

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

**TOWN OF DIGHTON, MASSACHUSETTS**

Report on Examination of the  
Basic Financial Statements  
and Additional Information Year  
Ended June 30, 2024



## **TOWN OF DIGHTON, MASSACHUSETTS**

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the Board of Selectmen  
Town of Dighton, Massachusetts

**Opinions**

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

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

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers these to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

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

*Roselli, Clark & Associates*

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
April 1, 2025

## Management's Discussion and Analysis

As the management of the Town of Dighton, Massachusetts (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over \$21.9 million (*total net position*).
- The Town's total net position increased by nearly \$3.0 million, year to year. Governmental activities increased approximately \$3.0 million while business-type activities were relatively flat year to year.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance of over \$12.6 million, an increase of over \$0.9 million over the prior year.
- The Town's total long-term debt decreased by nearly \$0.4 million to nearly \$3.8 million due to regular scheduled maturities.

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, fringe benefits, and debt service.

The business-type activities of the Town include the sewer enterprise fund.

**Fund Financial Statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided in the basic financial statements to help the reader understand the differences, as indicated within the table of contents.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Ambulance Fund, and ARPA which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – In addition, this report also presents certain required supplementary information concerning the Town’s proportionate share of the net pension liability and contributions to its pension plan, the Town’s progress in funding its obligation to provide other postemployment benefits to its employees, as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

### Government-wide Financial Analysis

The following represents the condensed statement of net position:

	Governmental activities		Business-type activities		Total	
	June 30,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 17,817,418	\$ 15,480,014	\$ 812,430	\$ 722,467	\$ 18,629,848	\$ 16,202,481
Capital assets, net	20,500,392	20,460,620	2,185,013	2,274,029	22,685,405	22,734,649
<b>Total assets</b>	<b>38,317,810</b>	<b>35,940,634</b>	<b>2,997,443</b>	<b>2,996,496</b>	<b>41,315,253</b>	<b>38,937,130</b>
<b>Deferred outflows of resources</b>	<b>4,129,280</b>	<b>4,506,813</b>	<b>-</b>	<b>-</b>	<b>4,129,280</b>	<b>4,506,813</b>
<b>Liabilities</b>						
Long-term liabilities	19,792,210	22,372,341	21,867	21,831	19,814,077	22,394,172
Other liabilities	2,035,484	921,512	4,667	4,009	2,040,151	925,521
<b>Total liabilities</b>	<b>21,827,694</b>	<b>23,293,853</b>	<b>26,534</b>	<b>25,840</b>	<b>21,854,228</b>	<b>23,319,693</b>
<b>Deferred inflows of resources</b>	<b>1,673,447</b>	<b>1,166,491</b>	<b>-</b>	<b>-</b>	<b>1,673,447</b>	<b>1,166,491</b>
<b>Net Position</b>						
Net investment in capital assets	16,815,375	16,399,721	2,185,013	2,274,029	19,000,388	18,673,750
Restricted	4,006,706	3,952,654	-	-	4,006,706	3,952,654
Unrestricted	(1,876,132)	(4,365,272)	785,896	696,627	(1,090,236)	(3,668,645)
<b>Net Position</b>	<b>\$ 18,945,949</b>	<b>\$ 15,987,103</b>	<b>\$ 2,970,909</b>	<b>\$ 2,970,656</b>	<b>\$ 21,916,858</b>	<b>\$ 18,957,759</b>

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by over \$21.9 million (*total net position*). This reflects an increase from the preceding year of nearly \$3.0 million. Governmental activities increased approximately \$3.0 million while business-type activities were flat.

By far the largest portion (about \$19.0 million) of the Town’s overall net position reflects its net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional significant portion of the Town's total net position (over \$4.0 million) represents resources that are subject to external restrictions on how they may be used.

The deficit balance of nearly \$1.1 million in *unrestricted net position* is in large part a result of the Town recording its net pension liability and other postemployment benefits liability that were significant. These are expected to increase in the foreseeable future until the Town's annual contributions more closely approximate required annual funding.

The following represents the condensed statement of changes in net position:

	Governmental activities		Business activities		Total	
	June 30,		June 30,		June 30,	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,927,148	\$ 2,462,207	\$ 347,320	\$ 359,632	\$ 2,274,468	\$ 2,821,839
Operating grants and contributions	833,032	2,030,269	-	-	833,032	2,030,269
Capital grants and contributions	100,430	267,822	-	-	100,430	267,822
General revenues:						
Property taxes	22,480,529	20,785,570	-	-	22,480,529	20,785,570
Grants and contributions not restricted to specific programs	932,319	902,576	-	-	932,319	902,576
Other	2,084,613	1,959,831	5,518	2,758	2,090,131	1,962,589
<b>Total revenues</b>	<b>28,358,071</b>	<b>28,408,275</b>	<b>352,838</b>	<b>362,390</b>	<b>28,710,909</b>	<b>28,770,665</b>
<b>Expenses</b>						
General government	2,516,978	1,699,716	-	-	2,516,978	1,699,716
Public safety	5,481,154	6,716,426	-	-	5,481,154	6,716,426
Education	13,550,831	12,094,026	-	-	13,550,831	12,094,026
Public works	2,571,224	2,612,240	-	-	2,571,224	2,612,240
Health and human services	636,180	687,305	-	-	636,180	687,305
Culture and recreation	535,116	1,565,799	-	-	535,116	1,565,799
Interest expense	107,742	118,189	-	-	107,742	118,189
Sewer	-	-	352,585	340,005	352,585	340,005
<b>Total expenses</b>	<b>25,399,225</b>	<b>25,493,701</b>	<b>352,585</b>	<b>340,005</b>	<b>25,751,810</b>	<b>25,833,706</b>
Change in net position before transfers	2,958,846	2,914,574	253	22,385	2,959,099	2,936,959
Transfers	-	-	-	-	-	-
Change in net position	2,958,846	2,914,574	253	22,385	2,959,099	2,936,959
Net position, beginning of year	15,987,103	13,072,529	2,970,656	2,948,271	18,957,759	16,020,800
Net position, end of year	<b>\$ 18,945,949</b>	<b>\$ 15,987,103</b>	<b>\$ 2,970,909</b>	<b>\$ 2,970,656</b>	<b>\$ 21,916,858</b>	<b>\$ 18,957,759</b>

**Governmental Activities** – During 2024, Town property taxes made up approximately 79.3% of total revenues. The Town experienced an increase in the amount of taxes levied which was consistent with the amount raised in the annual tax rate setting process. Under Massachusetts General Laws communities are allowed to increase taxes by 2 ½% plus new growth and tax exclusions. In 2024, the Town's levy limit decreased by over \$0.6 million which when combined with the 2 ½% legal increase, contributed to the near 8% increase year over year.

Charges for services represented 6.8% of total revenues. The decrease over prior year is due to the prior year having more building permits and other departmental revenue.

Operating grants was about \$1.2 million lower than the prior year due to stimulus grants winding down. This offset the increases discussed above.

No other revenues were greater than 10% of total revenues in 2024 or 2023 and there were no significant increases or decreases in any individual revenue category, thus total revenues were fairly consistent on a net basis.

The Town continues to commit significant resources towards education as 53.4% of total expenditures are related to this critical activity. All expenses are paid to the three regional school districts that service the Town. Amounts assessed were fairly consistent with the prior year after factoring cost of living increases and benefit allocations.

Public Safety and Public Works expenses were consistent with the prior year at 21.6%, and 10.1% of total expenses, respectively. Operations in these areas were fairly static and the changes from prior year relate to pension and other postemployment benefits allocations.

All other expenses were either smaller in amount or did not fluctuate from year to year.

**Business-type Activities** – Major revenue sources consist of revenue from users which represented 98.4% and 99.2% of total revenues in both 2024 and 2023, respectively. The remaining revenue represents mostly amounts received from investment income sources.

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

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

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

As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of over \$12.6 million. This represents an increase of approximately \$0.9 million over the previous year. Of the ending fund balance approximately \$5.4 million is *available for spending* at the government's discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was approximately \$5.6 million, while the total fund balance in the General Fund reached approximately \$8.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 21.2% of total General Fund expenditures, while total fund balance represents approximately 34.5% of that same amount.

