044)	(11,512)	(2,292,054)	(19,725)	(2,369,335)
Related to OPEB	(66,610)	(21,103)	459,367	(82,878)	288,776
Other liabilities	<u>(13,249)</u>	<u>1,669</u>	<u>140,402</u>	<u>9,371</u>	<u>138,193</u>
Net Cash Provided By Operating Activities	<u>\$ 3,061,202</u>	<u>\$ 728,679</u>	<u>\$ 4,745,106</u>	<u>\$ 470,012</u>	<u>\$ 9,004,999</u>

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

TOWN OF CONCORD, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

	Pension and OPEB <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>	Custodial <u>Fund</u>
Assets			
Cash and short-term investments	\$ 4,419,964	\$ -	\$ 133,881
Investments:			
Equity mutual funds	25,035,910	1,982,968	-
Fixed income	13,448,302	-	-
Pooled investments	116,094,320	-	-
State investment pool (PRIT)	103,417,664	-	-
Receivables	<u>33,818</u>	<u>-</u>	<u>9,514</u>
Total Assets	262,449,978	1,982,968	143,395
Liabilities			
Warrants and accounts payable	<u>116,398</u>	<u>-</u>	<u>19,843</u>
Total Liabilities	116,398	-	19,843
Net Position			
Restricted for pension	223,779,493	-	-
Restricted for OPEB	38,554,087	-	-
Restricted for Individuals, organizations, and other governments	<u>-</u>	<u>1,982,968</u>	<u>123,552</u>
Total Net Position	\$ <u>262,333,580</u>	\$ <u>1,982,968</u>	\$ <u>123,552</u>

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

TOWN OF CONCORD, MASSACHUSETTS

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

	Pension and OPEB <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>	Custodial <u>Fund</u>
Additions			
Contributions:			
Employer	\$ 10,970,401	\$ -	\$ -
Plan members	5,250,317	-	-
Other systems and Commonwealth of Massachusetts	966,096	-	-
Other	<u>14,337</u>	<u>-</u>	<u>-</u>
Total Contributions	17,201,151	-	-
Investment Income:			
Increase in fair value of investments	26,749,292	200,012	-
Less: management fees	<u>(1,202,360)</u>	<u>-</u>	<u>-</u>
Net Investment Income	<u>25,546,932</u>	<u>200,012</u>	<u>-</u>
Taxes and fees collected for other governments	<u>-</u>	<u>-</u>	<u>10,242</u>
Total Additions	42,748,083	200,012	10,242
Deductions			
Benefit payments to plan members and beneficiaries	16,325,938	34,200	-
Refunds to plan members	290,332	-	-
Transfers to other systems	1,271,059	-	-
Administrative expenses	392,348	-	-
Payment of taxes and fees to other governments	<u>-</u>	<u>-</u>	<u>14,443</u>
Total Deductions	<u>18,279,677</u>	<u>34,200</u>	<u>14,443</u>
Change in Net Position	24,468,406	165,812	(4,201)
Restricted Net Position			
Beginning of year	<u>237,865,174</u>	<u>1,817,156</u>	<u>127,753</u>
End of year	\$ <u>262,333,580</u>	\$ <u>1,982,968</u>	\$ <u>123,552</u>

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

TOWN OF CONCORD, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Concord, Massachusetts (the Town), conform to generally accepted accounting principles (GAAP) as applicable to governmental units. Please note that the fiscal year end dates differ between the Concord Municipal Light Plant (the Light Plant) and the remainder of the Town as the Light Plant is presented as of December 31, 2023. The following is a summary of the significant policies:

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 2024, no entities met the component unit requirements of GASB 14 (as amended). The criteria provided in Governmental Accounting Standards Board Codification section 2100 have been considered and as a result, the component unit discussed below is included in the Town's reporting entity because of its operational significance and financial relationship with the Town.

Fiduciary Component Unit

The Concord Contributory Retirement System (the System) was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. Additional financial information of the System can be obtained by contacting the System located at 2250 Main Street, Concord, Massachusetts 01742.

Joint Ventures

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified service recipients. The following is a list of the Town's joint ventures, their purpose, the address where the joint

venture financial statements are available, and the annual assessment paid by the Town in fiscal year 2024:

<u>Joint venture and address</u>	<u>Purpose</u>	2024 <u>Assessment</u>
Concord-Carlisle Regional School District 120 Meriam Road Concord, MA 01742	To provide education services	\$ 25,357,846
Minuteman Regional Vocational Technical School District 758 Marrett Road Lexington, MA 02421	To provide education services	1,641,695

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. However, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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.

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available. 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, compensated absences, claims and judgments, 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.
- The *Capital Projects Fund* accounts for all capital project activity in the Town.
- The *Town Federal Grants Fund* accounts for all federal grant activity in the Town except for education related grants which are reported separately.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of an enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- The *Water Fund* accounts for user charges collected to finance costs associated with water operations and maintenance within the Town.
- The *Sewer Fund* accounts for user charges collected to finance costs associated with sewer operations and maintenance within the Town.
- The *Electric Fund* accounts for the operation of the Concord Municipal Light Plant which purchases electricity then distributes the electricity to consumers within the Town of Concord.

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 *Pension and OPEB Trust Fund* accounts for the activities of the Concord Contributory Retirement System and OPEB Trust Fund, which includes individuals employed by the Town, Concord-Carlisle Regional School District, and the Concord Housing Authority. This fund accumulates resources for pension benefit payments to qualified employees along with reserves set aside by the Town to fund future OPEB costs.
- The *Private-Purpose Trust Funds* are used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Custodial Fund* accounts 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. Custodial funds include taxes and fees collected on behalf of other governments.

Municipal Light Plant Business Activity

The Light Plant operates under the provisions of Chapter 164 of the Massachusetts General Laws, with a Municipal Light Board appointed by the Town Manager. The Town Manager appoints the Light Plant Director who has full charge of the day-to-day operations and management of the Light Plant, under the general direction of the Town Manager.

Municipal Light Plant Regulation

Under Massachusetts General Laws, the Light Plant's electric rates are set by the Municipal Light Board. Electric rates, excluding the fuel charge, cannot be changed more often than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general authority over the Light Plant, the Light Plant's rates are not subject to DPU approval. The Light Plant's policy is to prepare its financial statements in conformity with generally accepted accounting principles.

Municipal Light Plant Concentrations

The Light Plant operates within the electric utility industry which has undergone significant restructuring and deregulation. Legislation enacted by the Commonwealth of Massachusetts in 1998 introduced competition and provided consumers with additional power supply choices while assuring continued reliable service. However, municipal electric utilities are not currently subject to this legislation.

Municipal Light Plant Revenues

Light Plant revenues are based on rates established by the Light Plant and filed with the DPU. Revenues from sales of electricity are recorded on the basis of bills rendered from monthly meter readings taken on a cycle basis. Recognition is given to the amount of sales to customers which are unbilled at the end of the fiscal period.

A key component of Light Plant operating revenues is the Purchased Power & Fuel Cost Adjustment (PP&FCA). This adjustment allows the Light Plant to recover fluctuating power supply and fuel costs from customers by increasing or decreasing their energy charges per kilowatt hour by the amount that actual power supply and fuel costs exceed their standard base rate.

Municipal Light Plant Rate of Return

The Light Plant's rates must be set such that earnings attributable to electric operations do not exceed 8% of the net cost of the plant. In 2023, the Light Plant's earnings did not exceed this threshold.

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, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits and savings accounts. 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."

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to 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 using 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.

Leases

Town as a Lessor

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

The Town uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease receivable and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventory

The costs of governmental fund-type inventory are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

Water fund inventory consists of water meters, chemicals, pipes, hydrants, and valves on hand and is valued at cost using the first-in/first-out (FIFO) method.

Light Plant inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance purposes and is stated at average cost. Meters and transformers are capitalized when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund type financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two 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. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Massachusetts General Laws require utility plants in service to be depreciated at an annual rate of 3%. Temporary increases in annual depreciation rates may be made for financial factors relating to cash flow for plant expansion and are subject to DPU notification and review.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Machinery, equipment, and furnishings	3 - 15
Infrastructure	20 - 50

The Town reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and appropriately reflected in the financial statements. Should the expected cash flows be less than the carrying value, an impairment loss would be

recognized to reduce the carrying value. There was no impairment loss recorded during fiscal year 2024.

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. The General Fund and applicable enterprise funds typically repay these obligations.

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 of resources and current liabilities/deferred inflows of resources. 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 funds restricted for pension in the General Fund, unspent bond proceeds in the Capital Projects Fund, 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, special purpose stabilization funds, and various special revenue 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 surplus set aside to be used in the subsequent year's budget.
- *Unassigned* represents amounts that are available to be spent in future periods, general stabilization funds, 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.

Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets consist 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.

2. Stewardship, Compliance, and Accountability

Budgetary Information

At the annual Town Meeting, the Select Board and School Committee present 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.

Departments are limited to the appropriation as voted. Line items within each department may exceed the line-item budget without being in violation of Massachusetts General Laws. Certain departments may exceed their appropriation 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 and proprietary funds.

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, 2024. It is anticipated that the deficits in these funds will be eliminated through future departmental or intergovernmental revenues, bond proceeds, and transfers from other funds.

3. Deposits and Investments

Town (Excluding the Pension and OPEB Trust Funds)

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 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 consists of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, investments with 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 Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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.

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 does not have formal deposit policies for custodial credit risk.

As of June 30, 2024, \$60,853,632 of the Town's bank balances of \$105,304,555, was exposed to custodial credit risk as uninsured and uncollateralized, \$6,808,714 was uninsured and collateralized with securities held by the financial institutions trust department or agent. Additionally, \$33,725,478 was invested in a state pool, which is not subject to this disclosure.

Investments

The following is a summary of the Town's investments as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Equity mutual funds	\$ 9,443,508
Fixed Income mutual funds	6,746,499
U.S. Treasury notes	<u>29,398,353</u>
Total Investments	<u>\$ 45,588,360</u>

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 does not have formal investment policies related to custodial credit risk.

As of June 30, 2024, \$16,190,007 was subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and held by the Town's brokerage firm, which is also the counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	Held by Counterparty's <u>Trust or Agent</u>
Equity mutual funds	\$ 9,443,508	\$ 9,443,508
Fixed income mutual funds	<u>6,746,499</u>	<u>6,746,499</u>
Total	<u>\$ 16,190,007</u>	<u>\$ 16,190,007</u>

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that are purchased using surplus revenues, Massachusetts General Laws, Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating

organization (NRSRO). The Town does not have formal investment policies related to credit risk.

As of June 30, 2024, the only investments the Town held that were subject to credit quality ratings, as rated by S&P Global Ratings, were U.S. Treasury Notes (All U.S. Treasury notes have an implied credit rating of AAA).

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 was not invested in any one issuer (other than U.S. treasuries and certificates of deposit) that represent 5% or more of total investments at the end of fiscal year 2024. The Town does not have formal investment policies related to concentration of credit risk exposure.

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit disclosure.

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 is to follow state statutes, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations was as follows at June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Thereafter</u>
U.S. Treasury notes	\$ <u>29,398,353</u>	\$ <u>28,317,970</u>	\$ <u>1,080,383</u>	\$ <u>-</u>	\$ <u>-</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The policy of the Town is to not invest in foreign currencies.

At June 30, 2024, none of the Town’s investments were exposed to foreign currency risk.

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.

The Town had the following fair value measurements as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements</u>
		Quoted prices in active markets for identical assets (Level 1)
Equity mutual funds	\$ 9,443,508	\$ 9,443,508
Fixed income mutual funds	6,746,499	6,746,499
U.S. Treasury notes	<u>29,398,353</u>	<u>29,398,353</u>
Total	<u>\$ 45,588,360</u>	<u>45,588,360</u>

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 securities 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.

4. Investments - OPEB Trust Fund

Generally, the OPEB Trust Fund’s investment policies mirror that of the Town as discussed in the previous note.

The following is a summary of the OPEB Trust Fund’s investments as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Equity mutual funds	\$ 25,035,910
Fixed income mutual funds	<u>13,448,302</u>
Total investments	<u>\$ 38,484,212</u>

Custodial Credit Risk

As of June 30, 2024, all of the OPEB Trust Fund’s investments of \$38,484,212 was subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and held by the Town’s brokerage firm, which is also the counterparty to these securities.

Credit Risk - Investments in Debt Securities

The OPEB Trust Fund does not have formal investment policies related to credit risk.

As of June 30, 2024, all the OPEB Trust Fund’s investments of \$38,484,212 were unrated.

Concentration of Credit Risk

The OPEB Trust Fund places no limit on the amount the OPEB Trust Fund may invest in any one issuer. The OPEB Trust Fund does not have formal investment policies related to concentration of credit risk exposure.

Investments in mutual funds are excluded from concentration of credit disclosure, which comprise the OPEB Trust Fund’s portfolio.

Interest Rate Risk

The OPEB Trust Fund does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2024, all the OPEB Trust Fund’s investments of \$38,484,212 were exempt from interest rate risk.

Fair Value

As of June 30, 2024, the OPEB Trust Fund’s investments’ fair values were measured using Level 1 quoted prices in active markets for identical assets.

5. Investments - Pension Trust Fund

The following is a summary of the System’s investments as of December 31, 2023:

<u>Investment Type</u>	<u>Amount</u>
Pooled investments	\$ 116,094,320
State investment pool (PRIT)*	<u>103,417,664</u>
Total investments	<u>\$ 219,511,984</u>

**Fair value is the same as the value of the pool share. The Pension Reserves Investment Trust (PRIT) was created under MGL, Chapter 32, Section 22, in December 1983. The Pension Reserves Investment Trust is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board selects an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Laws, chapter 30B.*

Custodial Credit Risk

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, investment or collateral securities that are in the possession of another party will not be recovered. All the System’s investments are held in the System’s name. The System’s investment policy does not explicitly address custodial credit risk.

As of December 31, 2023, the System did not have any investments exposed to custodial credit risk disclosure as investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. MGL, Chapter 32, Section 23, limits the investment of pension funds, to the extent not required for current disbursements, in the PRIT Fund or in

securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth of Massachusetts, provided that no more than the established percentage of assets is invested in any one security. While the System's investment policy outlines responsibilities for safekeeping and custody of assets, rebalancing, and securities guidelines, the policy does not explicitly address credit risk.

As of December 31, 2023, all of the System's investments of \$219,511,984 were invested in PRIT or other pooled investments which are unrated by national credit rating organizations.

Concentration of Credit Risk

Massachusetts General Laws Chapter 32, Section 23 limits the amount the System may invest in any one issuer or security type, with the exception of the PRIT Fund. The System's investment policy does not explicitly address concentration of credit risk.

Investments in PRIT and other pooled investments are excluded from concentration of credit disclosure, which comprise the System's portfolio.

Interest Rate Risk

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 System's investment policy does not explicitly address limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2023, the System did not have any investments subject to interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The System's investment policy does not explicitly address foreign currency risk.

At December 31, 2023, none of the System's investments were exposed to foreign currency risk.