The Town's Ambulance Fund, which is presented as a major governmental fund, has a restricted ending fund balance of approximately \$1.0 million, which was an increase of over \$0.1 million with the prior year.

The Town's ARPA Fund, which is presented as a major governmental fund has received over \$2.4 million from Federal Government. Most has been spent and met revenue eligibility requirements as of year-end. Any unspent money is deferred until it is spent.

The Town's aggregate nonmajor funds amount to nearly \$2.8 million and include the Town's Special Revenue, Capital Projects and Trust funds.

**Proprietary Funds** – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, net position of the sewer fund was nearly \$3.0 million.

**Fiduciary Funds** – The Town has elected to establish a trust under Chapter 32B Section 20 of the MGL whose sole purpose will be to accumulate funds to reduce the Town's unfunded Other Postemployment Benefits. This fund makes up the largest portion of the Town's fiduciary funds and increased by over \$0.3 million to \$2.2 million due to contributions made by the Town and investment gains being netted by premiums paid for retirees.

### **General Fund Budgetary Highlights**

Differences between the original and the final amended budget were minor. A budget to actual schedule is included as required supplementary information.

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

**Capital Assets** – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to approximately \$22.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and reflects a decrease of less than \$0.1 million, net of depreciation.

Additional information on the Town capital assets can be found in the footnotes.

**Long-Term Debt** – At the end of the current fiscal year, the Town had total debt outstanding of approximately \$3.3 million. This amount represents general obligation bonds and Title V notes payable of governmental activities. The business-type activity had no outstanding debt during the year.

The Town's total long-term debt decreased by nearly \$0.4 million during the fiscal year as a result of regular scheduled maturities slightly outpacing new note issuances.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town's boundaries. Debt service from such arrangements is assessed annually to the Town.

Additional information on the Town's debt can be found in the footnotes.

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

- The Town's property tax base is made up predominantly of residential taxes, which in 2025 is expected to represent 78.8% of the entire levy. The Town also relies to a moderate degree on its commercial, industrial and personal property real estate tax base which comprise the remainder of the levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than 2 ½% of the previous year tax levy.
- The Town anticipates that state aid for 2025 is expected to increase slightly with the prior year at over \$1.0 million.

- The cost to purchase or rent a home increased significantly to near record highs in 2023 and have remained mostly consistent or increasing in 2024. These are factors impacting the purchasing power and meeting home downpayment requirements from a household's income, even with household members being employed. Housing affordability and the financial impacts therefrom on household incomes, can make various aspects of Town economic management more challenging to predict and develop future budget expectations.
- Recent actions by the Federal Open Market Committee to manage the economy due to inflation have seen interest rates increased substantially over the last 2 years, with the recent trend now seeing them gradually being lowered as economic costs and trends stabilize. These fluctuations are outside the control of the Town and will require the Town to be prepared to adapt to the resulting impacts.
- Inflation is showing signs of softening and stabilizing after nearly 40-year historic highs in fiscal year 2023. However, the costs of goods and services, resulting from price inflation, remain high and do have adverse impacts on the Town. Wage inflation cannot guarantee the Town will be able to maintain employees without increasing wages. The construction building index has been operating at historic highs which may cause the estimates of major capital projects to increase; this is further complicated by fluctuating financing rates. The Town continues to monitor this situation, and is managing its resources and planned service costs with inflation considerations, as well as, potential impact on construction activities.

In June 2024, the Town voted an initial General Fund budget for fiscal year 2025 that was in balance. The Town tax rate was certified on November 26, 2024.

The above items were considered when the Town accepted its budget for fiscal year 2025.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, Town Hall, 979 Somerset Avenue, Dighton, Massachusetts, 02175.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 14,588,722	\$ 644,249	\$ 15,232,971
Receivables, net of allowance for uncollectibles:			
Property taxes	2,152,386	-	2,152,386
Excise taxes	179,150	-	179,150
User fees	-	168,181	168,181
Departmental and other	365,885	-	365,885
Intergovernmental	59,377	-	59,377
Tax foreclosures	471,898	-	471,898
Capital assets, not being depreciated	3,900,177	68,245	3,968,422
Capital assets, net of depreciation	16,600,215	2,116,768	18,716,983
<b>Total Assets</b>	<b>38,317,810</b>	<b>2,997,443</b>	<b>41,315,253</b>
<b>Deferred Outflows of Resources:</b>			
Related to net pension liability	2,671,878	-	2,671,878
Related to net other postemployment liability	1,457,402	-	1,457,402
<b>Total Deferred Outflows</b>	<b>4,129,280</b>	<b>-</b>	<b>4,129,280</b>
<b>Liabilities</b>			
Warrants and accounts payable	623,307	4,667	627,974
Accrued payroll and withholdings	70,489	-	70,489
Unearned revenue	767,179	-	767,179
Planning deposits	542,515	-	542,515
Other liabilities	31,994	-	31,994
Noncurrent liabilities:			
Due in one year or less	534,697	10,934	545,631
Due in more than one year	19,257,513	10,933	19,268,446
<b>Total Liabilities</b>	<b>21,827,694</b>	<b>26,534</b>	<b>21,854,228</b>
<b>Deferred Inflows of Resources:</b>			
Related to net pension liability	3,846	-	3,846
Related to net other postemployment liability	1,669,601	-	1,669,601
<b>Total Deferred Inflows</b>	<b>1,673,447</b>	<b>-</b>	<b>1,673,447</b>
<b>Net Position</b>			
Net investment in capital assets	16,815,375	2,185,013	19,000,388
Restricted for:			
Nonexpendable permanent funds	24,160	-	24,160
Ambulance	1,242,100	-	1,242,100
Community preservation	1,183,503	-	1,183,503
Other purposes	1,556,943	-	1,556,943
Unrestricted	(1,876,132)	785,896	(1,090,236)
<b>Total Net Position</b>	<b>\$ 18,945,949</b>	<b>\$ 2,970,909</b>	<b>\$ 21,916,858</b>

See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 2,516,978	\$ 366,807	\$ 158,247	\$ -	\$ (1,991,924)		\$ (1,991,924)
Public safety	5,481,154	970,766	120,721	-	(4,389,667)		(4,389,667)
Education	13,550,831	-	-	-	(13,550,831)		(13,550,831)
Public works	2,571,224	353,885	18,161	100,430	(2,098,748)		(2,098,748)
Health and human services	636,180	86,688	290,891	-	(258,601)		(258,601)
Culture and recreation	535,116	149,002	245,012	-	(141,102)		(141,102)
Interest expense	107,742	-	-	-	(107,742)		(107,742)
<b>Total Governmental Activities</b>	<b>25,399,225</b>	<b>1,927,148</b>	<b>833,032</b>	<b>100,430</b>	<b>(22,538,615)</b>		<b>(22,538,615)</b>
<b>Business-Type Activities</b>							
Sewer	352,585	347,320	-	-		(5,265)	(5,265)
<b>Total Primary Government</b>	<b>\$ 25,751,810</b>	<b>\$ 2,274,468</b>	<b>\$ 833,032</b>	<b>\$ 100,430</b>	<b>(22,538,615)</b>	<b>(5,265)</b>	<b>(22,543,880)</b>
<b>General Revenues:</b>							
Real and personal property taxes				22,480,529		-	22,480,529
Grants and contributions not restricted to specific programs				932,319		-	932,319
Motor vehicle and other excise				1,562,069		-	1,562,069
Penalties and interest on taxes				97,625		-	97,625
Unrestricted investment income				424,919		5,518	430,437
<b>Total general revenues</b>				<b>25,497,461</b>		<b>5,518</b>	<b>25,502,979</b>
Change in Net Position				2,958,846		253	2,959,099
<b>Net Position - Beginning</b>				<b>15,987,103</b>		<b>2,970,656</b>	<b>18,957,759</b>
<b>Net Position - Ending</b>				<b>\$ 18,945,949</b>		<b>\$ 2,970,909</b>	<b>\$ 21,916,858</b>

See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

	General	Ambulance Fund	ARPA Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 9,332,717	\$ 970,876	\$ 767,179	\$ 3,517,950	\$ 14,588,722
Receivables, net of allowance					
Property taxes	2,031,573	-	-	120,813	2,152,386
Excise taxes	179,150	-	-	4,755	183,905
Other	38,885	271,224	-	51,021	361,130
Due from other government	-	-	-	59,377	59,377
Tax foreclosures	471,898	-	-	-	471,898
<b>Total Assets</b>	<b><u>12,054,223</u></b>	<b><u>1,242,100</u></b>	<b><u>767,179</u></b>	<b><u>3,753,916</u></b>	<b><u>17,817,418</u></b>
<b>Total Deferred Outflows of Resources</b>					
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 12,054,223</u></b>	<b><u>\$ 1,242,100</u></b>	<b><u>\$ 767,179</u></b>	<b><u>\$ 3,753,916</u></b>	<b><u>\$ 17,817,418</u></b>
<b>Liabilities</b>					
Warrants and accounts payable	\$ 416,168	\$ -	\$ -	\$ 207,139	\$ 623,307
Accrued payroll and withholdings	70,489	-	-	-	70,489
Unearned revenue	-	-	767,179	-	767,179
Planning deposits	-	-	-	542,515	542,515
Other liabilities	29,502	-	-	2,492	31,994
<b>Total Liabilities</b>	<b><u>516,159</u></b>	<b><u>-</u></b>	<b><u>767,179</u></b>	<b><u>752,146</u></b>	<b><u>2,035,484</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	2,503,471	-	-	125,568	2,629,039
Unavailable revenue - excise taxes	179,150	-	-	-	179,150
Unavailable revenue - other	38,885	271,224	-	51,021	361,130
<b>Total Deferred Inflows of Resources</b>	<b><u>2,721,506</u></b>	<b><u>271,224</u></b>	<b><u>-</u></b>	<b><u>176,589</u></b>	<b><u>3,169,319</u></b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	24,160	24,160
Restricted	-	970,876	-	2,909,591	3,880,467
Committed	2,278,619	-	-	23,558	2,302,177
Assigned	979,067	-	-	-	979,067
Unassigned	5,558,872	-	-	(132,128)	5,426,744
<b>Total Fund Balances</b>	<b><u>8,816,558</u></b>	<b><u>970,876</u></b>	<b><u>-</u></b>	<b><u>2,825,181</u></b>	<b><u>12,612,615</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 12,054,223</u></b>	<b><u>\$ 1,242,100</u></b>	<b><u>\$ 767,179</u></b>	<b><u>\$ 3,753,916</u></b>	<b><u>\$ 17,817,418</u></b>

See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

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<b>Total Governmental Fund Balances</b>	<b>\$ 12,612,615</b>
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,500,392
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Other long-term assets are not available to pay for current period expenditures	3,169,319
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Deferred outflows and inflows of resources to be recognized in future other postemployment and pension expenses are not available resources and, therefore, are not reported in the funds:	
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Deferred outflows related to net other postemployment liability	1,457,402
Deferred outflows related to net pension liability	2,671,878
Deferred inflows related to net other postemployment liability	(1,669,601)
Deferred inflows related to net pension liability	(3,846)

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the government funds:	
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Bonds and notes payable	(3,343,390)
Landfill monitoring	(86,100)
Compensated absences	(823,751)
Unamortized bond premium	(90,001)
Lease liabilities	(448,575)
Net other postemployment benefits	(4,019,573)
Net pension liability	<u>(10,980,820)</u>

<b>Net Position of Governmental Activities</b>	<b><u>\$ 18,945,949</u></b>
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See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

	General	Ambulance Fund	ARPA Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Real estate and personal property taxes, net	\$ 21,882,938	\$ -	\$ -	\$ 150,543	\$ 22,033,481
Intergovernmental	1,078,228	49,854	4,251	665,380	1,797,713
Motor vehicle and other excises	1,608,301	-	-	-	1,608,301
License and permits	277,725	-	-	-	277,725
Departmental and other revenue	596,659	500,223	-	637,490	1,734,372
Penalties and interest on taxes	97,625	-	-	-	97,625
Fines and forfeitures	13,803	-	-	-	13,803
Investment income	382,745	-	-	42,174	424,919
Contributions and donations	-	-	-	68,068	68,068
<b>Total Revenues</b>	<b>25,938,024</b>	<b>550,077</b>	<b>4,251</b>	<b>1,563,655</b>	<b>28,056,007</b>
<b>Expenditures</b>					
Current:					
General government	2,034,083	-	-	389,884	2,423,967
Public safety	4,051,338	-	4,251	567,546	4,623,135
Education	13,550,781	-	-	50	13,550,831
Public works	2,099,400	-	-	126,014	2,225,414
Health and human services	385,181	-	-	138,839	524,020
Culture and recreation	412,051	-	-	305,290	717,341
Pensions and other fringes	2,507,406	-	-	-	2,507,406
State and county tax assessments	199,682	-	-	-	199,682
Debt service:					
Scheduled maturities	241,668	-	-	-	241,668
Interest expense	121,175	-	-	-	121,175
<b>Total Expenditures</b>	<b>25,602,765</b>	<b>-</b>	<b>4,251</b>	<b>1,527,623</b>	<b>27,134,639</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>335,259</b>	<b>550,077</b>	<b>-</b>	<b>36,032</b>	<b>921,368</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	499,172	-	-	25,560	524,732
Transfers out	(25,560)	(414,000)	-	(85,172)	(524,732)
<b>Total Other Financing Sources (Uses)</b>	<b>473,612</b>	<b>(414,000)</b>	<b>-</b>	<b>(59,612)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>808,871</b>	<b>136,077</b>	<b>-</b>	<b>(23,580)</b>	<b>921,368</b>
<b>Fund Balances - Beginning</b>	<b>8,007,687</b>	<b>834,799</b>	<b>-</b>	<b>2,848,761</b>	<b>11,691,247</b>
<b>Fund Balances - Ending</b>	<b>\$ 8,816,558</b>	<b>\$ 970,876</b>	<b>\$ -</b>	<b>\$ 2,825,181</b>	<b>\$ 12,612,615</b>

See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

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<b>Net Change in Fund Balances - Total Governmental Fund Balances</b>	<b>\$ 921,368</b>
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and depreciated/amortized over their estimated useful lives and reported as depreciation expense. The net amounts are presented here as reconciling items:

Capital outlays	1,076,635
Depreciation expense	<u>(1,036,863)</u>
Net effect of reporting capital assets	
	39,772

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 has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:

Repayments of capital lease liabilities	140,882
Repayments of bonds and notes	<u>241,668</u>
Net effect of reporting long-term debt	
	382,550

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the following differences derived from unavailable revenue.

302,064

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

Dept premium amortization	13,433
Landfill monitoring	12,300
Compensated absences	25,959
Other postemployment benefits	2,458,521
Net pension liability	<u>(1,197,121)</u>
Net effect of reporting long-term liabilities	
	1,313,092

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,958,846</b>
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See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

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Business-type  
 Activities -  
Enterprise Funds  
Sewer

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**Assets**

Current assets:	
Cash and cash equivalents	\$ 644,249
User fees, net of allowance	168,181
Total Current Assets	<u>812,430</u>
Noncurrent assets:	
Capital assets, not being depreciated	68,245
Capital assets, net of depreciation	2,116,768
Total Noncurrent Assets	<u>2,185,013</u>
	<b><u>2,997,443</u></b>

**Liabilities**

Current liabilities:	
Warrants payable and other liabilities	4,667
Compensated absences	10,934
Total Current Liabilities	<u>15,601</u>
Noncurrent liabilities:	
Compensated absences	10,933
Total Noncurrent Liabilities	<u>10,933</u>
	<b><u>26,534</u></b>

**Net Position**

Net investment in capital assets	2,185,013
Unrestricted	785,896
	<b><u>\$ 2,970,909</u></b>