Fair Value

The System 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 System had the following fair value measurements as of December 31, 2023:

<u>Investment Type</u>	<u>Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Investments measured at net asset value (NAV):				
Pooled Funds:				
PRIT General	\$ 54,112,387	\$ -	Monthly	30 days
PRIT Core real estate	15,475,114	-	Not eligible	N/A
CIF Core real estate	28,314,939	-	Monthly	30 days
Blackrock strategic income opportunities - C1K	10,363,667	-	Monthly	30 days
GMO Non-benchmark	15,778,656	-	Monthly	30 days
RITC Multi asset core fund	38,020,787	-	Monthly	30 days
Pooled Alternative Investments/Private Equity Funds:				
PRIT Emerging markets	3,219,435	-	Not eligible	N/A
PRIT Private equity fund	12,729,474	6,509,995	Not eligible	N/A
Pooled Domestic Equity Funds				
Rhumblin S&P 500 pooled index fund	11,884,620	-	Monthly	30 days
Rhumblin S&P small cap 600 pooled index fund	5,010,840	-	Monthly	30 days
Pooled Hedge Funds				
PRIT Hedge funds	17,881,254	-	Not eligible	N/A
Pooled International Equity Funds:				
Acadian international equity fund LP	6,720,811	-	Monthly	30 days
Total	<u>\$ 219,511,984</u>	<u>\$ 6,509,995</u>		

The net asset value (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.

6. 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.

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 2024 tax levy reflected an excess capacity of \$3,714,963.

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, 2024 consisted of the following:

	<u>Total</u>
Real estate taxes	\$ 1,164,160
Personal property taxes	116,796
Community preservation act	25,821
Tax liens	321,163
Deferred taxes	<u>238,258</u>
Total property taxes	<u>\$ 1,866,198</u>
Motor vehicle excise	\$ 388,904
Other excise	<u>826</u>
Total excises	<u>\$ 389,730</u>

7. User Fees and Betterments Receivable

The Town provides water and sewer services for its residents. Bills are issued based on usage and are sent out either bi-monthly or monthly.

Sewer betterments are assessed to properties for the cost of “bettering” by expanding the sewer capacity. The property owner may pay the betterments within 30 days after the assessments are committed to the collector without interest. Alternatively, the property owner can pay some or none of the assessment and request an apportionment of the unpaid amount into a maximum of 20 equal portions.

8. Light Plant Receivables

Light Plant receivables consist of the following at December 31, 2023:

Customer Accounts:		
Billed	\$	3,115,597
Less allowances:		
Uncollectible accounts		<u>(21,366)</u>
Total billed		3,094,231
Unbilled, net		<u>1,939,879</u>
Total customer accounts		5,034,110
Other Accounts:		
Merchandise and jobbing		186,279
Liens and other		<u>61,105</u>
Total other accounts		<u>247,384</u>
Total net receivables	\$	<u><u>5,281,494</u></u>

9. Intergovernmental Receivables

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2024.

10. Leases Receivable

At June 30, 2024, the Town was the lessor in the following leasing arrangements:

<u>Governmental Activities</u>	Serial	Interest	Amount
<u>Purpose</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
	<u>Through</u>		<u>as of</u>
			<u>June 30, 2024</u>
Beede Center pool rental - PT	2026	3.28%	\$ 41,511
Cell tower at 509 Bedford St.	2028	3.28%	369,448
Cell tower at 509 Bedford St.	2034	3.28%	328,130
Cell tower at 40Y Annursnac Hill	2031	3.28%	257,211
Cell tower at 40Y Annursnac Hill	2030	3.28%	67,302
Cell tower at 40Y Annursnac Hill	2043	3.28%	717,951
Marshall Farm	2026	3.28%	21,616
McGrath farm/Barretts Mill farm	2029	4.25%	89,259
			<u>\$ 1,892,428</u>
 <u>Business-Type Activities</u> 			
Fiber optic cable - Concord-Carlisle			
Regional School District	2024	5.00%	\$ 14,626
Fiber optic cable - Concord Academy	2029	5.00%	12,274
Fiber optic cable - DSCI Corporation	2031	5.00%	291,609
			<u>\$ 318,509</u>

11. Light Plant Prepaid Expenses

Prepaid expenses of the Light Plant primarily consisted of advance payments for purchased power. At December 31, 2023, the Light Plant reported the following prepaid expenses:

Purchased power	\$ 3,346,455
NYPA prepayment fund	85,884
Fuel inventory	170,433
Insurance and other	694,240
Total	<u>\$ 4,297,012</u>

12. Interfund Fund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The following is an analysis of the June 30, 2024 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 698,763	\$ -
Nonmajor Special Revenue Funds:		
School Federal grants	-	289,370
Highway	-	312,630
Other special revenue	-	96,763
Total	<u>\$ 698,763</u>	<u>\$ 698,763</u>

Transfers

The Town reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers in the fund financial statements. Transfers do not offset due to the timing difference of reporting the Town as of June 30, 2024 and the Light Plant as of December 31, 2023.

The following is a schedule of interfund transfers made in fiscal year 2024:

	<u>Transfers In</u>	<u>Transfers Out</u>			
General Fund	\$ 472,761	\$ 1,098,369	(1)	(2)	(3) (4)
Nonmajor Governmental Funds:					
Community preservation	-	1,044,256		(2)	
Other revolving	492	13,761		(4)	
Other special revenue funds	2,044,256	-		(2)	
Major Enterprise Funds:					
Sewer - debt service	97,877	-		(3)	
Electric	-	377,500		(1)	
Total	<u>\$ 2,615,386</u>	<u>\$ 2,533,886</u>			

(1) Light Plant payment-in-lieu of taxes (PILOT) to general fund

(2) Transfer to affordable housing trust

(3) Debt service subsidy to the sewer fund

(4) Transfer from funds that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them

13. Light Plant Restricted Cash

Restricted cash of the Light Plant consisted of the following at December 31, 2023:

Customer advances for construction fund	\$ 378,493
Customer deposits fund	690,933
Depreciation fund	7,000,140
Renewable energy certificate purchase fund	4,241,828
Underground fund	<u>3,181,527</u>
Total	<u>\$ 15,492,921</u>

The Light Plant maintains the following restricted cash accounts:

Customer Advances for Construction Fund

This represents customer deposits held for special construction projects.

Customer Deposits Fund

This represents residential and commercial customer service deposits that are held in escrow.

Depreciation Fund

The Light Plant reserves 3.00% of depreciable utility plant assets each year to fund current and future capital improvements.

Renewable Energy Certificate Purchase Fund

This account was established to accumulate funds received from customers for the purpose of purchasing renewable energy certificates on the open market.

Underground Fund

This fund was established in 1987 for the purpose of placing existing overhead lines underground. Currently a 1.50% charge on all electric bills is used to replenish this fund.

14. Investment in Associated Companies

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Light Plant has made advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Light Plant is carrying its investment at cost, reduced by shares repurchased. As of December 31, 2023, the market value of these investments could not be readily determined.

The Light Plant also purchased a 5% interest in Energy New England, LLC for \$150,000 in 2007. Energy New England is an energy and energy services cooperative established to assist publicly owned entities to ensure their continued viability in the deregulated wholesale electric utility market and to strengthen their competitive position in the retail energy market for the benefit of the municipal entities. Energy New England functions as an autonomous, entrepreneurial business unit that is free from many of the constraints imposed on traditional municipal utility operations. The balance, reflected at carrying value, was \$743,210 as of December 31, 2021, as of December 31, 2023 fair value was not readily available.

Other investment in associated companies, at December 31, 2023 consists of a \$38,846 investment in Hydro-Quebec.

15. Capital Assets

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 127,998,237	\$ -	\$ -	\$ 127,998,237
Machinery, equipment, and furnishings	31,291,403	687,662	-	31,979,065
Infrastructure	<u>61,853,323</u>	<u>870,899</u>	-	<u>62,724,222</u>
Total capital assets, being depreciated	221,142,963	1,558,561	-	222,701,524
Less accumulated depreciation for:				
Buildings and improvements	(56,951,755)	(3,936,820)	-	(60,888,575)
Machinery, equipment, and furnishings	(25,457,202)	(1,794,764)	-	(27,251,966)
Infrastructure	<u>(29,405,107)</u>	<u>(2,254,658)</u>	-	<u>(31,659,765)</u>
Total accumulated depreciation	<u>(111,814,064)</u>	<u>(7,986,242)</u>	-	<u>(119,800,306)</u>
Total capital assets, being depreciated, net	109,328,899	(6,427,681)	-	102,901,218
Capital assets, not being depreciated:				
Land	57,590,281	-	-	57,590,281
Construction in progress	<u>12,096,530</u>	<u>55,358,212</u>	-	<u>67,454,742</u>
Total capital assets, not being depreciated	<u>69,686,811</u>	<u>55,358,212</u>	-	<u>125,045,023</u>
Governmental activities capital assets, net	<u>\$ 179,015,710</u>	<u>\$ 48,930,531</u>	<u>\$ -</u>	<u>\$ 227,946,241</u>
	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities - Total				
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,919,913	\$ 7,963	\$ -	\$ 20,927,876
Machinery, equipment, and furnishings	20,424,267	1,458,754	(189,988)	21,693,033
Infrastructure	118,205,887	3,241,642	(98,008)	121,349,521
Intangible	<u>2,086,402</u>	-	-	<u>2,086,402</u>
Total capital assets, being depreciated	161,636,469	4,708,359	(287,996)	166,056,832
Less accumulated depreciation for:				
Buildings and improvements	(10,243,750)	(603,025)	-	(10,846,775)
Machinery, equipment, and furnishings	(11,453,871)	(584,952)	183,572	(11,855,251)
Infrastructure	(57,884,544)	(3,296,933)	84,799	(61,096,678)
Intangible	<u>(1,127,391)</u>	<u>(62,592)</u>	-	<u>(1,189,983)</u>
Total accumulated depreciation	<u>(80,709,556)</u>	<u>(4,547,502)</u>	<u>268,371</u>	<u>(84,988,687)</u>
Total capital assets, being depreciated, net	80,926,913	160,857	(19,625)	81,068,145
Capital assets, not being depreciated:				
Land	6,522,776	-	-	6,522,776
Construction in progress	<u>3,249,874</u>	<u>3,363,440</u>	<u>(2,510,850)</u>	<u>4,102,464</u>
Total capital assets, not being depreciated	<u>9,772,650</u>	<u>3,363,440</u>	<u>(2,510,850)</u>	<u>10,625,240</u>
Business-type activities capital assets, net	<u>\$ 90,699,563</u>	<u>\$ 3,524,297</u>	<u>\$ (2,530,475)</u>	<u>\$ 91,693,385</u>

The following tables represent capital asset activity for the year ended June 30, 2024 (except the Electric fund which is for the year ended December 31, 2023) for each individual enterprise fund:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Water				
Capital assets, being depreciated:				
Machinery, equipment, and furnishings	\$ 3,662,603	\$ 284,196	\$ (17,481)	\$ 3,929,318
Infrastructure	<u>37,532,577</u>	<u>681,711</u>	<u>-</u>	<u>38,214,288</u>
Total capital assets, being depreciated	41,195,180	965,907	(17,481)	42,143,606
Less accumulated depreciation for:				
Machinery, equipment, and furnishings	(3,137,317)	(120,018)	17,481	(3,239,854)
Infrastructure	<u>(14,937,402)</u>	<u>(1,074,744)</u>	<u>-</u>	<u>(16,012,146)</u>
Total accumulated depreciation	<u>(18,074,719)</u>	<u>(1,194,762)</u>	<u>17,481</u>	<u>(19,252,000)</u>
Total capital assets, being depreciated, net	23,120,461	(228,855)	-	22,891,606
Capital assets, not being depreciated:				
Land	4,070,467	-	-	4,070,467
Construction in progress	<u>2,214,903</u>	<u>1,135,300</u>	<u>-</u>	<u>3,350,203</u>
Total capital assets, not being depreciated	<u>6,285,370</u>	<u>1,135,300</u>	<u>-</u>	<u>7,420,670</u>
Business-type activities capital assets, net	<u>\$ 29,405,831</u>	<u>\$ 906,445</u>	<u>\$ -</u>	<u>\$ 30,312,276</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Sewer				
Capital assets, being depreciated:				
Buildings and improvements	\$ 59,892	\$ -	\$ -	\$ 59,892
Machinery, equipment, and furnishings	1,914,454	457,057	-	2,371,511
Infrastructure	<u>36,337,416</u>	<u>95,921</u>	<u>-</u>	<u>36,433,337</u>
Total capital assets, being depreciated	38,311,762	552,978	-	38,864,740
Less accumulated depreciation for:				
Buildings and improvements	(59,892)	-	-	(59,892)
Machinery, equipment, and furnishings	(1,732,515)	(52,736)	-	(1,785,251)
Infrastructure	<u>(20,792,359)</u>	<u>(887,746)</u>	<u>-</u>	<u>(21,680,105)</u>
Total accumulated depreciation	<u>(22,584,766)</u>	<u>(940,482)</u>	<u>-</u>	<u>(23,525,248)</u>
Total capital assets, being depreciated, net	15,726,996	(387,504)	-	15,339,492
Capital assets, not being depreciated:				
Land	850,000	-	-	850,000
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>850,000</u>	<u>-</u>	<u>-</u>	<u>850,000</u>
Business-type activities capital assets, net	<u>\$ 16,576,996</u>	<u>\$ (387,504)</u>	<u>\$ -</u>	<u>\$ 16,189,492</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities - Electric				
Capital assets, being depreciated:				
Buildings and improvements	\$ 9,455,817	\$ 7,963	\$ -	\$ 9,463,780
Machinery, equipment, and furnishings	14,182,878	717,501	(172,507)	14,727,872
Infrastructure	44,318,394	2,425,207	(98,008)	46,645,593
Intangible	<u>2,086,402</u>	<u>-</u>	<u>-</u>	<u>2,086,402</u>
Total capital assets, being depreciated	70,043,491	3,150,671	(270,515)	72,923,647
Less accumulated depreciation for:				
Buildings and improvements	(5,397,336)	(280,340)	-	(5,677,676)
Machinery, equipment, and furnishings	(5,944,679)	(403,891)	166,091	(6,182,479)
Infrastructure	(22,151,210)	(1,333,106)	84,799	(23,399,517)
Intangible	<u>(1,127,391)</u>	<u>(62,592)</u>	<u>-</u>	<u>(1,189,983)</u>
Total accumulated depreciation	<u>(34,620,616)</u>	<u>(2,079,929)</u>	<u>250,890</u>	<u>(36,449,655)</u>
Total capital assets, being depreciated, net	35,422,875	1,070,742	(19,625)	36,473,992
Capital assets, not being depreciated:				
Land	1,602,309	-	-	1,602,309
Construction in progress	<u>1,034,971</u>	<u>2,228,140</u>	<u>(2,510,850)</u>	<u>752,261</u>
Total capital assets, not being depreciated	<u>2,637,280</u>	<u>2,228,140</u>	<u>(2,510,850)</u>	<u>2,354,570</u>
Business-type activities capital assets, net	<u>\$ 38,060,155</u>	<u>\$ 3,298,882</u>	<u>\$ (2,530,475)</u>	<u>\$ 38,828,562</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities - Swim & Fitness				
Capital assets, being depreciated:				
Buildings and improvements	\$ 11,404,204	\$ -	\$ -	\$ 11,404,204
Machinery, equipment, and furnishings	664,332	-	-	664,332
Infrastructure	<u>17,500</u>	<u>38,803</u>	<u>-</u>	<u>56,303</u>
Total capital assets, being depreciated	12,086,036	38,803	-	12,124,839
Less accumulated depreciation for:				
Buildings and improvements	(4,786,522)	(322,685)	-	(5,109,207)
Machinery, equipment, and furnishings	(639,360)	(8,307)	-	(647,667)
Infrastructure	<u>(3,573)</u>	<u>(1,337)</u>	<u>-</u>	<u>(4,910)</u>
Total accumulated depreciation	<u>(5,429,455)</u>	<u>(332,329)</u>	<u>-</u>	<u>(5,761,784)</u>
Business-type activities capital assets, net	<u>\$ 6,656,581</u>	<u>\$ (293,526)</u>	<u>\$ -</u>	<u>\$ 6,363,055</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities	
General government	\$ 1,211,824
Public safety	1,083,065
Education	2,552,975
Public works	2,636,717
Health and human services	83,501
Culture and recreation	<u>418,160</u>
Total Governmental Activities	<u>\$ 7,986,242</u>

Business-Type Activities	
Water	\$ 1,194,762
Sewer	940,482
Electric	2,079,929
Swim & Fitness	<u>332,329</u>
Total Business-Type Activities	\$ <u>4,547,502</u>

16. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town 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. The Town also reports deferred outflows of resources related to refunding of bonds.