See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

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	Business-type Activities - <u>Enterprise Funds</u> <u>Sewer</u>
<b>Operating Revenues</b>	
Usage charges	\$ 337,901
Other fees	9,419
Total Operating Revenues	<u>347,320</u>
<b>Operating Expenses</b>	
Operating costs	263,569
Depreciation	89,016
Total Operating Expenses	<u>352,585</u>
<b>Total Operating Income</b>	<u>(5,265)</u>
<b>Nonoperating Income (Expenses)</b>	
Interest income	5,518
<b>Total Nonoperating Revenues (Expenses), net</b>	<u>5,518</u>
<b>Income (Loss) Before Transfers</b>	<u>253</u>
<b>Change in Net Position</b>	<u>253</u>
<b>Net Position - Beginning</b>	<u>2,970,656</u>
<b>Net Position - Ending</b>	<u><b>\$ 2,970,909</b></u>

See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

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	Business-type Activities - <u>Enterprise Funds</u> <u>Sewer</u>
<b>Cash Flows from Operating Activities:</b>	
Receipts from users	\$ 340,381
Payments to vendors	(132,109)
Payments to employees	<u>(130,766)</u>
Net Cash Provided by Operating Activities	<u>77,506</u>
<b>Cash Flows from Investing Activities:</b>	
Investment income	<u>5,518</u>
Net Cash Provided by Investing Activities	<u>5,518</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>83,024</b>
<b>Cash and Cash Equivalents:</b>	
Beginning of year	<u>561,225</u>
End of year	<u>\$ 644,249</u>
<b>Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:</b>	
Operating income (loss)	\$ (5,265)
Depreciation	89,016
Changes in assets and liabilities:	
Receivables, net	(6,939)
Liabilities, net	<u>694</u>
<b>Net Cash Provided From Operating Activities</b>	<b><u>77,506</u></b>

See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

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	Other Postemployment Benefits Trust Fund
<b>Assets</b>	
Money market account	\$ 9,865
Mutual funds - fixed income	518,219
Mutual funds - equities	<u>1,687,258</u>
<b>Total Assets</b>	<u>2,215,342</u>
<b>Net Position</b>	
Held in trust for:	
Other postemployment benefits	<u>2,215,342</u>
<b>Total Net Position</b>	<u><b>\$ 2,215,342</b></u>

See accompanying notes to basic financial statements.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

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	Other Postemployment Benefits Trust Fund
<b>Additions</b>	
Contributions:	
Employer	\$ 532,604
Total Contributions	<u>532,604</u>
Investment income:	
Investment income (loss)	224,372
Net Investment Earnings	<u>224,372</u>
	<b>Total Additions</b>
	<u>756,976</u>
<b>Deductions</b>	
Life and health insurance premiums paid for retirees	<u>407,604</u>
	<b>Total Deductions</b>
	<u>407,604</u>
	<b>Change in Net Position</b>
	349,372
<b>Net Position - Beginning</b>	<u>1,865,970</u>
<b>Net Position - Ending</b>	<u>\$ 2,215,342</u>

See accompanying notes to basic financial statements.

## **TOWN OF DIGHTON, MASSACHUSETTS**

### **NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024**

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

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

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

The Town is located south of Boston in Bristol County. It was established as a Town in 1712. The Town is governed by an elected three-member Board of Selectmen. The board members serve three-year terms. The Town provides governmental services for the territory within its boundaries, including police and fire protection, rubbish disposal, public education in grades K-12, sewer services, street maintenance, and parks and recreational facilities.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements.

Joint Venture – The Town is a member community of the Dighton-Rehoboth Regional School District that provides educational services to two area communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2024, the Town's share of the operating and debt service expenses was nearly \$11.8 million. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District's administrative office located at 2700 Regional Road, North Dighton, MA, 02764. The District also is assessed by two small trade schools annually in the aggregate amount of over \$1.7M.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

- 1) The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, 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 fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when payment is due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major governmental funds:

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

Ambulance Fund – is used to account for the fees generated from the operations of the fire department's ambulance service that are designated to fund and supplement operating costs of the department.

ARPA Grants Fund – is used to account for grant activities related to the Coronavirus State and Local Fiscal Recovery Funds program authorized by the American Rescue Plan Act (ARPA).

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary fund:

Sewer Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the sewer activities are processed.

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

The government reports the following fiduciary funds:

Other Postemployment Benefits Trust Fund – is used to accumulate funds for future payments of other postemployment benefits for retirees such as health and life insurance.

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

Deposits and Investments – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes to the statutory rate per annum. The Town is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand of delinquent taxes. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Sewer user charges are assessed semi-annually based upon metered water consumption as provided by the Dighton Water District.

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

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

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, utility mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

*Interfund Balances* – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

*Interfund Transfers* – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

*Investment Income* – Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds and permanent funds is retained in the respective funds.

*Compensated Absences* – It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. Amounts related to sick-pay benefits are carried forward from year to year. Compensation to employees varies depending upon union or employment contracts, with employee payments options including at year end or upon retirement. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

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

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

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net

pension liability and net other postemployment benefits liability. These will be recognized in pension and employee benefits expense in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability and the other postemployment benefit liability. These will be recognized in pension and employee benefits expense in future years.

The Town also reports one type of item that arises under a modified accrual basis of accounting which qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, user charges and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

*Nonexpendable Permanent Funds* represent the endowment portion of donor restricted trusts that support governmental programs.

*Ambulance* is used to account for the fees generated from the operations of the fire department’s ambulance service that are designated to fund and supplement operating costs of the department.

*Capital Project Funds* are used to account for financial resources that are restricted, for capital outlays.

*Other Purposes* represent assets that are restricted by donors for specific governmental programs and uses.

**Fund Equity** – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

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

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

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

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

*Assigned* represents amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The Town has by ordinance authorized the Town Accountant to assign fund balance. The Town Meeting may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

**Stabilization Funds** – The Town maintains a general stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$1,993,781 at June 30, 2024 and is reported as unassigned fund balance in the General Fund.

The Town maintains a capital stabilization fund which may be used for any capital purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$1,568,974 at June 30, 2024 and is reported as unassigned fund balance in the General Fund.

The Town maintains a opioid stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$21,817 at June 30, 2024 and is reported as unassigned fund balance in the General Fund.

The Town maintains a marijuana stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$36,042 at June 30, 2024 and is reported as unassigned fund balance in the General Fund.

The Town maintains a unemployment stabilization fund which may be used for any unemployment expenses upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$71,762 at June 30, 2024 and is reported as unassigned fund balance in the General Fund.

Encumbrances - The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately.

The Town reports \$2,278,619 of encumbrances from Town Meeting votes in the General Fund as committed and \$84,637 of encumbrances from normal purchasing activity as assigned at June 30, 2024. Encumbrances are not reported in any other fund.

The following table reflects the Town's fund equity categorizations:

	General	Ambulance Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>				
Nonexpendable trust funds	\$ -	\$ -	\$ 24,160	\$ 24,160
<b>Restricted:</b>				
General government	-	-	574,987	574,987
Public safety	-	970,876	20,609	991,485
Public works	-	-	53,330	53,330
Health and human services	-	-	388,929	388,929
Culture and recreation	-	-	676,776	676,776
Community preservation	-	-	1,171,246	1,171,246
Other purposes	-	-	23,714	23,714
<b>Committed:</b>				
General government	673,696	-	-	673,696
Public safety	375,047	-	-	375,047
Education	301,003	-	-	301,003
Public works	906,727	-	-	906,727
Health and human services	12,000	-	-	12,000
Culture and recreation	10,146	-	-	10,146
Capital outlay	-	-	23,558	23,558
<b>Assigned:</b>				
General government	14,359	-	-	14,359
Public safety	66,198	-	-	66,198
Public works	4,000	-	-	4,000
Culture and recreation	80	-	-	80
Subsequent years' budget	894,430	-	-	894,430
Unassigned	<u>5,558,872</u>	<u>-</u>	<u>(132,128)</u>	<u>5,426,744</u>
	<u>\$ 8,816,558</u>	<u>\$ 970,876</u>	<u>\$ 2,825,181</u>	<u>\$12,612,615</u>

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

During the fiscal year, the Town incurred appropriation deficits of approximately \$87,000 as a result of incurring additional snow and ice removal costs; this deficit was by the use of Free Cash. Expenditures did not exceed appropriations for the legally adopted budget within the General Fund for any other functions. The Town incurred individual fund deficits totaling \$132,128 in its nonmajor governmental funds. These deficits will be funded in future fiscal years with grant revenues or other available funds.