17. Accrued Liabilities

This balance represents expenditures paid in fiscal year 2025 that were attributable to fiscal year 2024, interest accrued at year end, and payroll related to fiscal year 2024 due to employees at year end.

18. Escrow Deposits

Escrow deposits represent funds related to ongoing projects within the Town. These will be refunded at the projects' completion.

19. Unearned Revenue

This balance represents revenue collected in advance for solid waste and swim & fitness activities as well as grant funds received by the Town from the American Rescue Plan Act (ARPA) and Light Plant resources that will be applied to future years' customer rates. These amounts will be recognized as revenue in future reporting periods.

20. Customer Deposits

This balance represents deposits received from residential and commercial customers that are held in escrow. Earned interest is applied to customer accounts at year-end or when the deposit is applied to their closed accounts.

21. Notes Payable

The following summarizes the Town's activity in notes payable during fiscal year 2024 along with the notes outstanding at June 30, 2024:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
<u>Governmental</u>							
MWPAT interim note	0.00%	03/31/22	Ongoing	\$ 240,000	\$ -	\$ -	\$ 240,000
General obligation note	5.38%	06/29/23	6/27/2024	176,000	-	(176,000)	-
General obligation note*	4.25%	06/27/24	9/27/2024	-	4,561,000	-	4,561,000
Total				\$ 416,000	\$ 4,561,000	\$ (176,000)	\$ 4,801,000

* - Note was bonded subsequent to year end and is therefore shown as note proceeds on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

22. Long-Term Liabilities

Long-Term Debt Supporting Activities

The Town primarily issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

Borrowings outstanding were as follows at June 30, 2024 (except for the Light Plant, which is as of December 31, 2023):

<u>Governmental Activities</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding</u>
Public offerings:				
Alcott School Refunding	\$ 2,781,500	2025	3.00	\$ 259,500
Alcott School Refunding	577,000	2025	3.00	54,500
Thoreau School Refunding	1,201,500	2025	3.00	66,000
Town House Interior Improvements	350,000	2025	2.00 - 4.00	35,000
Cemetery Roads and Infrastructure	94,100	2025	3.00 - 5.00	10,000
Open Space Land Acquisition	91,000	2025	5.00	15,000
School Capital	810,500	2025	5.00	155,000
Middle School Feasibility Study	1,347,000	2025	5.00	265,000
School Building Renovations	650,000	2026	2.00 - 4.00	105,000
Thoreau School Refunding	2,804,400	2026	2.00 - 4.00	683,000
Road Maintenance	1,245,000	2026	5.00	350,000
Library - Energy Efficient Systems	150,000	2026	5.00	60,000
Parking Lot - Harvey Wheeler Building	100,000	2026	5.00	40,000
Town Wide Building Maintenance	328,500	2026	5.00	130,000
Electric Bus Infrastructure	150,000	2026	5.00	60,000
Emerson Playground	200,000	2026	5.00	80,000
Ambulance #2 Replacement	275,000	2026	5.00	110,000
Road Improvements	1,236,300	2027	2.00 - 4.00	420,000
Trail Improvements	25,000	2027	5.00	15,000

(continued)

(continued)

<u>Governmental Activities</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding</u>
Public offerings:				
Municipal Building Improvements	195,000	2027	5.00	115,000
Ladder #1 Refurbishment	250,000	2027	5.00	150,000
Self-Contained Breathing Apparatus	245,000	2027	5.00	145,000
Heavy Equipment Park and Tree	245,000	2027	5.00	145,000
Heavy Equipment Highway	235,000	2027	5.00	135,000
Road Improvements	1,200,000	2028	2.00 - 4.00	315,000
School Bus Depot	950,000	2028	2.00 - 4.00	260,000
Willard School Refunding	5,389,000	2028	2.00 - 4.00	2,345,000
Bus Depot	268,200	2028	3.00 - 5.00	98,000
Municipal Building Renovations	312,600	2028	3.00 - 5.00	117,500
Fire Engine Replacement	512,700	2028	3.00 - 5.00	197,500
Ambulance Replacement	232,700	2028	3.00 - 5.00	80,000
CPS Renovations	757,030	2028	3.00 - 5.00	297,030
2017 Roads Program	1,259,970	2028	3.00 - 5.00	499,970
CPS Bus Depot	1,735,625	2028	3.00 - 5.00	680,000
CPW Heavy Equipment	286,000	2028	4.00 - 5.00	225,000
Gerow Park Improvements	200,000	2028	4.00 - 5.00	160,000
Emerson Basketball Court Improvements	150,000	2028	4.00 - 5.00	120,000
Municipal Building 113-135 Keyes RD Roof Repair	200,000	2028	4.00 - 5.00	160,000
School Improvements	770,000	2029	5.00	375,000
Land Acquisition (Gerow Land Purchase)	2,135,900	2029	5.00	1,060,000
Willard School Remodeling Refunding	5,170,000	2029	5.00	2,950,000
Park Improvements (Gerow)	499,500	2030	5.00	295,000
Park Improvements (White Pond)	499,500	2030	5.00	295,000
Park Improvements (Rideout)	169,500	2030	5.00	85,000
2019 Roads Program	667,000	2030	5.00	385,000
2019 Roads (Cambridge Turnpike)	500,000	2030	5.00	295,000
School Building Repair and Equipment	830,000	2031	5.00	615,000
White Pond Improvements	600,000	2031	5.00	445,000
Roads 2020 Program	1,250,000	2031	5.00	925,000
141 Keyes Road Renovation	400,000	2032	5.00	320,000
Warner's Pond Dredging	500,000	2032	5.00	400,000
White Pond Park Improvements	500,000	2032	5.00	400,000
Warner's Pond Park Improvements	1,250,000	2032	5.00	1,000,000
2021 Roads Program	1,300,000	2032	5.00	1,040,000
Drainage and Sidewalks	330,000	2032	5.00	260,000
Concord Public School Renovations #1	900,000	2033	4.00 - 5.00	810,000
Concord Public School Renovations #2	900,000	2033	4.00 - 5.00	810,000
Roadway Improvements	2,000,000	2033	4.00 - 5.00	1,775,000
Culvert and Bridge Improvements	772,000	2033	4.00 - 5.00	690,000
Middle School Construction	11,083,000	2042	4.00 - 5.00	9,970,000
Middle School Construction	49,192,000	2053	4.00 - 5.00	<u>47,580,000</u>
Total public offerings				81,938,000
Direct borrowings:				
Title V Loans	197,457	2025	0.00	19,745
Title V Loans	665,490	2040	0.00	532,390
Title V Loans	300,000	2043	0.00	285,213
School Buses	269,408	2025	1.48	<u>54,672</u>
Total direct borrowings				<u>892,020</u>
Total Governmental Activities				<u>\$ 82,830,020</u>

<u>Business-Type Activities</u>	<u>Original Issue</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding</u>
Water:				
Public offerings:				
Water Refunding	\$ 270,000	2026	5.00	\$ 110,000
Water Refunding	1,638,200	2027	2.00 - 4.00	467,000
Water Treatment Plant	831,500	2031	5.00	575,000
Nagog Water Ointake Improvements	1,660,000	2031	5.00	1,155,000
Water System Improvements	1,650,000	2033	4.00 - 5.00	1,485,000
Water Main Replacement	2,000,000	2033	4.00 - 5.00	1,800,000
Water Main Replacement	1,847,000	2042	4.00 - 5.00	<u>1,655,000</u>
Total Water				7,247,000
Sewer:				
Direct borrowings:				
Sewer MWPAT	4,190,000	2026	2.00	500,398
Sewer MWPAT	9,967,780	2027	2.00	<u>1,920,066</u>
Total direct borrowings				<u>2,420,464</u>
Total Sewer				2,420,464
Electric:				
Public offerings:				
Land Acquisition (WR Grace)	172,000	2024	5.00	32,000
Light Plant Expansion	3,900,000	2027	2.07	1,200,000
Telecom	338,000	2029	5.00	223,000
Telecom	131,000	2028	5.00	90,000
Smart Grid - Refunding	904,000	2026	5.00	<u>545,000</u>
Total Electric				<u>2,090,000</u>
Total Business-Type Activities				<u>\$ 11,757,464</u>

Future Debt Service

The annual payments to retire all general obligation bonds and loans outstanding as of June 30, 2024 (except for the Light Plant which is as of December 31, 2023) were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>					
	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal</u>	<u>Total Interest</u>
2025	\$ 7,103,000	\$ 3,598,881	\$ 122,501	\$ 815	\$ 7,225,501	\$ 3,599,696
2026	6,275,000	3,284,250	48,107	-	6,323,107	3,284,250
2027	5,500,000	2,999,900	48,129	-	5,548,129	2,999,900
2028	5,170,000	2,743,650	48,151	-	5,218,151	2,743,650
2029	3,810,000	2,502,050	48,174	-	3,858,174	2,502,050
2030	2,970,000	2,311,550	48,196	-	3,018,196	2,311,550
2031	2,835,000	2,163,050	48,217	-	2,883,217	2,163,050
2032	2,565,000	2,021,300	48,240	-	2,613,240	2,021,300
2033	2,195,000	1,893,050	48,262	-	2,243,262	1,893,050
2034	1,825,000	1,783,300	48,285	-	1,873,285	1,783,300
2035-2039	10,050,000	7,587,400	241,762	-	10,291,762	7,587,400
2040-2044	10,530,000	5,447,200	93,996	-	10,623,996	5,447,200
2045-2049	10,805,000	3,391,600	-	-	10,805,000	3,391,600
2050-2053	10,305,000	1,050,800	-	-	10,305,000	1,050,800
Total	<u>\$ 81,938,000</u>	<u>\$ 42,777,981</u>	<u>\$ 892,020</u>	<u>\$ 815</u>	<u>\$ 82,830,020</u>	<u>\$ 42,778,796</u>

Business-Type Activities

<u>Water</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal</u>	<u>Total Interest</u>
<u>Year Ending June 30,</u>						
2025	\$ 922,000	\$ 344,470	\$ -	\$ -	\$ 922,000	\$ 344,470
2026	920,000	301,550	-	-	920,000	301,550
2027	865,000	258,650	-	-	865,000	258,650
2028	705,000	221,600	-	-	705,000	221,600
2029	705,000	186,350	-	-	705,000	186,350
2030	705,000	151,100	-	-	705,000	151,100
2031	705,000	115,850	-	-	705,000	115,850
2032	455,000	80,600	-	-	455,000	80,600
2033	455,000	57,850	-	-	455,000	57,850
2034	90,000	35,100	-	-	90,000	35,100
2035-2039	450,000	110,700	-	-	450,000	110,700
2040-2042	270,000	21,600	-	-	270,000	21,600
Total	<u>\$ 7,247,000</u>	<u>\$ 1,885,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,247,000</u>	<u>\$ 1,885,420</u>

<u>Sewer</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal</u>	<u>Total Interest</u>
<u>Year Ending June 30,</u>						
2025	\$ -	\$ -	\$ 874,962	\$ 39,660	\$ 874,962	\$ 39,660
2026	-	-	892,637	21,984	892,637	21,984
2027	-	-	652,865	6,529	652,865	6,529
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,420,464</u>	<u>\$ 68,173</u>	<u>\$ 2,420,464</u>	<u>\$ 68,173</u>

<u>Electric</u>	<u>Bonds - Public Offerings</u>		<u>Loans - Direct Borrowings</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal</u>	<u>Total Interest</u>
<u>Year Ending December 31,</u>						
2024	\$ 565,000	\$ 63,750	\$ -	\$ -	\$ 565,000	\$ 63,750
2025	535,000	43,375	-	-	535,000	43,375
2026	540,000	24,563	-	-	540,000	24,563
2027	355,000	9,875	-	-	355,000	9,875
2028	55,000	3,375	-	-	55,000	3,375
2029	40,000	1,000	-	-	40,000	1,000
Total	<u>\$ 2,090,000</u>	<u>\$ 145,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,090,000</u>	<u>\$ 145,938</u>

The Town has issued direct borrowings from the Massachusetts Water Pollution Abatement Trust (MWPAT), a state revolving loan fund (SRF) of the Massachusetts Clean Water Trust (MCWT), a component unit of the Commonwealth of Massachusetts. MCWT issues special obligation bonds under its SRF programs to provide low-cost financing to Cities, Towns, and other eligible borrowers primarily for the construction and improvement of drinking water and wastewater infrastructure. The Town is currently drawing down on a line of credit. The amount drawn down as of June 30, 2024 is noted in Note 21 above. There were no assets pledged as collateral for debt. The Town certified that rates and charges in the General Fund and Sewer Enterprise Fund have been set at a sufficient level to cover estimated operating expenses and debt service related to direct borrowings. In addition, the Town as an “obligated person” with respect to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, agrees with MCWT to provide an annual report, not later than 270 days after the close of each fiscal year, that incorporates the most recently available audited financial statements to meet continuing disclosure requirements.

Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2024 were as follows:

<u>Purpose</u>	<u>Amount</u>
Nagog Pond Improvements and PFAS Mitigation	\$ 50,000,000
Middle School Construction	40,816,000
Water System Improvements	11,500,000
In-Town Utility Scale Battery	10,400,000
Light Plant Solar Expansion at Middle School	7,500,000
Middle School Construction	7,200,000
Various Capital Improvements	4,100,000
Smart Grid Improvements	3,000,000
Telecommunications Services	850,000
School Building Improvements	446,000
Roof Replacement	381,250
Assabet River Bluff Preservation	324,000
Fire Engine Refurbishment	210,000
Fire Department SCBA Equipment	105,000
Municipal Building Improvements	52,750
Septic System Betterment	<u>1</u>
Total	<u>\$ 136,885,001</u>

Overlapping Debt

The Town is a member community of other governmental agencies which are authorized to issue debt. The Town is not directly responsible for the payment or guarantee of these debts; however, annual debt service costs are included in the operating budgets of these agencies, and are funded through user charges and/or assessments to the Town. The following summarizes the debt of these other agencies and the Town's related participation percentages as of June 30, 2024:

<u>Related Entity</u>	<u>Total Principal</u>	<u>Town's Percent</u>	<u>Town's Share</u>
Concord-Carlisle Regional School District	\$ 35,555,000	76.26%	\$ 27,114,243
Minuteman Regional Vocational School District	94,636,475	7.54%	<u>7,135,590</u>
Total			<u>\$ 34,249,833</u>

This liability is appropriately not reported in the accompanying financial statements.

Changes in Long-Term Liabilities

During the year ended June 30, 2024, with the exception of the Light Plant which is as of December 31, 2023, the following changes occurred in long-term liabilities:

	Total Balance 7/1/23	Additions	Reductions	Total Balance 6/30/24	Less: Current Portion	Equals Long-Term Portion 6/30/24
Governmental Activities						
Bonds payable:						
Public offerings	\$ 90,043,000	\$ -	\$ (8,105,000)	\$ 81,938,000	\$ (7,103,000)	\$ 74,835,000
Loans (direct borrowings)	1,068,209	-	(176,190)	892,019	(122,501)	769,518
Unamortized bond premium	<u>6,024,842</u>	<u>-</u>	<u>(719,176)</u>	<u>5,305,666</u>	<u>(719,176)</u>	<u>4,586,490</u>
Subtotal bonds payable	97,136,051	-	(9,000,366)	88,135,685	(7,944,677)	80,191,008
Compensated absences liability	3,483,843	348,384	(1,337,996)	2,494,231	(249,423)	2,244,808
Landfill closure liability	90,000	-	(10,000)	80,000	(10,000)	70,000
Net pension liability	22,897,169	-	(5,185,096)	17,712,073	-	17,712,073
Net OPEB liability	<u>19,509,661</u>	<u>-</u>	<u>(2,705,069)</u>	<u>16,804,592</u>	<u>-</u>	<u>16,804,592</u>
Total long-term liabilities	\$ <u>143,116,724</u>	\$ <u>348,384</u>	\$ <u>(18,238,527)</u>	\$ <u>125,226,581</u>	\$ <u>(8,204,100)</u>	\$ <u>117,022,481</u>
Business-Type Activities						
Water						
Bonds payable:						
Public offerings	\$ 8,172,000	\$ -	\$ (925,000)	\$ 7,247,000	\$ (922,000)	\$ 6,325,000
Unamortized bond premium	<u>978,364</u>	<u>-</u>	<u>(108,742)</u>	<u>869,622</u>	<u>(108,742)</u>	<u>760,880</u>
Total long-term debt	9,150,364	-	(1,033,742)	8,116,622	(1,030,742)	7,085,880
Compensated absences liability	92,688	9,268	(27,434)	74,522	(7,452)	67,070
Net pension liability	642,179	-	(212,591)	429,588	-	429,588
Net OPEB liability	<u>187,653</u>	<u>-</u>	<u>(18,936)</u>	<u>168,717</u>	<u>-</u>	<u>168,717</u>
Total Water long-term liabilities	10,072,884	9,268	(1,292,703)	8,789,449	(1,038,194)	7,751,255
Sewer						
Bonds payable:						
Public offerings	55,000	-	(55,000)	-	-	-
Loans (direct borrowings)	<u>3,278,099</u>	<u>-</u>	<u>(857,635)</u>	<u>2,420,464</u>	<u>(874,962)</u>	<u>1,545,502</u>
Total long-term debt	3,333,099	-	(912,635)	2,420,464	(874,962)	1,545,502
Compensated absences liability	23,172	3,986	(2,317)	24,841	(2,484)	22,357
Net pension liability	160,545	-	(53,147)	107,398	-	107,398
Net OPEB liability	<u>16,680</u>	<u>-</u>	<u>(2,167)</u>	<u>14,513</u>	<u>-</u>	<u>14,513</u>
Total Sewer long-term liabilities	3,533,496	3,986	(970,266)	2,567,216	(877,446)	1,689,770
Electric						
Bonds payable:						
Public offerings	2,650,000	-	(560,000)	2,090,000	(565,000)	1,525,000
Unamortized bond premium	<u>236,542</u>	<u>-</u>	<u>(60,040)</u>	<u>176,502</u>	<u>(58,491)</u>	<u>118,011</u>
Total long-term debt	2,886,542	-	(620,040)	2,266,502	(623,491)	1,643,011
Compensated absences liability	185,953	282,167	(267,438)	200,682	(10,034)	190,648
Net pension liability (asset)	(558,803)	4,094,610	-	3,535,807	-	3,535,807
Net OPEB liability	<u>2,129,201</u>	<u>-</u>	<u>(1,011,623)</u>	<u>1,117,578</u>	<u>-</u>	<u>1,117,578</u>
Total Electric long-term liabilities	4,642,893	4,376,777	(1,899,101)	7,120,569	(633,525)	6,487,044
Swim & Fitness						
Compensated absences liability	18,320	10,793	(1,832)	27,281	(2,728)	24,553
Net pension liability	301,356	-	(99,331)	202,025	-	202,025
Net OPEB liability	<u>18,765</u>	<u>-</u>	<u>(2,438)</u>	<u>16,327</u>	<u>-</u>	<u>16,327</u>
Total Nonmajor long-term liabilities	<u>338,441</u>	<u>10,793</u>	<u>(103,601)</u>	<u>245,633</u>	<u>(2,728)</u>	<u>242,905</u>
Business-Type Activities	\$ <u>18,587,714</u>	\$ <u>4,400,824</u>	\$ <u>(4,265,671)</u>	\$ <u>18,722,867</u>	\$ <u>(2,551,893)</u>	\$ <u>16,170,974</u>

Long-Term Liabilities Supporting Governmental and Business-Type Activities

General obligation bonds and state revolving loans, issued by the Town for various municipal projects, are approved by Town Meeting and repaid with revenues recorded in the General Fund and user fees recorded in enterprise funds. All other long-term liabilities are repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds.

23. Landfill Closure and Postclosure Care Costs

The Town stopped accepting waste and permanently capped its landfill in fiscal year 2003. State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Since the Town's landfill has stopped accepting waste, the Town reports these closure and postclosure care costs as a liability in the government-wide financial statements.

The \$80,000 reported as landfill postclosure care liability at June 30, 2024 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in fiscal year 2024. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

24. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Town 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, in accordance with GASB Statements No. 68 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Deferred inflows related to leases, in accordance with GASB Statement No. 87 have been recognized in fiscal year 2024, and are offset with lease receivables. Other deferred inflows of resources consist of regulatory resources which will be used in future years' Light Plant customer rates. *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.

25. Governmental Funds – Fund Balances

The Town's fund balances at June 30, 2024 were comprised of the following:

	General Fund	Capital Projects Fund	Federal Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Interfund loan	\$ 669,711	\$ -	\$ -	\$ -	\$ 669,711
Permanent funds	-	-	-	4,874,772	4,874,772
Total Nonspendable	669,711	-	-	4,874,772	5,544,483
Restricted					
Pension fund	9,821,133	-	-	-	9,821,133
Federal grants	-	-	352,848	190,109	542,957
Capital project funds	-	14,810,693	-	-	14,810,693
Community preservation	-	-	-	4,601,954	4,601,954
Permanent funds	-	-	-	4,999,318	4,999,318
PEG Access	-	-	-	2,028,501	2,028,501
Gifts	-	-	-	2,010,601	2,010,601
Recreation	-	-	-	2,261,793	2,261,793
State grants	-	-	-	2,135,064	2,135,064
Other revolving	-	-	-	1,367,183	1,367,183
Receipts reserved for appropriation	-	-	-	567,385	567,385
Parking	-	-	-	306,360	306,360
Solid waste	-	-	-	91,841	91,841
Cemetery	-	-	-	762,604	762,604
Other	-	-	-	3,026,309	3,026,309
Total Restricted	9,821,133	14,810,693	352,848	24,349,022	49,333,696
Committed					
Middle School stabilization	4,868,379	-	-	-	4,868,379
Insurance reserve fund	1,155,141	-	-	-	1,155,141
Capital outlay	2,470,057	-	-	-	2,470,057
Information technology improvements	441,844	-	-	-	441,844
Public safety for Concord 250 celebration	350,000	-	-	-	350,000
Emergency response stabilization	110,962	-	-	-	110,962
Other	215,643	-	-	-	215,643
Land acquisition	-	-	-	42,807	42,807
Total Committed	9,612,026	-	-	42,807	9,654,833

(continued)

(continued)

	General Fund	Capital Projects Fund	Federal Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assigned					
Education	259,922	-	-	-	259,922
Library	4,139	-	-	-	4,139
Police department	6,753	-	-	-	6,753
Fire department	23,133	-	-	-	23,133
Highway improvements	60,749	-	-	-	60,749
Cemetery	117,499	-	-	-	117,499
Parks and trees	35,095	-	-	-	35,095
Information systems	26,669	-	-	-	26,669
Custodial services	58,843	-	-	-	58,843
Building improvements	149,044	-	-	-	149,044
Town manager	28,020	-	-	-	28,020
Resource sustainability	14,472	-	-	-	14,472
Legal	136,361	-	-	-	136,361
Employee benefits	10,434	-	-	-	10,434
Other	38,931	-	-	-	38,931
Total Assigned	970,064	-	-	-	970,064
Unassigned					
General Fund	17,977,696	-	-	-	17,977,696
General stabilization fund	4,964	-	-	-	4,964
Deficit funds	-	(3,716)	(950,968)	(532,509)	(1,487,193)
Total Unassigned	17,982,660	(3,716)	(950,968)	(532,509)	16,495,467
Total Fund Balances	\$ 39,055,594	\$ 14,806,977	\$ (598,120)	\$ 28,734,092	\$ 81,998,543

26. Restricted Net Position

The Town's restricted net position at June 30, 2024 was comprised of the following:

Purpose	Governmental Activities	Business-Type Activities
Pension reserve	\$ 9,821,133	\$ -
Community preservation	4,601,954	-
Recreation	2,261,793	-
PEG Access	2,028,501	-
Gifts and donations	2,010,601	-
Education	280,511	-
General government	1,104,033	-
Public safety	251,492	-
Solid waste	91,841	-
Affordable housing	2,463,426	-
Human services	175,333	-
Cemetery	762,604	-
Receipts reserved for appropriation	567,385	-
Parking	368,858	-
Grants and other statutory restrictions	2,777,027	-
Permanent funds	9,874,090	-
Sewer debt	-	304,742
Sewer capital	-	4,795,812
Electric capital	-	7,000,140
Total	\$ 39,440,582	\$ 12,100,694

27. Consolidation of Pension and OPEB Trust Funds

The Concord Contributory Retirement System and the Concord OPEB Trust Fund are presented in a single column on pages 24 and 25 because separate financial reports on both trusts were not issued. Details of the financial position and changes in net position are as follows:

	Net Position		
	Pension Trust Fund <u>(As of December 31, 2023)</u>	OPEB Trust Fund	Pension and OPEB Trust Fund
Assets			
Cash and short-term investments	\$ 4,350,089	\$ 69,875	\$ 4,419,964
Investments:			
Equity mutual funds	-	25,035,910	25,035,910
Fixed income	-	13,448,302	13,448,302
Pooled investments	116,094,320	-	116,094,320
State investment pool (PRIT)	103,417,664	-	103,417,664
Receivables	<u>33,818</u>	<u>-</u>	<u>33,818</u>
Total Assets	223,895,891	38,554,087	262,449,978
Liabilities			
Warrants and accounts payable	<u>116,398</u>	<u>-</u>	<u>116,398</u>
Net Position			
Restricted for pension	223,779,493	-	223,779,493
Restricted for OPEB	<u>-</u>	<u>38,554,087</u>	<u>38,554,087</u>
Total Net Position	<u>\$ 223,779,493</u>	<u>\$ 38,554,087</u>	<u>\$ 262,333,580</u>

Change in Net Position

	Pension Trust Fund (For the year ended <u>December 31, 2023</u>)	OPEB <u>Trust Fund</u>	Pension and OPEB <u>Trust Fund</u>
Additions			
Contributions:			
Employer	\$ 6,812,285	\$ 4,158,116	\$ 10,970,401
Plan members	5,250,317	-	5,250,317
Other systems and Commonwealth of Massachusetts	966,096	-	966,096
Other	<u>14,337</u>	<u>-</u>	<u>14,337</u>
Total Contributions	13,043,035	4,158,116	17,201,151
Investment Income:			
Increase in fair value of investments	22,641,243	4,108,049	26,749,292
Less: management fees	<u>(1,202,360)</u>	<u>-</u>	<u>(1,202,360)</u>
Net Investment Income	<u>21,438,883</u>	<u>4,108,049</u>	<u>25,546,932</u>
Total Additions	34,481,918	8,266,165	42,748,083
Deductions			
Benefit payments to plan members and beneficiaries	13,635,673	2,690,265	16,325,938
Refunds to plan members	290,332	-	290,332
Transfers to other systems	1,271,059	-	1,271,059
Administrative expenses	<u>392,348</u>	<u>-</u>	<u>392,348</u>
Total Deductions	<u>15,589,412</u>	<u>2,690,265</u>	<u>18,279,677</u>
Change in Net Position	18,892,506	5,575,900	24,468,406
Net position restricted for Pension and OPEB			
Beginning of year	<u>204,886,987</u>	<u>32,978,187</u>	<u>237,865,174</u>
End of year	<u>\$ 223,779,493</u>	<u>\$ 38,554,087</u>	<u>\$ 262,333,580</u>

28. Deferred Compensation

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457(b) through the International City/County Management Association's (ICMA) Retirement Corporation. The plan permits full-time employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The Town has no liability for losses under the plan, but does have the duty of care that would be required of an ordinary prudent investor for safeguarding purposes only. The investments are self-directed by employees. There were no employer contributions to the 457 Plan for fiscal year ending June 30, 2024.

29. Concord Contributory 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* (GASB 68), with respect to employees' retirement funds.

The Light Plant's net Pension liability and related deferrals are reported as of December 31, 2023 and are based on the Town's June 30, 2023 actuarial valuation

therefore a timing difference exists between these note disclosures and our Statement of Net Position. The actuarial assumptions used in the June 30, 2023 valuation are the same as our 2024 valuation.

All the following pension disclosures are based on a measurement date of June 30, 2024.

Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Concord Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The System 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 standalone audited financial statements that are publicly available from the System located at 2250 Main Street, Concord, MA 01742.

Participant 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 on or 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	5.00%
January 1, 1975 - December 31, 1983	7.00%
January 1, 1984 - June 30, 1996	8.00%
Beginning July 1, 1996	9.00%

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%, 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 4 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.

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.
- 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, 2024 was \$5,868,783, which was equal to its annual required contribution.

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, 2024, the Town reported a liability of \$18,451,084 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to December 31, 2023. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Town’s proportion was 76.20%, which was a change of (0.48%) from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$4,038,909. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 1,384,772	\$ (2,486,553)
Changes of assumptions	2,288,646	-
Net difference between projected and actual investment earnings on pension plan investments	7,560,034	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>241,629</u>	<u>(148,840)</u>
Total	<u>\$ 11,475,081</u>	<u>\$ (2,635,393)</u>

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:

<u>Year ended June 30:</u>		
2025	\$	1,468,217
2026		2,754,537
2027		5,534,838
2028		<u>(917,904)</u>
Total	\$	<u>8,839,688</u>

Actuarial Assumptions

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2023
Actuarial cost method	Entry age normal
Inflation	2.60%
Salary increases:	
Groups 1 and 2	2.50% for 10 years
Fire	4.70% for 3 years
Police	5.20% in year 1, 5.60% in year 2, 7.30% in year 3, 5.00% in year 4, 4.80% in year 5, and 2.00 in year 6
Discount rate	6.50%

Mortality rates were based on the following:

Pre-retirement and beneficiary mortality:	RP-2014 Healthy Employee Mortality table adjusted to 2006 and projected generationally using scale MP-2021 (gender distinct)
Mortality for retired members:	RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2021 (gender distinct)
Mortality for disabled members:	RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2021 (gender distinct), ages set forward 2 years

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of the most recent actuarial experience study.

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity:	31-41%	
U.S. equity		4.19%
International equity		3.90%
Emerging equity		6.43%
Core fixed income:	12-18%	
Core bonds		2.24%
Short-term fixed income		1.56%
Treasury STRIPS		1.56%
TIPS/ILBs		1.66%
Value-added fixed income	6-12%	5.07%
Private equity	13-19%	7.41%
Real estate	7-13%	3.90%
Timberland	1-7%	4.39%
Portfolio completion (PCS)	7-13%	3.70%

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. 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.

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 6.50%, 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 <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
\$ 44,895,920	\$ 20,860,354 *	\$ 609,330

*Will not agree with net pension liability in financial statements as Light Plant pension liability reported as of December 31, 2023.

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.

30. Massachusetts Teachers’ Retirement System (MTRS)

Plan Description

The Massachusetts Teachers’ Retirement System (the 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 – an Amendment of GASB Statement No. 25* (GASB 67). The 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.

Management of the 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

The MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes 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.

Contributions

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

<u>Membership Date</u>	<u>% of Compensation</u>
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 the 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, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. This valuation used the following assumptions:

(a) 2.50% inflation rate, (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund and (d) 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.

Mortality rates were as follows:

- Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).

Target Allocations

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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	37.00%	4.90%
Core fixed income	15.00%	1.90%
Private equity	16.00%	7.40%
Portfolio completion strategies	10.00%	3.80%
Real estate	10.00%	3.00%
Value added fixed income	8.00%	5.10%
Timber/natural resources	4.00%	4.30%
Total	<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 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 (in thousands):

1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
\$ 33,378,000	\$ 26,290,271	\$ 20,292,000

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 the MTRS. Since the employers do not contribute directly to the MTRS, there is no net pension liability to recognize for each employer.

Town Proportions

In fiscal year 2023 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$81,825,046 based on a proportionate share of 0.311237%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$6,687,474 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 \$7,640,016 as both a revenue and expense on the Statement of Activities.

31. 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 2010, 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. The OPEB disclosures noted below are inclusive of the entire Town with a reporting date of June 30, 2024.

The Light Plant's net OPEB liability and related deferrals are reported as of December 31, 2023 and are based on the Town's June 30, 2023 actuarial valuation; therefore, a timing difference exists between these note disclosures and our Statement of Net Position. The actuarial assumptions used in the June 30, 2023 valuation are the same as our fiscal year 2024 valuation.

All the following OPEB disclosures are based on a measurement date of June 30, 2024.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town’s single-employer defined benefit OPEB plan. The Town provides health insurance coverage through a variety of commercially available plans. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

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.

Plan Membership

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	399
Active employees	<u>762</u>
Total	<u><u>1,161</u></u>

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 actuarially determined amounts.

Investments

At June 30, 2024 the OPEB Trust Fund’s assets were solely comprised of investments in equity mutual funds and fixed income mutual funds.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 12.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested throughout the year.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of January 1, 2023 with a measurement date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	CPI-U of 2.50% per year
Actuarial cost method	Entry age normal
Salary increases:	4.00% ultimate rate, reduced to 3.50% while receiving the following steps:
Police	5.20% in year one, 5.60% in year two, 7.30% in year three, 5.00% in year four, 4.80% in year five
Fire	4.70% for 3 years
All other employees	4.30% for 7 years
Discount rate	7.00%
Healthcare cost trend rates	8.00% to 9.00% fluctuating annually to an ultimate rate of 5.00%
Retirees' share of benefit-related costs	Range of 37.00% to 50.00%
Participation rate	65.00% of eligible employees. Medicare-eligible retirees as assumed to elect a Medicare plan option at age 65

Mortality rates were based on:

- Actives: The Pub-2010 Headcount-weighted Mortality Tables, sex-distinct, for employees projected using generational mortality and scale MP-2021.
- Retirees: The Pub-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2021.
- Disabled: The Pub-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2021. Set forward 2 years.

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. 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 geometric real rates of

return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Debt Securities	34.90%	3.10%
Equity Securities	65.00%	4.70%
Short-Term Securities	<u>0.10%</u>	1.00%
Total	<u>100.00%</u>	

Contributions

In addition to the implicit subsidy contribution, the Town’s policy is to contribute the actuarially determined contribution or amounts provided annually by the budget.

Discount Rate

The discount rate used to measure the net OPEB liability was 7.00% and was based on the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index. 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 projected to be available to make all projected future benefit payments of current plan members.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2024, were as follows:

Total OPEB liability	\$ 56,695,716
Plan fiduciary net position	<u>(38,554,086)</u>
Net OPEB liability	<u>\$ 18,141,630</u>
Plan fiduciary net position as a percentage of the total OPEB liability	68.00%

The following is a reconciliation of the Net OPEB liability to the Statement of Net Position:

Net OPEB liability	\$ 18,141,630
Amount attributed to Electric Fund	(1,137,481)
Electric Fund net OPEB liability measured as of June 30, 2023	<u>1,117,578</u>
Net OPEB liability on Statement of Net Position	<u>\$ 18,121,727</u>

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 <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances, beginning of year	\$ 53,828,525	\$ 32,978,187	\$ 20,850,338
Changes for the year:			
Service cost	1,760,391	-	1,760,391
Interest	3,797,065	-	3,797,065
Contributions - employer	-	4,158,116	(4,158,116)
Net investment income	-	4,108,048	(4,108,048)
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Benefit payments	<u>(2,690,265)</u>	<u>(2,690,265)</u>	<u>-</u>
Net Changes	<u>2,867,191</u>	<u>5,575,899</u>	<u>(2,708,708)</u>
Balances, end of year	\$ <u>56,695,716</u>	\$ <u>38,554,086</u>	\$ <u>18,141,630</u>

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 <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
\$ 25,119,463	\$ 18,141,630	\$ 12,378,432

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:

<u>1% Decrease</u>	Current Healthcare Cost Trend <u>Rates</u>	<u>1% Increase</u>
\$ 11,046,031	\$ 18,141,630	\$ 26,951,233

OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB

For the year ended June 30, 2024, the Town recognized an OPEB expense of \$893,593. At June 30, 2024, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources described below:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,018,230	\$ (4,309,249)
Changes of assumptions	371,562	(2,406,511)
Net difference between projected and actual investment earnings on OPEB plan investments	-	(1,260,593)
Changes in proportion and differences between contributions and proportionate share of contributions	<u>2,165,928</u>	<u>(2,165,928)</u>
Total	<u>\$ 3,555,720</u>	<u>\$ (10,142,281)</u>

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

<u>Year Ended June 30:</u>	
2025	\$ (2,627,239)
2026	(1,795,899)
2027	(1,825,849)
2028	(342,625)
2029	<u>5,051</u>
Total	\$ <u><u>(6,586,561)</u></u>

32. Participation in Massachusetts Municipal Wholesale Electric Company

The Town of Concord, acting through the Concord Municipal Light Plant, is a participant in the New York Power Administration Niagara Project (NYPA) which is administered through the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities.

The Power Purchase Agreement with MMWEC for NYPA requires that each Project Participant pay its pro rata share of MMWEC’s costs related to the Project in addition to its share of capacity, energy, transmission and working capital funding.

The Light Plant is a 2.120% entitlement holder in the Massachusetts allocation of the NYPA firm and peaking energy. The contracts are for the life of the units and the 2023 average energy price for the NYPA is \$0.035417/kWh.

33. Renewable Energy Certificates

In 2003, the Massachusetts Department of Energy and Environmental Affairs adopted the Massachusetts Renewable Energy Portfolio Standard (RPS), a regulation that requires Investor Owned Utilities (IOUs) to purchase mandated amounts of energy generated by renewable resources (Green Energy) as a percentage of their overall electricity sales. The Massachusetts RPS applies only to IOUs, so the Light Plant is currently exempt from this mandate.

Energy suppliers meet their annual RPS obligations by acquiring a sufficient quantity of RPS-qualified renewable energy certificates (RECs) that are created and recorded at the New

England Power Pool (NEPOOL) Generation Information System (GIS). Suppliers can purchase RECs from electricity generators or from other utilities that have acquired RECs.

The Light Plant currently has a 15-year contract for the purchase of wind power from Spruce Mountain in Maine. As part of the contract they are given RECs and they are subsequently sold to offset the power costs.

Information regarding the Light Plant’s fiscal year ending December 31, 2023 REC balances is as follows:

	<u>Banked Certificates</u>	<u>Estimated Value</u>
MA Class I	\$ 77,758	\$ 3,048,665

A banked REC is a REC that has been processed by the NEPOOL GIS Coordinator and is in the Plant’s GIS account.

Because there is no formal accounting guidance under GAAP or IFRS for RECs and the Light Plant does not have a formal policy for the future disposition of RECs, the estimated fair value of the Light Plant’s REC holdings at December 31, 2023 is not recognized as an asset on the proprietary fund’s Statement of Net Position.

34. 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.

Abatements

There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. According to the Town’s counsel, the probable outcome of these cases at the present time is indeterminable.

Encumbrances

At year-end the Town’s General Fund had \$970,064 in encumbrances that will be honored in the next fiscal year.

35. Beginning Fund Balance Reclassification

During the fiscal year ended June 30, 2024, the Town reviewed its funds and fund classifications. The Federal Grants Fund was split into two funds, one for Town federal grants and the other for school federal grants. The Town determined that the Town Federal Grants fund met the criteria for major fund reporting according to Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, however the School Federal Grants fund did not meet the criteria.

The School Grants Fund has been reclassified as a nonmajor governmental fund for the fiscal year ended June 30, 2024. This reclassification is based on the fund’s financial activity, which did not meet the quantitative thresholds established for major fund reporting. The effects of this reclassification are reflected in the accompanying financial statements for the fiscal year ended June 30, 2024, in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections. The reclassification did not impact the total net position or change in the position of the Town.

	Reporting Units Affected by Adjustment to Beginning Fund Balances	
	Town Federal Grants Fund	Nonmajor Governmental Funds
June 30, 2023, as previously reported	\$ (317,900)	\$ 24,397,667
Adjustment - change from major to nonmajor fund	<u>(296,855)</u>	<u>296,855</u>
June 30, 2023, as restated	<u>\$ (614,755)</u>	<u>\$ 24,694,522</u>

36. Subsequent Events

Management has evaluated subsequent events through November 19, 2025, which is the date the financial statements were available to be issued.

Debt

Subsequent to June 30, 2024, the Town has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
General obligation bond	\$ 36,730,000	4.00 - 5.00%	09/19/24	09/15/49

37. New Pronouncements

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement No. 101, *Compensated Absences*, which is required to be implemented in 2025.
- The GASB issued Statement No. 102, *Certain Risk Disclosures*, which is required to be implemented in 2025.
- The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is required to be implemented in 2026.
- The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is required to be implemented in 2026.

Management is currently evaluating the impact of implementing these pronouncements.

TOWN OF CONCORD, MASSACHUSETTS

Required Supplementary Information
General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 112,048,211	\$ 112,048,211	\$ 112,661,215	\$ 613,004
Excise taxes	5,028,560	5,028,560	5,271,407	242,847
Penalties, interest and other taxes	140,000	140,000	330,691	190,691
Departmental	1,605,000	1,605,000	1,668,245	63,245
Licenses and permits	1,373,000	1,373,000	1,656,404	283,404
Fines and forfeitures	70,000	70,000	44,686	(25,314)
Intergovernmental	6,434,282	6,434,282	6,573,290	139,008
Investment income	769,700	769,700	2,708,271	1,938,571
Other	<u>146,500</u>	<u>146,500</u>	<u>344,835</u>	<u>198,335</u>
Total Revenues	127,615,253	127,615,253	131,259,044	3,643,791
Expenditures				
General government	6,063,549	8,979,139	9,052,523	(73,384)
Finance and administration	2,473,813	2,491,254	2,519,512	(28,258)
Planning and land management	2,543,154	2,665,024	2,393,915	271,109
Public safety	12,225,519	12,541,720	12,353,685	188,035
Education	45,047,176	45,498,588	45,475,390	23,198
Regional school assessments	26,999,541	26,999,541	26,999,541	-
Public works and facilities	5,685,707	6,517,323	6,135,472	381,851
Human services	3,478,352	3,546,483	3,425,710	120,773
Unclassified	1,030,000	1,055,374	75,439	979,935
Employee benefits	13,251,584	13,253,393	12,735,030	518,363
Debt service	11,274,610	11,274,610	11,226,012	48,598
Intergovernmental	<u>610,953</u>	<u>610,953</u>	<u>564,098</u>	<u>46,855</u>
Total Expenditures	<u>130,683,958</u>	<u>135,433,402</u>	<u>132,956,327</u>	<u>2,477,075</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,068,705)	(7,818,149)	(1,697,283)	6,120,866
Other Financing Sources (Uses)				
Transfers in	2,726,099	2,726,099	2,740,860	14,761
Transfers out	(2,364,608)	(2,364,608)	(2,365,100)	(492)
Use of free cash:				
For middle school stabilization	250,000	250,000	-	(250,000)
For opioid	77,363	77,363	-	(77,363)
To reduce the tax levy	1,629,851	1,629,851	-	(1,629,851)
Use of overlay surplus	750,000	750,000	-	(750,000)
Use of prior year carryforwards	-	1,584,661	1,584,661	-
Use of prior year articles	<u>-</u>	<u>3,164,783</u>	<u>3,164,783</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,068,705</u>	<u>7,818,149</u>	<u>5,125,204</u>	<u>(2,692,945)</u>
Overall Budgetary Excess	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,427,921</u>	\$ <u>3,427,921</u>

See Independent Auditors' Report and Notes to Required Supplementary Information.