## **F. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

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

### **A. Deposits and Investments**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and cash equivalents". The deposits and investments of trust funds are held separately from those of other funds.

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

*Custodial Credit Risk: Deposits* - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings. At year-end, the carrying amount of the Town's deposits was 14,856,466 and the bank balance was \$15,077,383. Of the Town's bank balance, \$8,553,399 was covered by either federal depository insurance or by the depositors' insurance fund; and the remainder was uninsured.

*Custodial Credit Risk: Investments* – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town does not have a formal investment policy related to custodial credit risk. The Town's bond mutual fund, equity mutual fund, money market mutual fund and State Treasurer's investment pool investments are not subject to custodial credit risk.

*Fair Value of Investments* – The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.

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

The following table presents the Town's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2024:

	June 30, 2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
Debt securities:				
Fixed income mutual funds	\$ 518,219	-	518,219	-
Total debt securities	518,219	-	518,219	-
Equity securities:				
Equity mutual funds	1,687,758	-	1,687,758	-
Total equity securities	1,687,758	-	1,687,758	-
Total Investments by Fair Value Level	\$ 2,205,977	\$ -	\$ 2,205,977	\$ -
<u>Investments measured at amortized cost</u>				
State investment pool	376,505			
Money market mutual fund	9,865			
Total Investments Measured at Fair Value	\$ 2,592,347			

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. The State Treasurer's investment pool (MMDT) is valued at amortized cost. The MMDT's investment advisor may value the pool using an alternative valuation method that more accurately reflect the fair value in accordance with the pool's fair value pricing policies should amortized cost not approximate the fair value of the pool.

*Interest Rate Risk: Deposits* – This is the risk that fair value losses may arise due to increasing interest rates. The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

*Interest Rate Risk: Investments* – Debt security investments are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

At June 30, 2024, the Town had the following investments with maturities:

Investments	June 30, 2024	Maturities in Years		
		Less than 1	1 - 5	6 - 10
State investment pool	\$ 376,505	\$ 376,505	\$ -	\$ -
Non-negotiable certificates of deposit	2,313,052	2,313,052	-	-
Total investments with maturities	\$ 2,689,557	\$ 2,689,557	\$ -	\$ -

**Concentration of Credit Risk** – The Town does not place a limit on the amount that may be invested in any one issuer. No issuer represents more than 5% of the Town's total investments.

**Credit Risk** – The Town has not adopted a formal policy related to credit risk. All of the Town's investments are unrated.

## B. Receivables

Receivables as of year-end for the Town's individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 724,809	\$ -	\$ 724,809
Tax liens	1,427,577	-	1,427,577
Community preservation surcharge	4,755	-	4,755
Excise	179,150	-	179,150
Ambulance	493,134	(221,910)	271,224
Departmental and other	38,885	-	38,885
Title V betterment loans	51,021	-	51,021
Intergovernmental	59,377	-	59,377
<b>Total</b>	<b>\$ 2,978,708</b>	<b>\$ (221,910)</b>	<b>\$ 2,756,798</b>

Receivables as of year-end for Town's proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer user fees	\$ 168,181	\$ -	\$ 168,181
<b>Total</b>	<b>\$ 168,181</b>	<b>\$ -</b>	<b>\$ 168,181</b>

Governmental funds report deferred inflows of resources in connections with receivables for revenues that are considered unavailable to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	Other		
	General Fund		Governmental Funds
			Total
Real estate and personal property taxes	\$ 724,809	\$ -	\$ 724,809
Tax liens	1,306,764	120,813	1,427,577
Community preservation surcharge	-	4,755	4,755
Excise	179,150	-	179,150
Ambulance	-	271,224	271,224
Departmental and other	38,885		38,885
Title V betterment loans	-	51,021	51,021
Tax foreclosures	471,898	-	471,898
<b>Total</b>	<b>\$ 2,721,506</b>	<b>\$ 447,813</b>	<b>\$ 3,169,319</b>

## C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Governmental Activities:</i></b>				
Capital assets not being depreciated/amortized:				
Land	\$ 3,628,056	\$ -	\$ -	\$ 3,628,056
Construction in Process	561,344	59,408	(348,631)	272,121
Total capital assets not being depreciated/amortized	<u>4,189,400</u>	<u>59,408</u>	<u>(348,631)</u>	<u>3,900,177</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	8,600,973	523,667	-	9,124,640
Improvements other than buildings	277,128	-	-	277,128
Infrastructure	8,878,910	248,246	-	9,127,156
Machinery and equipment	2,993,028	495,877	-	3,488,905
Vehicles	5,016,310	98,068	-	5,114,378
Total capital assets being depreciated/amortized	<u>25,766,349</u>	<u>1,365,858</u>	<u>-</u>	<u>27,132,207</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,074,698)	(240,789)	-	(2,315,487)
Improvements other than buildings	(121,416)	(9,507)	-	(130,923)
Infrastructure	(1,728,677)	(285,979)	-	(2,014,656)
Machinery and equipment	(2,015,858)	(230,379)	-	(2,246,237)
Vehicles	(3,554,480)	(270,209)	-	(3,824,689)
Total accumulated depreciation/amortization	<u>(9,495,129)</u>	<u>(1,036,863)</u>	<u>-</u>	<u>(10,531,992)</u>
Total capital assets being depreciated/amortized, net	<u>16,271,220</u>	<u>328,995</u>	<u>-</u>	<u>16,600,215</u>
Governmental activities capital assets, net	<u>\$ 20,460,620</u>	<u>\$ 388,403</u>	<u>\$ (348,631)</u>	<u>\$ 20,500,392</u>
<b><i>Business-Type Activities - Sewer:</i></b>				
Capital assets not being depreciated/amortized:				
Land	\$ 68,245	\$ -	\$ -	\$ 68,245
Total capital assets not being depreciated/amortized	<u>68,245</u>	<u>-</u>	<u>-</u>	<u>68,245</u>
Capital assets being depreciated/amortized:				
Infrastructure	4,159,993	-	-	4,159,993
Machinery and equipment	32,026	-	-	32,026
Vehicles	20,000	-	-	20,000
Total capital assets being depreciated/amortized	<u>4,212,019</u>	<u>-</u>	<u>-</u>	<u>4,212,019</u>
Less accumulated depreciation/amortization for:				
Infrastructure	(1,964,732)	(86,970)	-	(2,051,702)
Machinery and equipment	(21,503)	(2,046)	-	(23,549)
Vehicles	(20,000)	-	-	(20,000)
Total accumulated depreciation/amortization	<u>(2,006,235)</u>	<u>(89,016)</u>	<u>-</u>	<u>(2,095,251)</u>
Total capital assets being depreciated/amortized, net	<u>2,205,784</u>	<u>(89,016)</u>	<u>-</u>	<u>2,116,768</u>
Business-type activities capital assets, net	<u>\$ 2,274,029</u>	<u>\$ (89,016)</u>	<u>\$ -</u>	<u>\$ 2,185,013</u>

Depreciation and amortization expense was charged to functions/programs as follows:

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General government	\$ 106,930	Sewer	\$ 89,016
Public safety	431,332	Total Business-Type Activities	<u>\$ 89,016</u>
Public works	440,195		
Health and human services	622		
Culture and recreation	57,784		
Total Governmental Activities	<u>\$ 1,036,863</u>		

#### **D. Interfund Receivables, Payables and Transfers**

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

Transfers Out	Transfers In		
	Nonmajor		Total
	General Fund	Governmental Funds	
General Fund	\$ -	\$ 25,560	\$ 25,560 (3)
Ambulance Fund	414,000	-	414,000 (1)
Nonmajor Governmental Funds	85,172	-	85,172 (2)
Total	<u>\$ 499,172</u>	<u>\$ 25,560</u>	<u>\$ 524,732</u>

(1) Transfers to General Fund to supplement ambulance expenses.

(2) Transfers to General Fund to supplement operating budgets.

(3) Transfers to Nonmajor Fund to eliminate account deficits and provide grant matching funds.

#### **E. Temporary Debt**

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

The Town did not have any temporary notes outstanding at June 30, 2024.