**Notes to Required Supplementary Information
for General Fund Budget**

Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund 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 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, expenditures and other financing sources (uses) to conform to the budgetary basis of accounting.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 139,034,856	\$ 137,366,334	\$ (625,608)
To record the use of prior year appropriation carryforwards	-	-	4,749,444
To add end-of-year appropriation carryforwards to expenditures	-	3,881,965	-
To reverse the effect of non-budgeted State contributions for teachers retirement	(6,687,474)	(6,687,474)	-
To reverse sewer debt service subsidy	-	97,877	97,877
To reclassify indirect costs reimbursements to enterprise fund	-	2,268,099	2,268,099
To reclassify transfers budgeted within expenditure groups	-	(364,608)	(364,608)
To reverse the effect of combining stabilization accounts with the General Fund	(1,041,884)	(3,605,866)	-
Other reclassifications	<u>(46,454)</u>	<u>-</u>	<u>(1,000,000)</u>
Budgetary Basis	<u>\$ 131,259,044</u>	<u>132,956,327</u>	<u>5,125,204</u>

TOWN OF CONCORD, MASSACHUSETTS

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

Concord Contributory Retirement System - Town Portion (excluding Concord Municipal Light Plant)

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	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, 2024	December 31, 2023	76.20%	\$ 18,451,084	\$ 33,250,772	55.49%	90.24%
June 30, 2023	December 31, 2022	76.68%	24,001,249	30,202,832	79.47%	86.75%
June 30, 2022	December 31, 2021	76.94%	(4,155,373)	30,524,233	-13.61%	102.36%
June 30, 2021	December 31, 2020	77.01%	8,872,683	28,729,982	30.88%	94.60%
June 30, 2020	December 31, 2019	73.65%	17,941,188	25,878,605	69.33%	88.35%
June 30, 2019	December 31, 2018	75.88%	27,713,340	25,740,671	107.66%	81.34%
June 30, 2018	December 31, 2017	79.55%	13,763,171	26,468,641	52.00%	90.58%
June 30, 2017	December 31, 2016	91.00%	25,158,499	24,561,225	102.43%	81.85%
June 30, 2016	December 31, 2015	93.85%	25,035,056	24,933,238	100.41%	80.73%
June 30, 2015	December 31, 2014	100.00%	13,872,529	23,546,350	58.92%	88.04%

Concord Contributory Retirement System - Concord Municipal Light Plant Portion

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	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
December 31, 2023	December 31, 2022	11.30%	\$ 3,535,807	\$ 4,449,410	79.47%	86.75%
December 31, 2022	December 31, 2021	10.35%	(558,803)	4,104,812	-13.61%	102.36%
December 31, 2021	December 31, 2020	10.10%	1,164,249	3,769,869	30.88%	94.59%
December 31, 2020	December 31, 2019	12.72%	3,097,827	4,468,346	69.33%	88.35%
December 31, 2019	December 31, 2018	10.10%	3,687,216	3,424,758	107.66%	81.34%
December 31, 2018	December 31, 2017	6.34%	1,097,567	2,109,619	52.03%	90.58%
December 31, 2017	December 31, 2016	16.11%	2,643,809	2,583,283	102.34%	81.85%
December 31, 2016	December 31, 2015	9.00%	2,487,542	2,647,220	93.97%	80.73%
December 31, 2015	December 31, 2014	6.15%	1,639,399	2,783,014	58.91%	88.04%

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, 2024	June 30, 2023	0.311237%	\$ -	\$ 81,826,046	\$ 81,826,046	\$ 26,873,597	\$ -	58.48%
June 30, 2023	June 30, 2022	0.317356%	-	82,157,442	82,157,442	26,121,610	-	57.75%
June 30, 2022	June 30, 2021	0.320106%	-	72,686,122	72,686,122	24,827,383	-	62.03%
June 30, 2021	June 30, 2020	0.322699%	-	92,113,881	92,113,881	24,450,151	-	50.67%
June 30, 2020	June 30, 2019	0.310842%	-	78,375,790	78,375,790	21,107,627	-	53.95%
June 30, 2019	June 30, 2018	0.307846%	-	72,994,178	72,994,178	20,904,184	-	54.84%
June 30, 2018	June 30, 2017	0.305777%	-	69,978,374	69,978,374	20,763,689	-	54.25%
June 30, 2017	June 30, 2016	0.296945%	-	66,390,702	66,390,702	19,532,018	-	52.73%
June 30, 2016	June 30, 2015	0.296429%	-	60,737,174	60,737,174	18,790,302	-	55.38%
June 30, 2015	June 30, 2014	0.297613%	-	47,309,570	47,309,570	18,248,123	-	61.64%

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

See Independent Auditors' Report

TOWN OF CONCORD, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions

Concord Contributory Retirement System

Fiscal <u>Year</u>	Measurement <u>Date</u>	Actuarially Determined <u>Contribution</u>	Contributions in Relation to the		Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
			Actuarially Determined <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>		
June 30, 2024	December 31, 2023	\$ 5,190,967	\$ (5,190,967)	\$ -	\$ 33,749,534	15.38%
June 30, 2023	December 31, 2022	5,117,900	(5,117,900)	-	30,655,874	16.69%
June 30, 2022	December 31, 2021	4,956,503	(4,956,503)	-	30,982,096	16.00%
June 30, 2021	December 31, 2020	4,960,537	(4,960,537)	-	29,160,932	17.01%
June 30, 2020	December 31, 2019	5,111,075	(5,111,075)	-	26,266,784	19.46%
June 30, 2019	December 31, 2018	4,873,262	(4,873,262)	-	26,126,781	18.65%
June 30, 2018	December 31, 2017	4,703,073	(4,703,073)	-	26,865,670	17.51%
June 30, 2017	December 31, 2016	4,449,269	(4,449,269)	-	24,929,643	17.85%
June 30, 2016	December 31, 2015	3,901,380	(3,901,380)	-	25,307,236	15.42%
June 30, 2015	December 31, 2014	3,467,672	(3,467,672)	-	23,899,545	14.51%

Massachusetts Teachers' Retirement System

Fiscal <u>Year</u>	Measurement <u>Date</u>	Actuarially Determined Contribution Provided by <u>Commonwealth</u>	Contributions in Relation to the		Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
			Actuarially Determined <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>		
June 30, 2024	June 30, 2023	\$ 6,687,474	\$ (6,687,474)	\$ -	\$ 26,873,597	24.88%
June 30, 2023	June 30, 2022	6,679,078	(6,679,078)	-	26,121,610	25.57%
June 30, 2022	June 30, 2021	5,597,003	(5,597,003)	-	24,827,383	22.54%
June 30, 2021	June 30, 2020	5,012,910	(5,012,910)	-	24,450,151	20.50%
June 30, 2020	June 30, 2019	4,487,659	(4,487,659)	-	21,107,627	21.26%
June 30, 2019	June 30, 2018	4,047,503	(4,047,503)	-	20,904,184	19.36%
June 30, 2018	June 30, 2017	3,777,927	(3,777,927)	-	20,763,689	18.19%
June 30, 2017	June 30, 2016	3,339,391	(3,339,391)	-	19,532,018	17.10%
June 30, 2016	June 30, 2015	3,029,293	(3,029,293)	-	18,790,302	16.12%
June 30, 2015	June 30, 2014	2,789,760	(2,789,760)	-	18,248,123	15.29%

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

See Independent Auditors' Report

TOWN OF CONCORD, MASSACHUSETTS

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 1,760,391	\$ 1,591,624	\$ 1,537,800	\$ 1,751,631	\$ 1,452,286	\$ 1,333,336	\$ 1,315,915	\$ 1,265,303
Interest	3,797,065	3,477,826	3,300,490	3,928,271	3,979,482	3,694,236	3,231,988	3,047,291
Changes of benefit terms	-	-	-	253,016	-	19,740	-	-
Differences between expected and actual experience	-	1,436,225	-	(11,259,650)	-	954,765	1,425,318	-
Changes of assumptions	-	(1,389,082)	-	(3,738,662)	2,124,211	-	2,432,103	-
Benefit payments, including refunds of member contributions	<u>(2,690,265)</u>	<u>(2,439,590)</u>	<u>(2,090,235)</u>	<u>(2,428,878)</u>	<u>(2,190,734)</u>	<u>(2,182,442)</u>	<u>(1,911,377)</u>	<u>(1,690,388)</u>
Net change in total OPEB liability	2,867,191	2,677,003	2,748,055	(11,494,272)	5,365,245	3,819,635	6,493,947	2,622,206
Total OPEB liability - beginning	<u>53,828,525</u>	<u>51,151,522</u>	<u>48,403,467</u>	<u>59,897,739</u>	<u>54,532,494</u>	<u>50,712,859</u>	<u>44,218,912</u>	<u>41,596,706</u>
Total OPEB liability - ending (a)	56,695,716	53,828,525	51,151,522	48,403,467	59,897,739	54,532,494	50,712,859	44,218,912
Plan Fiduciary Net Position								
Contributions - employer	4,158,116	3,907,441	3,558,086	4,043,878	3,984,422	3,924,542	3,522,377	3,470,388
Net investment income	4,108,048	3,782,368	(3,952,884)	7,309,562	587,284	1,045,755	1,056,360	1,497,472
Benefit payments, including refunds of member contributions	<u>(2,690,265)</u>	<u>(2,439,590)</u>	<u>(2,090,235)</u>	<u>(2,428,878)</u>	<u>(2,190,734)</u>	<u>(2,182,442)</u>	<u>(1,911,377)</u>	<u>(1,690,388)</u>
Net change in plan fiduciary net position	5,575,899	5,250,219	(2,485,033)	8,924,562	2,380,972	2,787,855	2,667,360	3,277,472
Plan fiduciary net position - beginning	<u>32,978,187</u>	<u>27,727,968</u>	<u>30,213,001</u>	<u>21,288,439</u>	<u>18,907,467</u>	<u>16,119,612</u>	<u>13,452,252</u>	<u>10,174,780</u>
Plan fiduciary net position - ending (b)	<u>38,554,086</u>	<u>32,978,187</u>	<u>27,727,968</u>	<u>30,213,001</u>	<u>21,288,439</u>	<u>18,907,467</u>	<u>16,119,612</u>	<u>13,452,252</u>
Net OPEB liability - ending (a-b)*	\$ <u>18,141,630</u>	\$ <u>20,850,338</u>	\$ <u>23,423,554</u>	\$ <u>18,190,466</u>	\$ <u>38,609,300</u>	\$ <u>35,625,027</u>	\$ <u>34,593,247</u>	\$ <u>30,766,660</u>

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

*See reconciliation with the Statement of Net Position on page 88.

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

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Required Supplementary Information
Schedules of the Net OPEB Liability, Contributions, and Investment Returns

	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of the Net OPEB Liability								
Total OPEB liability	\$ 56,695,716	\$ 53,828,525	\$ 51,151,522	\$ 48,403,467	\$ 59,897,739	\$ 54,532,494	\$ 50,712,859	\$ 44,218,912
Plan fiduciary net position	<u>(38,554,086)</u>	<u>(32,978,187)</u>	<u>(27,727,968)</u>	<u>(30,213,001)</u>	<u>(21,288,439)</u>	<u>(18,907,467)</u>	<u>(16,119,612)</u>	<u>(13,452,252)</u>
Net OPEB liability*	<u>\$ 18,141,630</u>	<u>\$ 20,850,338</u>	<u>\$ 23,423,554</u>	<u>\$ 18,190,466</u>	<u>\$ 38,609,300</u>	<u>\$ 35,625,027</u>	<u>\$ 34,593,247</u>	<u>\$ 30,766,660</u>
Plan fiduciary net position as a percentage of the total OPEB liability	68.00%	61.27%	54.21%	62.42%	35.54%	34.67%	31.79%	30.42%
Covered employee payroll	\$ 66,386,690	\$ 64,141,730	\$ 65,729,323	\$ 54,755,888	\$ 56,149,295	\$ 51,130,178	\$ Unavailable	\$ 47,902,000
Net OPEB liability as a percentage of covered employee payroll	27.33%	32.51%	35.64%	33.22%	68.76%	69.68%	Unavailable	64.23%
Schedule of Contributions								
Actuarially determined contribution	\$ 4,158,000	\$ 3,907,000	\$ 3,558,000	\$ 4,280,000	\$ 4,140,000	\$ 3,729,000	\$ 3,589,000	\$ 4,088,000
Contributions in relation to the actuarially determined contribution	<u>4,158,116</u>	<u>3,907,441</u>	<u>3,558,086</u>	<u>4,043,878</u>	<u>3,984,422</u>	<u>3,924,542</u>	<u>3,522,377</u>	<u>3,470,388</u>
Contribution deficiency (excess)	<u>\$ (116)</u>	<u>\$ (441)</u>	<u>\$ (86)</u>	<u>\$ 236,122</u>	<u>\$ 155,578</u>	<u>\$ (195,542)</u>	<u>\$ 66,623</u>	<u>\$ 617,612</u>
Schedule of Investment Returns								
Annual money weighted rate of return, net of investment expense	12.19%	13.30%	-12.64%	32.65%	2.91%	6.16%	7.24%	13.07%

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

*See reconciliation with the Statement of Net Position on page 88.

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

See Independent Auditors' Report.

**Combining and Individual Fund
Financial Statements and Schedules**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for resources obtained and expended for specified purposes and restricted by law or local action.

Special Revenue Funds are established for the following purposes:

Community Preservation: To account for funds raised by a property tax surcharge that can be used for acquisition and preservation of open space, affordable housing, historic preservation, and recreation.

Parking: To account for funds raised by parking charges and fines, to be used for parking lot maintenance, traffic signalization and traffic and parking control projects.

Cemetery: To account for funds derived from the sale of burial lots and interment fees used to provide support to the cemetery operating budget.

PEG Access: To account for funds derived from the cable television franchise agreement used to operate the Community Television Program.

Receipts Reserved for Appropriation: To account for receipts, which according to Massachusetts General Laws, must be segregated in the treasury and appropriated to be spent for specific purposes.

53G Review: To account for funds associated with the Massachusetts General Laws, Chapter 44, Section 53G.

Miscellaneous Grants and Contributions: To account for various other funds of the Town restricted for particular purposes.

School Lunch: To account for operating revenues and expenses associated with the School Department student lunch program.

Gifts: To account for various gifts to the Town restricted by the donor for particular purposes.

Recreation: To account for funds associated with the Town recreation activities.

Other Revolving: To account for receipts (other than recreation) which may be spent without appropriation for expenditures related to the source of the receipt.

Land Acquisition: To account for funds associated with the Town's land acquisition program.

School Federal Grants: To account for education related federal grant programs.

State Grants: To account for various state grant programs other than Chapter 90.

Highway Grants: To account for the Town's Chapter 90 state grant program.

Solid Waste: To account for funds for use in the operation of the curbside and recycling program.

Sawyer Gift Fund: To account for funds distributed by the Trustees of Town Donations from the Sawyer Trust Gift to be used for specific projects to improve the energy efficiency of municipal buildings.

Other Special Revenue funds: To account for funds appropriated for purposes outside of the aforementioned categories.

PERMANENT FUNDS

Permanent Funds are established to account for certain assets held by the Town in a fiduciary capacity as trustee. Funds are used to report resources that are legally restricted to the extent that only the earning, and not principal, may be used for purposes that benefit the Town or its citizenry.

Permanent Funds are established for the following purposes:

Hapgood Wright Trust Funds: To account for contributions earmarked for the benefit and improvement of the Town or citizens of Concord as well as for the semi-centennial celebration of the incorporation of the Town.

Cemetery Trust Funds: To account for contributions earmarked for the perpetual care and maintenance of cemetery facilities and property.

Other Trust Funds: To account for all contributions including: gifts, donations and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with Hapgood Wright and cemetery activities.

TOWN OF CONCORD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds				
	<u>Community Preservation</u>	<u>Parking</u>	<u>Cemetery</u>	<u>PEG Access</u>	<u>Receipts Reserved for Appropriation</u>
Assets					
Cash and short-term investments	\$ 4,757,277	\$ 312,296	\$ 762,604	\$ 2,036,456	\$ 789,702
Investments	-	-	-	-	-
Receivables:					
Property taxes	25,821	-	-	-	-
Departmental	-	-	-	-	409,549
Intergovernmental	-	-	-	-	-
Total Assets	<u>\$ 4,783,098</u>	<u>\$ 312,296</u>	<u>\$ 762,604</u>	<u>\$ 2,036,456</u>	<u>\$ 1,199,251</u>
Liabilities					
Warrants and accounts payable	\$ 154,013	\$ 5,936	\$ -	\$ 1,437	\$ -
Accrued liabilities	1,312	-	-	6,518	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Notes payable	-	-	-	-	240,000
Total Liabilities	155,325	5,936	-	7,955	240,000
Deferred Inflows of Resources					
Unavailable revenues	25,819	-	-	-	409,548
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	4,601,954	306,360	762,604	2,028,501	567,385
Committed	-	-	-	-	-
Unassigned	-	-	-	-	(17,682)
Total Fund Balance	<u>4,601,954</u>	<u>306,360</u>	<u>762,604</u>	<u>2,028,501</u>	<u>549,703</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,783,098</u>	<u>\$ 312,296</u>	<u>\$ 762,604</u>	<u>\$ 2,036,456</u>	<u>\$ 1,199,251</u>

(continued)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

(continued)

	Special Revenue Funds				
	53 G Review	Miscellaneous Grants and Contributions	School Lunch	Gifts	Recreation
Assets					
Cash and short-term investments	\$ 55,360	\$ 67,966	\$ 161,900	\$ 2,015,382	\$ 2,452,167
Investments	-	-	-	-	-
Receivables:					
Property taxes	-	-	-	-	-
Departmental	-	9,978	-	-	-
Intergovernmental	-	-	18,960	-	-
Total Assets	<u>\$ 55,360</u>	<u>\$ 77,944</u>	<u>\$ 180,860</u>	<u>\$ 2,015,382</u>	<u>\$ 2,452,167</u>
Liabilities					
Warrants and accounts payable	\$ 3,276	\$ 4,233	\$ 1,543	\$ 14,847	\$ 58,366
Accrued liabilities	-	-	-	1,769	136,714
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Notes payable	-	-	-	-	-
Total Liabilities	3,276	4,233	1,543	16,616	195,080
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	-
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	52,084	73,711	179,317	2,010,601	2,261,793
Committed	-	-	-	-	-
Unassigned	-	-	-	(11,835)	(4,706)
Total Fund Balance	<u>52,084</u>	<u>73,711</u>	<u>179,317</u>	<u>1,998,766</u>	<u>2,257,087</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 55,360</u>	<u>\$ 77,944</u>	<u>\$ 180,860</u>	<u>\$ 2,015,382</u>	<u>\$ 2,452,167</u>

(continued)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

(continued)

	Special Revenue Funds				
	Other <u>Revolving</u>	Land <u>Acquisition</u>	School Federal <u>Grants</u>	State <u>Grants</u>	Highway <u>Grants</u>
Assets					
Cash and short-term investments	\$ 1,407,839	\$ 42,807	\$ -	\$ 1,416,413	\$ -
Investments	-	-	-	-	-
Receivables:					
Property taxes	-	-	-	-	-
Departmental	-	-	-	-	-
Intergovernmental	-	-	489,688	734,517	312,630
Total Assets	<u>\$ 1,407,839</u>	<u>\$ 42,807</u>	<u>\$ 489,688</u>	<u>\$ 2,150,930</u>	<u>\$ 312,630</u>
Liabilities					
Warrants and accounts payable	\$ 36,172	\$ -	\$ -	\$ 13,638	\$ 377,726
Accrued liabilities	1,604	-	35,968	35,600	-
Unearned revenue	2,880	-	-	-	-
Due to other funds	-	-	289,370	-	312,630
Notes payable	-	-	-	-	-
Total Liabilities	40,656	-	325,338	49,238	690,356
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	-
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	1,367,183	-	190,109	2,135,064	-
Committed	-	42,807	-	-	-
Unassigned	-	-	(25,759)	(33,372)	(377,726)
Total Fund Balance	<u>1,367,183</u>	<u>42,807</u>	<u>164,350</u>	<u>2,101,692</u>	<u>(377,726)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,407,839</u>	<u>\$ 42,807</u>	<u>\$ 489,688</u>	<u>\$ 2,150,930</u>	<u>\$ 312,630</u>

(continued)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

(continued)

	Special Revenue Funds			
	<u>Solid Waste</u>	<u>Sawyer Gift Fund</u>	<u>Other Special Revenue Funds</u>	<u>Subtotals</u>
Assets				
Cash and short-term investments	\$ 807,542	\$ 70,945	\$ 2,653,430	\$ 19,810,086
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	25,821
Departmental	-	-	50,526	470,053
Intergovernmental	-	-	-	1,555,795
	<u>\$ 807,542</u>	<u>\$ 70,945</u>	<u>\$ 2,703,956</u>	<u>\$ 21,861,755</u>
Total Assets	<u>\$ 807,542</u>	<u>\$ 70,945</u>	<u>\$ 2,703,956</u>	<u>\$ 21,861,755</u>
Liabilities				
Warrants and accounts payable	\$ 205,805	\$ -	\$ 811	\$ 877,803
Accrued liabilities	658	-	17,559	237,702
Unearned revenue	509,238	-	-	512,118
Due to other funds	-	-	96,763	698,763
Notes payable	-	-	-	240,000
	<u>715,701</u>	<u>-</u>	<u>115,133</u>	<u>2,566,386</u>
Total Liabilities	715,701	-	115,133	2,566,386
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	435,367
Fund Balance				
Nonspendable	-	-	-	-
Restricted	91,841	70,945	2,650,252	19,349,704
Committed	-	-	-	42,807
Unassigned	-	-	(61,429)	(532,509)
	<u>91,841</u>	<u>70,945</u>	<u>2,588,823</u>	<u>18,860,002</u>
Total Fund Balance	<u>91,841</u>	<u>70,945</u>	<u>2,588,823</u>	<u>18,860,002</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 807,542</u>	<u>\$ 70,945</u>	<u>\$ 2,703,956</u>	<u>\$ 21,861,755</u>

(continued)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

(continued)

	Permanent Funds				Total Nonmajor Governmental Funds
	Hapgood Wright Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotals	
Assets					
Cash and short-term investments	\$ -	\$ -	\$ -	\$ -	\$ 19,810,086
Investments	1,920,334	6,152,341	1,801,415	9,874,090	9,874,090
Receivables:					
Property taxes	-	-	-	-	25,821
Departmental	-	-	-	-	470,053
Intergovernmental	-	-	-	-	1,555,795
	<u>1,920,334</u>	<u>6,152,341</u>	<u>1,801,415</u>	<u>9,874,090</u>	<u>31,735,845</u>
Total Assets	<u>\$ 1,920,334</u>	<u>\$ 6,152,341</u>	<u>\$ 1,801,415</u>	<u>\$ 9,874,090</u>	<u>\$ 31,735,845</u>
Liabilities					
Warrants and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 877,803
Accrued liabilities	-	-	-	-	237,702
Unearned revenue	-	-	-	-	512,118
Due to other funds	-	-	-	-	698,763
Notes payable	-	-	-	-	240,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,566,386</u>
Total Liabilities	-	-	-	-	2,566,386
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	435,367
Fund Balance					
Nonspendable	1,870,093	2,525,125	479,554	4,874,772	4,874,772
Restricted	50,241	3,627,216	1,321,861	4,999,318	24,349,022
Committed	-	-	-	-	42,807
Unassigned	-	-	-	-	(532,509)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(532,509)</u>
Total Fund Balance	<u>1,920,334</u>	<u>6,152,341</u>	<u>1,801,415</u>	<u>9,874,090</u>	<u>28,734,092</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,920,334</u>	<u>\$ 6,152,341</u>	<u>\$ 1,801,415</u>	<u>\$ 9,874,090</u>	<u>\$ 31,735,845</u>

(concluded)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds				
	<u>Community Preservation</u>	<u>Parking</u>	<u>Cemetery</u>	<u>PEG Access</u>	<u>Receipts Reserved for Appropriation</u>
Revenues					
Property taxes	\$ 1,653,561	\$ -	\$ -	\$ -	\$ -
Penalties, interest and other taxes	9,369	-	-	-	-
Departmental	-	32,684	665,163	367,180	58,117
Intergovernmental	302,836	-	-	-	6,374
Investment income	180,976	138	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	<u>6</u>	<u>9,740</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	2,146,748	42,562	665,163	367,180	64,491
Expenditures					
Current:					
General government	669,276	-	-	-	4,500
Public safety	-	39,280	-	-	-
Education	-	-	-	-	-
Public works	-	-	275,791	143,970	-
Health and human services	-	-	-	-	34,143
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	67,808
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>669,276</u>	<u>39,280</u>	<u>275,791</u>	<u>143,970</u>	<u>106,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,477,472	3,282	389,372	223,210	(41,960)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	<u>(1,044,256)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,044,256)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	433,216	3,282	389,372	223,210	(41,960)
Fund Balances at 6/30/23, as Previously Reported	4,168,738	303,078	373,232	1,805,291	591,663
Adjustment - Change from Major to Nonmajor Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at 6/30/23, as Restated	<u>4,168,738</u>	<u>303,078</u>	<u>373,232</u>	<u>1,805,291</u>	<u>591,663</u>
Fund Balances at End of Year	<u>\$ 4,601,954</u>	<u>\$ 306,360</u>	<u>\$ 762,604</u>	<u>\$ 2,028,501</u>	<u>\$ 549,703</u>

(continued)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

(continued)

	Special Revenue Funds				
	53 G <u>Review</u>	Miscellaneous Grants and <u>Contributions</u>	School <u>Lunch</u>	<u>Gifts</u>	<u>Recreation</u>
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties, interest and other taxes	-	-	-	-	-
Departmental	115,233	-	111,499	-	2,552,623
Intergovernmental	-	17,898	806,053	-	-
Investment income	-	-	-	-	-
Contributions	-	-	-	481,050	-
Miscellaneous	-	-	8,222	3,638	33,692
Total Revenues	115,233	17,898	925,774	484,688	2,586,315
Expenditures					
Current:					
General government	65,936	7,551	-	2,658	-
Public safety	-	-	-	4,532	-
Education	-	9,978	952,205	91,565	-
Public works	175	-	-	23,936	-
Health and human services	-	-	-	58,778	-
Culture and recreation	-	-	-	39,131	2,612,644
Debt service:					
Principal	-	-	-	-	-
Capital Outlay	-	89,144	-	-	-
Total Expenditures	66,111	106,673	952,205	220,600	2,612,644
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,122	(88,775)	(26,431)	264,088	(26,329)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Change in Fund Balance	49,122	(88,775)	(26,431)	264,088	(26,329)
Fund Balances at 6/30/23, as Previously Reported	2,962	162,486	205,748	1,734,678	2,283,416
Adjustment - Change from Major to Nonmajor Fund	-	-	-	-	-
Fund Balances at 6/30/23, as Restated	2,962	162,486	205,748	1,734,678	2,283,416
Fund Balances at End of Year	<u>\$ 52,084</u>	<u>\$ 73,711</u>	<u>\$ 179,317</u>	<u>\$ 1,998,766</u>	<u>\$ 2,257,087</u>

(continued)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

(continued)

	Special Revenue Funds				
	Other Revolving	Land Acquisition	School Federal Grants	State Grants	Highway Grants
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties, interest and other taxes	-	-	-	-	-
Departmental	683,842	-	-	-	-
Intergovernmental	171,841	-	1,325,434	3,285,729	266,139
Investment income	-	1,776	-	2,486	-
Contributions	-	-	-	-	-
Miscellaneous	272,694	-	-	-	-
Total Revenues	1,128,377	1,776	1,325,434	3,288,215	266,139
Expenditures					
Current:					
General government	473,306	-	-	136,220	-
Public safety	22,254	-	-	100,674	-
Education	223,926	-	1,457,939	1,844,281	-
Public works	3,529	-	-	11,213	-
Health and human services	15,895	-	-	85,562	-
Culture and recreation	-	-	-	32,413	-
Debt service:					
Principal	-	-	-	-	-
Capital Outlay	-	-	-	109,973	643,865
Total Expenditures	738,910	-	1,457,939	2,320,336	643,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	389,467	1,776	(132,505)	967,879	(377,726)
Other Financing Sources (Uses)					
Transfers in	492	-	-	-	-
Transfers out	(13,761)	-	-	-	-
Total Other Financing Sources (Uses)	(13,269)	-	-	-	-
Change in Fund Balance	376,198	1,776	(132,505)	967,879	(377,726)
Fund Balances at 6/30/23, as Previously Reported	990,985	41,031	-	1,133,813	-
Adjustment - Change from Major to Nonmajor Fund	-	-	296,855	-	-
Fund Balances at 6/30/23, as Restated	990,985	41,031	296,855	1,133,813	-
Fund Balances at End of Year	\$ <u>1,367,183</u>	\$ <u>42,807</u>	\$ <u>164,350</u>	\$ <u>2,101,692</u>	\$ <u>(377,726)</u>

(continued)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

(continued)

	Special Revenue Funds			
	<u>Solid Waste</u>	<u>Sawyer Gift Fund</u>	<u>Other Special Revenue Funds</u>	<u>Subtotal</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 1,653,561
Penalties, interest and other taxes	-	-	-	9,369
Departmental	1,673,208	-	312,186	6,571,735
Intergovernmental	-	-	-	6,182,304
Investment income	-	4,513	48,764	238,653
Contributions	-	-	46,209	527,259
Miscellaneous	-	-	5,106	333,098
	1,673,208	4,513	412,265	15,515,979
Total Revenues				
Expenditures				
Current:				
General government	-	15,000	759,165	2,133,612
Public safety	-	-	289,285	456,025
Education	-	-	56,669	4,636,563
Public works	2,012,074	-	-	2,470,688
Health and human services	-	-	-	194,378
Culture and recreation	-	-	-	2,684,188
Debt service:				
Principal	-	-	-	67,808
Capital Outlay	-	-	-	842,982
	2,012,074	15,000	1,105,119	13,486,244
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	(338,866)	(10,487)	(692,854)	2,029,735
Other Financing Sources (Uses)				
Transfers in	-	-	2,044,256	2,044,748
Transfers out	-	-	-	(1,058,017)
	-	-	2,044,256	986,731
Total Other Financing Sources (Uses)				
Change in Fund Balance	(338,866)	(10,487)	1,351,402	3,016,466
Fund Balances at 6/30/23, as Previously Reported	430,707	81,432	1,237,421	15,546,681
Adjustment - Change from Major to Nonmajor Fund	-	-	-	296,855
	430,707	81,432	1,237,421	15,843,536
Fund Balances at 6/30/23, as Restated				
Fund Balances at End of Year	\$ 91,841	\$ 70,945	\$ 2,588,823	\$ 18,860,002

(continued)

See Independent Auditors' Report.