#### **F. Long-Term Obligations**

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<b><u>Governmental Activities:</u></b>					
Bond and note debt	\$ 3,495,000	\$ -	\$ (235,000)	\$ 3,260,000	\$ 235,000
Notes from direct borrowings and placements	679,515	-	(147,550)	531,965	151,703
Debt premiums	103,434	-	(13,433)	90,001	12,131
Landfill monitoring	98,400	-	(12,300)	86,100	12,300
Compensated absences	849,710	101,498	(127,457)	823,751	123,563
Net other postemployment benefits liability	7,705,314	1,457,402	(5,143,143)	4,019,573	-
Net pension liability	9,440,968	4,917,323	(3,377,471)	10,980,820	-
Total Governmental Activities	<u>\$ 22,372,341</u>	<u>\$ 6,476,223</u>	<u>\$ (9,056,354)</u>	<u>\$ 19,792,210</u>	<u>\$ 534,697</u>
<b><u>Business-type Activities: Sewer</u></b>					
Compensated absences	\$ 21,831	\$ 10,952	\$ (10,916)	\$ 21,867	\$ 10,934
Total Business-type Activities: Sewer	<u>\$ 21,831</u>	<u>\$ 10,952</u>	<u>\$ (10,916)</u>	<u>\$ 21,867</u>	<u>\$ 10,934</u>
Total Business-type Activities: All	<u>\$ 21,831</u>	<u>\$ 10,952</u>	<u>\$ (10,916)</u>	<u>\$ 21,867</u>	<u>\$ 10,934</u>

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

The following is a summary of the current year activity for outstanding long-term debt obligations:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<b><u>Governmental Activities:</u></b>					
General obligation bonds	3.0% - 5.0%	\$ 3,495,000	\$ -	\$ (235,000)	\$ 3,260,000
MCWT (Title V) Loans	0.00%	90,058	-	(6,668)	83,390
Capital Financing	2.4% - 4.0%	589,457	-	(140,882)	448,575
Total Governmental Bond and Note Indebtedness		<u>\$ 4,174,515</u>	<u>\$ -</u>	<u>\$ (382,550)</u>	<u>\$ 3,791,965</u>

Payments on outstanding bonds and notes due in future years consist of the following:

Year Ending June 30,	Governmental Activities - Total Bond and Note Indebtedness						Grand Total	
	Principal			Interest				
	GO Bonds	Direct	Total	GO Bonds	Direct	Total		
2025	\$ 235,000	\$ 151,703	\$ 386,703	\$ 109,425	\$ 11,674	\$ 121,099	\$ 507,802	
2026	235,000	105,424	340,424	97,675	7,391	105,066	445,490	
2027	235,000	107,828	342,828	90,625	4,986	95,611	438,439	
2028	235,000	110,292	345,292	83,575	2,523	86,098	431,390	
2029	235,000	6,668	241,668	76,525	-	76,525	318,193	
2030-2034	1,165,000	30,010	1,195,010	273,513	-	273,513	1,468,523	
2035-2039	920,000	16,700	936,700	80,500	-	80,500	1,017,200	
2040	-	3,340	3,340	-	-	-	3,340	
Total	<u>\$ 3,260,000</u>	<u>\$ 531,965</u>	<u>\$ 3,791,965</u>	<u>\$ 811,838</u>	<u>\$ 26,574</u>	<u>\$ 838,412</u>	<u>\$ 4,630,377</u>	

The following represents authorized and unissued debt as of June 30, 2024:

<u>Project</u>	<u>Amount</u>
<i><u>Governmental Activities:</u></i>	
Police Headquarters	\$ 770,723
Police Headquarters & Communications Center	<u>1,137,000</u>
Total Authorized and Unissued Debt	<u><u>\$ 1,907,723</u></u>

### **III. Other Information**

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

*System Description* – The Town contributes to the Bristol County Retirement System (the System), a cost sharing multiple-employer defined benefit pension plan established under Chapter 32 of the Massachusetts General Laws (MGL) and is administered by the Bristol County Retirement Board (BCRB). Standalone audited financial statements for the year ended December 31, 2023, were issued and may be obtained by writing to the Bristol County Retirement System, 645 County Street, Taunton, MA, 02780.

Current membership in the System for all employers as of December 31, 2023, was as follows:

Retirees and beneficiaries currently receiving benefits	2,815
Active participants	3,650
Inactive participants	<u>984</u>
Total	<u><u>7,449</u></u>
Participating employers	40

*Benefit Terms* – The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Members of the System do not participate in the federal Social Security retirement system.

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

*Contributions Requirements* – The System has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The Town contributed \$1,048,324 to the System in fiscal year 2024, which equaled the actuarially determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 22.13% in fiscal year 2024.

Net Pension Liability – At June 30, 2024, the Town reported a liability of \$10,980,820 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, 2024. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the System's benefit terms since the actuarial valuation.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all employers. The Town's proportion was approximately 1.996% at December 31, 2023.

Pension Expense – The Town recognized \$2,245,445 in net pension expense in the statement of activities in fiscal year 2024.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 695,454	\$ -
Net differences between projected and actual earnings on pension plan investments	1,159,807	-
Changes of assumptions	221,282	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	595,335	3,846
<b>Total</b>	<b>\$ 2,671,878</b>	<b>\$ 3,846</b>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town's pension expense as follows:

Year Ended June 30,	Amount
2025	\$ 804,460
2026	711,817
2027	897,874
2028	227,165
2029	26,716
<b>Total</b>	<b>\$ 2,668,032</b>

Discount Rate – The discount rate used to measure the total pension liability was 7.35%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the Retirement System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term

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

Actuarial Valuation – The measurement of the System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2024. The significant actuarial assumptions used in the valuation included:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Investment rate of return	7.35%, net of expenses (unchanged from prior year)
Discount rate	7.35%, net of expenses (unchanged from prior year)
Inflation rate	2.40%
Projected salary increases	5.5% grading down to an ultimate rate of 2.75%
Cost of living adjustments	3.0% of the first \$20,000 of benefits (previously the first \$18,000)
Pre- / post-retirement mortality	RP-2014 table adjusted to 2006 and projected generationally with MP-2021 (gender distinct). During employment, the healthy employee mortality table is used. Post-employment, the healthy annuitant table is used.
Disabled mortality	For disabled retirees, mortality follows same table as non-disabled retirees, set forward two years. Death is assumed to be due to same cause as disability 40% of the time.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	22.00%	7.4%
International equities	11.00%	7.4%
Emerging market equities	11.00%	7.9%
Global REITs	2.00%	5.8%
Core fixed income	5.00%	4.1%
High yield fixed income	3.00%	5.5%
Emerging markets fixed income	4.00%	5.4%
Global fixed income	3.00%	4.0%
Private equity	12.00%	9.7%
Hedge funds	4.00%	5.2%
Real estate	11.00%	5.0%
Timber	3.00%	5.2%
Farmland	3.00%	7.9%
Infrastructure	6.00%	7.6%
Total	100.00%	

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.35% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount Rate	Net Pension Liability at		
	1% Decrease	Current Rate	1% Increase
7.35%	\$ 14,193,415	\$ 10,980,820	\$ 8,271,400

## B. Risk Financing

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is part of a premium-based, self-insurance group which insures for general and personal liability, and worker’s compensation, through the Southeastern MASS Health Group. Additionally, the Town is entirely self-insured for employees’ unemployment benefits. The Town essentially transfers its risk through payment of its annual assessment which is adjusted according to the Town’s experience history. All other insurance is carried through conventional carriers.

## C. Other Postemployment Benefits

The Town administers a single employer defined benefit healthcare plan (the “OPEB Plan”). The OPEB Plan provides health and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. All benefits are provided through the Town’s premium-based insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the Town’s financial statements.

OPEB Plan disclosures that impact the Town’s net OPEB liability using a measurement date of June 30, 2024, are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of the actuarial valuation date of July 1, 2023:

Retirees and beneficiaries	50
Actives	75
Total	125

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. For healthcare coverage, retirees contribute 25% of premiums. Retirees contribute 50% of life insurance benefit premiums. The remainder of the cost is funded by general revenues of the Town.

The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2024, the Town's average contribution rate was approximately 8.29% of covered payroll.

**Net OPEB Liability** – The Town's net OPEB liability was measured as of June 30, 2024, using an actuarial valuation as of July 1, 2023. The components of the net OPEB liability of the Town at June 30, 2024, were as follows:

Total OPEB liability	\$ 6,234,915
Plan fiduciary net position	<u>(2,215,342)</u>
Net OPEB liability	<u>\$ 4,019,573</u>
Plan fiduciary net position as a percentage of the total OPEB liability	35.53%

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

Investment Rate of Return	6.84%, net of OPEB plan investment expenses, including inflation.
Municipal Bond Rate	4.21% as of June 30, 2024
Single Equivalent Discount Rate	6.84%, net of OPEB plan investment expense, including inflation.
Inflation	2.50% annually as of June 30, 2024 and for future periods
Healthcare Costs Trend Rate	SOA Getzen Model of Long-Run Medical Cost Trends: 5.00% in fiscal year 2024 decreasing annually to 4.77% in fiscal year 2030 and to 3.63% for 2060 and later
Salary Increases	3.0% annually as of June 30, 2024 and for future periods
Actuarial Cost Method	Individual entry age normal
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 1 year for females
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females

#### **Changes to Key Assumptions**

Single Equivalent Discount Rate	Due to GASB 75 standards the discount rate has been changed to 6.84% from 5.70%.
Mortality Tables	Updated to the RP-2104 Mortality Table projected generationally with scale MP-2021.

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.84%. The rate is a blend of the expected long-term rate of return on investments and the 20-year municipal bond index, as the plan is being partially funded.

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

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

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Domestic equity - large cap	32.25%	4.91%
Domestic equity - small/mid cap	10.25%	5.29%
International equity - developed markets	13.00%	5.32%
International equity - emerging markets	6.75%	6.13%
Domestic fixed income	20.75%	2.30%
International fixed income	3.75%	2.02%
Alternatives	9.50%	6.35%
Real estate	3.25%	6.25%
Cash	0.50%	0.00%
	<u>100.00%</u>	
Real rate of return		4.59%
Inflation assumption		2.50%
Total nominal rate of return		7.09%
Investment expense		-0.25%
Net investment return		6.84%

**Sensitivity Analyses** – The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

Net OPEB Liability			
Healthcare Trend Rate			
Current Rate	1% Decrease	Current Trend	1% Increase
5.00%	\$ 3,283,802	\$ 4,019,573	\$ 4,933,463

Discount Rate			
Current Rate	1% Decrease	Current	1% Increase
6.84%	\$ 4,830,990	\$ 4,019,573	\$ 3,354,113

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023	\$ 9,571,284	\$ 1,865,970	\$ 7,705,314
Changes for the year:			
Service cost	258,196	-	258,196
Interest	548,825	-	548,825
Change in assumptions	(1,014,138)	-	(1,014,138)
Difference between expected and actual experience	(2,721,648)	-	(2,721,648)
Net investment income	-	224,372	(224,372)
Employer contributions	-	532,604	(532,604)
Benefit payments withdrawn from trus	-	(407,604)	407,604
Benefit payments	<u>(407,604)</u>	<u>-</u>	<u>(407,604)</u>
Net changes	<u>(3,336,369)</u>	<u>349,372</u>	<u>(3,685,741)</u>
Balances at June 30, 2024	<u>\$ 6,234,915</u>	<u>\$ 2,215,342</u>	<u>\$ 4,019,573</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the Town recognized OPEB income of \$1,925,917. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2024, were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 331,767	\$ 253,040
Change in assumptions	1,125,635	1,404,798
Differences between projected and actual earnings	<u>-</u>	<u>11,763</u>
Totals	<u>\$ 1,457,402</u>	<u>\$ 1,669,601</u>

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

Year Ended June 30,	Amount
2025	\$ (59,864)
2026	213,668
2027	64,108
2028	(256,470)
2029	<u>(173,641)</u>
Total	<u>\$ (212,199)</u>

*Investment Custody* – In accordance with Massachusetts General Laws, the Town Treasurer is the custodian of the OPEB Plan and since the Town has not designated a Board of Trustees, the Town Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the Town.

*Investment Policy* – The OPEB Plan follows the same investment policies that apply to all other Town Trust funds. Notably it can be invested in accordance with State Statutes that govern Trust investments including PRIM which is an external investment pool managed by the State.

*Investment Rate of Return* – For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **D. Commitments and Contingencies**

*General* – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2024, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2024.

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

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

#### **E. Landfill Closure and Post-Closure Care Costs**

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions ("post-closure care") at the site for 30 years after the landfill cover is installed. In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring; \$86,100 has been recorded as a governmental activities' liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

### **a. Current Year Implementations**

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for decision making or assessing accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2023 (fiscal year 2024). The adoption of this accounting standard did not have a material effect on the Town's financial statements.

### **b. Future Year Implementations**

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

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

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

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**TOWN OF DIGHTON, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**  
**YEAR ENDED JUNE 30, 2024**

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

Year Ended December 31,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	1.996%	\$ 10,980,820	\$ 4,666,665	235.30%	61.9%
2022	1.830%	9,440,968	4,655,122	202.81%	61.8%
2021	1.804%	6,714,472	4,496,922	149.31%	71.6%
2020	1.773%	7,735,050	4,319,267	179.08%	65.2%
2019	1.743%	8,212,694	4,010,854	204.76%	61.2%
2018	1.763%	6,540,627	3,860,253	169.44%	63.5%
2017	1.765%	5,508,579	4,036,032	136.49%	68.6%
2016	1.765%	5,893,833	3,203,947	183.96%	64.2%
2015	1.765%	5,939,429	3,392,553	175.07%	62.9%
2014	1.939%	5,636,255	2,798,717	201.39%	67.1%

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

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 1,048,324	\$ 1,048,324	\$ -	\$ 4,736,665	22.13%
2023	897,957	897,957	-	4,724,949	19.00%
2022	890,368	890,368	-	4,564,376	19.51%
2021	811,670	811,670	-	4,384,056	18.51%
2020	742,843	742,843	-	4,071,017	18.25%
2019	690,701	690,701	-	3,918,157	17.63%
2018	664,690	664,690	-	4,096,572	16.23%
2017	711,360	711,360	-	3,252,006	21.87%
2016	654,571	654,571	-	3,443,441	19.01%
2015	589,292	589,292	-	2,840,698	20.74%

Note: This schedule is presented to illustrate the requirement to show information for ten years.

See accompanying independent auditors' report.

**TOWN OF DIGHTON, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**  
**YEAR ENDED JUNE 30, 2024**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**

	Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	\$ 258,196	\$ 264,786	\$ 212,169	\$ 136,910	\$ 125,892	\$ 236,912	\$ 258,833	\$ 178,192
Interest	548,825	519,356	381,806	384,795	403,022	374,438	354,324	340,861
Difference between expected and actual plan experience	(103,193)	-	701,763	-	(717,533)	-	738,063	-
Changes in assumptions	(1,014,138)	(384,036)	1,355,774	1,254,004	(876,197)	(760,556)	-	-
Changes in benefits terms	(2,618,455)	-	-	-	-	-	-	-
Benefit payments	(407,604)	(394,002)	(289,600)	(268,018)	(242,205)	(197,678)	(180,427)	(177,877)
Net change in total OPEB liability	(3,336,369)	6,104	2,361,912	1,507,691	(1,307,021)	(346,884)	1,170,793	341,176
Total OPEB liability - beginning of year	<u>9,571,284</u>	<u>9,565,180</u>	<u>7,203,268</u>	<u>5,695,577</u>	<u>7,002,598</u>	<u>7,349,482</u>	<u>6,178,689</u>	<u>5,837,513</u>
Total OPEB liability - end of year (a)	<u>\$ 6,234,915</u>	<u>\$ 9,571,284</u>	<u>\$ 9,565,180</u>	<u>\$ 7,203,268</u>	<u>\$ 5,695,577</u>	<u>\$ 7,002,598</u>	<u>\$ 7,349,482</u>	<u>\$ 6,178,689</u>
Plan fiduciary net position:								
Contributions - employer	\$ 532,604	\$ 519,002	\$ 414,600	\$ 403,018	\$ 377,205	\$ 382,678	\$ 365,427	\$ 352,877
Net investment income	224,372	137,754	(251,330)	320,084	34,524	63,610	35,119	44,066
Benefit payments	(407,604)	(394,002)	(289,600)	(268,018)	(242,205)	(197,678)	(180,427)	(177,877)
Net change in Plan fiduciary net position	349,372	262,754	(126,330)	455,084	169,524	248,610	220,119	219,066
Plan fiduciary net position - beginning of year (a)	<u>1,865,970</u>	<u>1,603,216</u>	<u>1,729,546</u>	<u>1,274,462</u>	<u>1,104,938</u>	<u>856,328</u>	<u>636,209</u>	<u>417,143</u>
Plan fiduciary net position - end of year (b)	<u>\$ 2,215,342</u>	<u>\$ 1,865,970</u>	<u>\$ 1,603,216</u>	<u>\$ 1,279,546</u>	<u>\$ 1,274,462</u>	<u>\$ 1,104,938</u>	<u>\$ 856,328</u>	<u>\$ 636,209</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 4,019,573</u>	<u>\$ 7,705,314</u>	<u>\$ 7,961,964</u>	<u>\$ 5,473,722</u>	<u>\$ 4,421,115</u>	<u>\$ 5,897,660</u>	<u>\$ 6,493,154</u>	<u>\$ 5,542,480</u>
Plan fiduciary net position as a percentage of the total OPEB liability	35.53%	19.50%	16.76%	24.01%	22.38%	15.78%	11.65%	10.30%
Covered payroll	\$ 6,422,017	\$ 6,352,178	\$ 6,167,164	\$ 5,756,093	\$ 5,588,440	\$ 4,880,140	\$ 4,612,325	\$ 4,600,000
Net OPEB liability as a percentage of covered payroll	62.59%	121.30%	129.10%	95.09%	79.11%	120.85%	140.78%	120.49%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See independent auditors' report.

**TOWN OF DIGHTON, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**  
**YEAR ENDED JUNE 30, 2024**

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**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**

	Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 474,956	\$ 629,354	\$ 575,100	\$ 382,196	\$ 451,303	\$ 631,295	\$ 602,210	\$ 540,658
Contributions in relation to the actuarially-determined contribution	(532,604)	(519,002)	(414,600)	(403,018)	(377,205)	(382,678)	(365,427)	(352,877)
Contribution deficiency (excess)	\$ (57,648)	\$ 110,352	\$ 160,500	\$ (20,822)	\$ 74,098	\$ 248,617	\$ 236,783	\$ 187,781
Covered-employee payroll	\$ 6,422,017	\$ 6,352,178	\$ 6,167,164	\$ 5,756,093	\$ 5,588,440	\$ 4,880,140	\$ 4,612,325	\$ 4,600,000
Contribution as a percentage of covered payroll	8.29%	8.17%	6.72%	7.00%	6.75%	7.84%	7.92%	7.67%
Valuation Date	July 1, 2023							
Amortization Period	30 years							
Investment rate of return	6.84%							
Municipal Bond Rate	4.21%							
Single Equivalent Discount Rate	6.84%							
Inflation	2.50%							
Salary increases	3.00%							
Healthcare cost trend rates	SOA Getzen Model of Long-Run Medical Cost Trends: 5.00% in fiscal year 2024 decreasing annually to 4.77% in fiscal year 2030 and to 3.63% for 2060 and later							
Actuarial Cost Method	Individual Entry Age Normal (for all years presented)							
Asset Valuation Method	Market Value of Assets as of Reporting Date (for all years presented)							

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**SCHEDULE OF INVESTMENT RETURNS**  
**LAST 10 FISCAL YEARS**

	Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	11.59%	8.59%	-14.01%	23.81%	2.90%	6.65%	4.83%	8.76%

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See independent auditors' report.

**TOWN OF DIGHTON, MASSACHUSETTS**

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

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>REVENUES</b>						
Real estate and personal property taxes, net	\$ 22,068,744	\$ 22,068,744	\$ 21,882,938	\$ -	\$ 21,882,938	\$ (185,806)
Intergovernmental	994,947	994,947	1,078,228	-	1,078,228	83,281
Motor vehicle and other excises	1,378,374	1,378,374	1,608,301	-	1,608,301	229,927
License and permits	240,000	240,000	277,725	-	277,725	37,725
Departmental and other revenue	539,428	539,428	584,957	-	584,957	45,529
Penalties and interest on taxes	102,427	102,427	97,625	-	97,625	(4,802)
Fines and forfeitures	1,400	1,400	13,803	-	7,347	5,947
Investment income	20,000	20,000	245,936	-	7,636	(12,364)
Total Revenues	<u>25,345,320</u>	<u>25,345,320</u>	<u>25,789,513</u>	<u>-</u>	<u>25,544,757</u>	<u>199,437</u>
<b>EXPENDITURES</b>						
General government	2,846,122	2,830,340	2,043,153	688,055	2,731,208	99,132
Public safety	4,787,635	4,836,343	4,051,338	441,245	4,492,583	343,760
Education	13,845,005	13,851,805	13,550,781	301,003	13,851,784	21
Public works	3,018,554	3,047,295	2,099,400	910,727	3,010,127	37,168
Health and human services	436,485	449,467	385,181	12,000	397,181	52,286
Culture and recreation	460,341	460,341	412,051	10,226	422,277	38,064
State and county tax assessments	199,688	199,688	199,682	-	199,682	6
Pension and other fringe benefits	2,470,760	2,379,465	2,393,235	-	2,393,235	(13,770)
Debt service	362,843	362,843	362,843	-	362,843	-
Total Expenditures	<u>28,427,433</u>	<u>28,417,587</u>	<u>25,497,664</u>	<u>\$ 2,363,256</u>	<u>27,860,920</u>	<u>556,667</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	560,100	560,100	536,567		536,567	(23,533)
Transfers out	(171,157)	(197,672)	(214,213)		(214,213)	(16,541)
Total Other Financing Sources (Uses)	<u>388,943</u>	<u>362,428</u>	<u>322,354</u>		<u>322,354</u>	<u>(40,074)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE</b>						
	<u>(2,693,170)</u>	<u>(2,709,839)</u>	<u>\$ 614,203</u>		<u>\$ (1,993,809)</u>	<u>\$ 716,030</u>
<b>Other Budgetary Items:</b>						
Undesignated surplus (free cash)	1,155,363	1,172,032				
Prior year encumbrances - certified	1,729,753	1,729,753				
Prior year encumbrances - uncertified	71,554	71,554				
Prior year snow and ice deficit	(46,348)	(46,348)				
Prior year other deficit	(13,831)	(13,831)				
Other amounts	(3,633)	(3,633)				
Net Totals	<u>\$ 199,688</u>	<u>\$ 199,688</u>				

See accompanying independent auditors' report.

See accompanying notes to required supplementary information.

## TOWN OF DIGHTON, MASSACHUSETTS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2024

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#### I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Board of Selectmen and Finance Committee and approved by the Town Meeting members at the Town's annual meeting in May. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within each department. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2024, Town Meeting approved a minor amount of additional appropriations and transfers from the original approved budget.

The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town's accounting system.

Budgetary-to-GAAP Reconciliation – The Town's general fund is prepared on a basis other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2024, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 25,789,513
Stabilization investment income	\$ -	\$ 144,627	144,627
Unemployment trust investment income	-	3,884	3,884
Revenues on a GAAP basis	\$ -	\$ 148,511	\$ 25,938,024
Expenditures on a budgetary basis			\$ 25,497,664
Indirect costs treated as transfers for budget	\$ (19,899)	\$ -	(19,899)
Other postemployment benefit trust transfers	-	125,000	125,000
Expenditures on a GAAP basis	\$ (19,899)	\$ 125,000	\$ 25,602,765
Other financing sources (uses) on a budgetary basis			\$ 347,914
Stabilization transfers	\$ -	\$ 46,157	46,157
Other postemployment benefit trust transfers	-	125,000	125,000
Indirect costs treated as transfers for budget	(19,899)	-	(19,899)
Other financing sources (uses) on a GAAP basis	\$ (19,899)	\$ 171,157	\$ 499,172