TOWN OF CONCORD, MASSACHUSETTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

(continued)

	Permanent Funds				Interfund Activity	Total Nonmajor Governmental Funds
	Haggood Wright Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal		
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,653,561
Penalties, interest and other taxes	-	-	-	-	-	9,369
Departmental	-	-	-	-	-	6,571,735
Intergovernmental	-	-	-	-	-	6,182,304
Investment income	197,185	638,574	183,340	1,019,099	-	1,257,752
Contributions	-	137,670	15,000	152,670	-	679,929
Miscellaneous	-	-	-	-	-	333,098
Total Revenues	197,185	776,244	198,340	1,171,769	-	16,687,748
Expenditures						
Current:						
General government	-	-	-	-	-	2,133,612
Public safety	-	-	-	-	-	456,025
Education	-	-	-	-	-	4,636,563
Public works	-	119,177	-	119,177	-	2,589,865
Health and human services	-	-	-	-	-	194,378
Culture and recreation	-	-	29,488	29,488	-	2,713,676
Debt service:						
Principal	-	-	-	-	-	67,808
Capital Outlay	-	-	-	-	-	842,982
Total Expenditures	-	119,177	29,488	148,665	-	13,634,909
Excess (Deficiency) of Revenues Over (Under) Expenditures	197,185	657,067	168,852	1,023,104	-	3,052,839
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	(1,044,256)	1,000,492
Transfers out	-	-	-	-	1,044,256	(13,761)
Total Other Financing Sources (Uses)	-	-	-	-	-	986,731
Change in Fund Balance	197,185	657,067	168,852	1,023,104	-	4,039,570
Fund Balances at 6/30/23, as Previously Reported	1,723,149	5,495,274	1,632,563	8,850,986	-	24,397,667
Adjustment - Change from Major to Nonmajor Fund	-	-	-	-	-	296,855
Fund Balances at 6/30/23, as Restated	1,723,149	5,495,274	1,632,563	8,850,986	-	24,694,522
Fund Balances at End of Year	\$ 1,920,334	\$ 6,152,341	\$ 1,801,415	\$ 9,874,090	\$ -	\$ 28,734,092

(concluded)

See Independent Auditors' Report.

**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 Concord, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Concord, Massachusetts (the "Town"), as of and for the year ended June 30, 2024, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant which are as of and for the year ended December 31, 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 November 19, 2025.

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 Town'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as items MW-2024-001 through MW-2024-004 that we consider to be material weaknesses.

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*.

Town's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of financial statement findings. The Town's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Boston, MA
November 19, 2025

FINANCIAL STATEMENT FINDINGS

RECONCILE CASH AND RECEIVABLES ON A TIMELY BASIS - MATERIAL WEAKNESS

MW-2024-001

Criteria

Effective internal controls require that management have procedures in place to reconcile cash as reported in the general ledger with the Treasurer's cash book, as well as receivables reported in the general ledger with detail balances reported by the Tax Collector.

Condition and Context

During fiscal year 2024, the Town did not reconcile its Cash and Receivable accounts until approximately 12 months after year-end. Reconciliations of water and sewer fund receivables remains unresolved.

Cause

Turnover in the Accounting and Treasurer/Collector positions, and a computer system conversion caused the delay in reconciliation.

Effect or Potential Effect

Interim financial reports could have been materially misstated. Additionally, certain audit procedures could not be completed until complete reconciliations were available for testing.

Recommendation

The Town should reconcile all key accounts monthly to ensure the reliability of financial reporting. Completed reconciliations should be forwarded to the Finance Director for approval. If the Town falls behind in preparing reconciliations, the Town should consider outsourcing this function.

Views of Responsible Official

Management's response is included at the end of this report.

IMPROVE CUT OFF AND CAPITALIZATION CONTROLS - MATERIAL WEAKNESS

MW-2024-002

Criteria

Effective internal controls require that management have procedures in place to properly charge expenditures to the appropriate fiscal year and that items meeting the threshold for capitalization (Capital Assets) are properly identified.

Condition and Context

During fiscal year 2024, the Town did not charge expenditure to the proper fiscal period on numerous occasions resulting in significant audit adjustments. Significant audit adjustments were also required for the accounting of capital assets.

Cause

In fiscal year 2024, the Town experienced a breakdown in its cut-off and capitalization controls.

Effect or Potential Effect

Financial statements could have been materially misstated.

Recommendation

The Town should reestablish effective cut-off and capitalization controls to ensure the completeness and accuracy of financial reporting.

Views of Responsible Official

Management’s response is included at the end of this report.

IMPROVE BUDGET POSTING - MATERIAL WEAKNESS

MW-2024-003

Criteria

Effective internal controls require that management have procedures in place to monitor revenues and expenditure compared with budgeted amounts.

Condition and Context

During fiscal year 2024, the Town’s budget as posted in the general ledger did not agree with amounts appropriated and expected revenues.

Cause

In fiscal year 2024, the Town experienced a breakdown in its monitoring controls.

Effect or Potential Effect

The Town budget and actual comparison schedule was inaccurate.

Recommendation

The Town should reestablish effective monitoring controls to ensure the completeness and accuracy of financial reporting.

Views of Responsible Official

Management’s response is included at the end of this report.

IMPROVE CONTROLS OVER JOURNAL ENTRIES - MATERIAL WEAKNESS

MW-2024-004

Criteria

Effective internal controls require that management have procedures in place where journal entries are approved by an individual other than the preparer of the entry.

Condition and Context

During fiscal year 2024, the Town did not have a process in place whereby journal entries were approved by an individual other than the preparer.

Cause

In fiscal year 2024, the Town experienced a breakdown in its monitoring controls.

Effect or Potential Effect

Incorrect entries could be made to the general ledger.

Recommendation

The Town should establish effective monitoring controls to ensure all journal entries are appropriately approved.

Views of Responsible Official

Management's response is included at the end of this report.

CONCORD FINANCE DEPARTMENT

Tel: (978) 318 3095

22 Monument Square
Concord, MA 01742



DATE: November 19, 2025

MEMORANDUM

TO: CBIZ CPAs PC

FROM: Jennifer Barrett, Chief Financial Officer

SUBJECT: Management Letter FY24, Official Response

In response to the Financial Statement Findings included in your Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, we provide the following:

Item MW-2024-001: Reconcile Cash and receivables on a timely basis

As noted, due to turnover in the Accounting and Treasurer/Collector positions, as well as a computer system conversion, the reconciliation process was delayed. While we recognize the importance of timely reconciliation, Fiscal Year 2024 presented unique challenges with multiple compounding setbacks. As this letter has been provided eighteen months following the close of the year, we want to emphasize that we are actively working on current reconciliations. To ensure improved timeliness moving forward, we have implemented an internal commitment to complete all month-end reconciliations between the Deputy Treasurer and Town Accountant within a 45-day timeframe. All cash reconciliations will be up-to-date by March 2026 and receivables by June 30, 2026.

Item MW-2024-002: Improve Cut off and Capitalization controls

The Accounting Division has collaborated to establish best practices for recording capital assets beginning with the Procurement Specialist, through recording by the Accounting Specialist and finalization by the Town Accountant. In addition, through targeted departmental training and enhanced communication efforts leading up to year-end, we will implement a more stringent process for posting year-end expenditures beginning in June 2026 through the July 2026 final warrants.

Item MW-2024-003: Improve Budget posting

In Fiscal Year 2024, a late adjustment to the overall budget resulted in the creation of two different budget documents. Although the total approved budget remained consistent, an incorrect distribution was uploaded into the financial system. Additionally, estimated revenue figures were imported instead of the certified budget amounts. To address these issues, Finance Administration has adopted a proactive approach assigning the Senior Analyst to verify all budget data both before and after system import to ensure accuracy and consistency. This item has been resolved in December 2025.

Item MW-2024-004: Improve Controls over journal entries

The Accounting Division has established a standard internal procedure for cross-checking journal entries between the Assistant Accountant and the Town Accountant. This collaborative review process is designed to strengthen monitoring controls and ensure the accuracy and integrity of financial records. This item has been resolved in December 2025.



Town of Concord
Financial Audit Advisory Committee
AGENDA ACTION REQUEST
February 11, 2026

5

Review Schedule:
FY24 CCRSD Audit, CY24 CMLP Audit
FY25 Town Audit

Review upcoming timelines

Requested by: FAAC Chair

Action Sought: Discussion

Proposed Motion(s)

Discussion dependent

Additional Information

Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>



Town of Concord
Financial Audit Advisory Committee
AGENDA ACTION REQUEST
February 11, 2026

6

Other Business

Set date for next meeting, other new business

Requested by: FAAC Chair

Action Sought: Schedule Meeting

Proposed Motion(s)

Additional Information

Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>

FY24 Audit Review



Kerry A. Lafleur, Town Manager
Jennifer Barrett, Chief Financial
Officer

**Accountability
and
Standards**

Accountability rests with the Town Manager

Concord deserves strong
financial stewardship

Issues addressed directly
and transparently

Commitment to restoring
expected standards

Purpose of Tonight's Discussion

FY24 audit identified material weaknesses in internal controls

Goal: transparency, accountability, and direction

Serious and not consistent with Concord's standards

Does not replace the Financial Audit Advisory Committee's independent review

What the Audit
Did

and

Did Not
Find

- Identified material weaknesses in internal controls

- No findings of fraud, misconduct, or noncompliance
- No opinion on effectiveness of internal controls
- Findings relate to process and oversight, not financial condition

What “Material Weakness” Means

Reasonable possibility of a material misstatement

More serious than a
deficiency/
significant
deficiency

Indicates risk and
reliability concerns,
not intent

Unusual for
Concord

Identified Material Weaknesses



Timeliness of reconciliations



Cut-off and capitalization controls



Budget posting and monitoring



Journal entry review and oversight

Reconciliation Timing

- Cash Reconciliation
- Receivables Reconciliation
- General Ledger Reconciling
- Established schedule for completion within 45 days of month-end

Capital & Cutoff Controls

- End of Year Encumbrances
- Categorizing Capital Expenses
- Fiscal Year Invoice processing
- Written Procedure in development for training and deployment May 2026
- Additional scrutiny at EOY

Budget posting and monitoring

- Initial Budget Import
- Budget Adjustments backup
- Crosschecking before, during and after approval
- Reestablished Finance Administration oversight for budget verification

Journal Entry processing

- Crosschecking entries for accuracy
- Ownership of entry
- Backup Data Requests Analyzed
- Reestablished segregation of duties in JE posting process

Timeline Overview

FY24: Conditions existed; later documented



FY25: Delayed visibility;
constrained action



FY26: Verified findings,
leadership change, correction

Why FY24 Is an Outlier



Leadership misalignment within Finance



Staffing instability in key finance roles



First-year close in a
new Munis ERP system

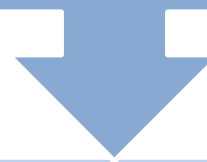
G/L Go Live: October 2023

Payroll Go Live: July 2025

HCM Go Live: Spring 2026

Why FY25 Is a Visibility Gap

FY25 closed before FY24 audit findings were finalized



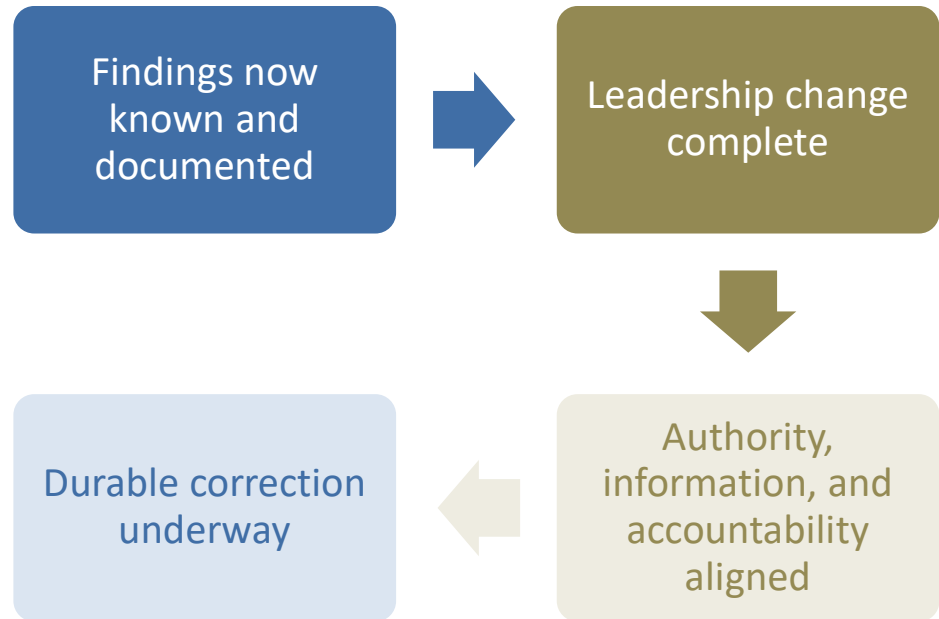
Leadership misalignment continued through FY25



Structural change constrained by timing

Some weaknesses may reappear due to lag

FY26: Correction and Stabilization



Identification ≠ Correction

FY24 audit documents
conditions *in that year*

Audit delays meant findings
not known until early Q2
FY26

Verified findings are
required to drive correction

Corrective Actions Underway



Defined close calendar



Reconciliation cadence and monitoring



Reestablished segregation of duties




Review and escalation protocols



Training and documentation

Oversight and Next Steps

Audit Advisory Committee meets with auditors in February



FAAC conducts independent review and reports to Board

FY25 audit underway; improving structure

Return to normal cadence expected by FY26

Appendix

Q1: Why weren't these issues fixed sooner?

Answer: Audit findings drive formal corrective action. The full scope and classification of these findings were not known until early FY26 (Q2). Correction begins when findings are verified and leadership is in place to act.

Q2: Should we expect the FY25 audit to show improvement?

Answer: FY25 may still reflect some of the same weaknesses due to timing and leadership continuity. The meaningful improvements are expected to be reflected in FY26.

Q3: Does recurrence mean management failed to act?

Answer: No, recurrence reflects the reality that control environments change when leadership, structure, and accountability change, and that alignment occurred in FY26.

Q4: Is the Town's financial condition at risk?

Answer: No, these findings relate to internal controls, not the Town's financial condition or ability to meet obligations.

Q5: Why is the Board discussing this before FAAC meets?

Answer: This is an initial public acknowledgment. FAAC's independent review with the auditors remains the formal process, and their assessment will come to the Board.