



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF REHOBOTH, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2023

TOWN OF REHOBOTH, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Rehoboth, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Rehoboth, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Rehoboth, Massachusetts' 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, each major fund, and the aggregate remaining fund information of the Town of Rehoboth, Massachusetts, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Rehoboth, Massachusetts' 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Rehoboth, Massachusetts' 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 of Rehoboth, Massachusetts' 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the Town of Rehoboth, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Rehoboth, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rehoboth, Massachusetts' internal control over financial reporting and compliance.



December 21, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Rehoboth, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Rehoboth's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund based) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements report functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, community preservation, and interest.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Rehoboth adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The Town's general fund, Chapter 90 highway fund, community preservation fund, and COVID-19 fund are considered major funds for presentation purposes. These major funds are presented in separate columns in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as nonmajor governmental funds.

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

Notes to the basic 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.

Financial Highlights

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Rehoboth's governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$16.5 million at the close of the most recent year. Key components of the Town's activities follow.

Governmental Activities

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets.....	\$ 18,597,793	\$ 15,934,697
Noncurrent assets (excluding capital).....	341,098	365,661
Capital assets, non depreciable.....	2,998,577	3,040,914
Capital assets, net of accumulated depreciation...	16,687,138	15,503,866
Total assets.....	<u>38,624,606</u>	<u>34,845,138</u>
Deferred outflows of resources.....	<u>4,179,455</u>	<u>3,944,037</u>
Liabilities:		
Current liabilities (excluding debt).....	1,208,381	873,946
Noncurrent liabilities (excluding debt).....	21,297,467	17,397,200
Current debt.....	425,388	53,721
Noncurrent debt.....	-	541,279
Total liabilities.....	<u>22,931,236</u>	<u>18,866,146</u>
Deferred inflows of resources.....	<u>3,406,282</u>	<u>6,192,509</u>
Net position:		
Net investment in capital assets.....	19,260,327	17,949,780
Restricted.....	1,926,137	1,653,888
Unrestricted.....	(4,719,921)	(5,873,148)
Total net position.....	<u>\$ 16,466,543</u>	<u>\$ 13,730,520</u>

Net position of \$19.3 million reflects the investment in capital assets (e.g., land, infrastructure, buildings and improvements, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental net position amounting to \$1.9 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a deficit of \$4.7 million as a result of recognizing the Town's OPEB and net pension liabilities of \$7.7 million and \$13.5 million, respectively.

	2023	2022
Program Revenues:		
Charges for services.....	\$ 2,061,658	\$ 1,847,102
Operating grants and contributions.....	3,499,539	1,769,632
Capital grants and contributions.....	713,875	775,234
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	29,543,968	27,915,519
Tax and other liens.....	275,001	299,073
Motor vehicle and other excise taxes.....	2,713,474	2,446,022
Community preservation tax.....	244,860	275,884
Penalties and interest on taxes.....	141,517	111,243
Grants and contributions not restricted to specific programs.....	1,207,546	1,209,742
Unrestricted investment income.....	163,838	17,766
Total revenues.....	40,565,276	36,667,217
Expenses:		
General government.....	5,045,230	3,900,315
Public safety.....	8,158,326	7,119,651
Education.....	21,249,008	19,136,547
Public works.....	2,062,195	2,276,064
Human services.....	945,150	793,421
Culture and recreation.....	342,900	294,416
Community preservation.....	6,274	151,088
Interest.....	20,170	-
Total expenses.....	37,829,253	33,671,502
Change in net position.....	2,736,023	2,995,715
Net position, beginning of year.....	13,730,520	10,734,805
Net position, end of year.....	\$ 16,466,543	\$ 13,730,520

The governmental activities net position increased by \$2.7 million during the current year compared to an increase in net position of \$3.0 million in the prior year. Revenues increased in total by 10.6% while expenses increased by 12.3%. Revenue increased in some categories including \$1.6 million from real estate and personal property tax collections and \$1.7 million from operating grants and contributions.

The governmental expenses increased by \$4.2 million mainly due to changes in educational assessments, budgetary increases and the changes in the net pension and OPEB liabilities.

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 year.

As of the end of the current year governmental funds reported combined ending fund balances of \$15.1 million, an increase of \$1.7 million from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$7.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.9% of total general fund expenditures, while total fund balance represents 28.8% of that same amount.

The general fund balance increased by \$331,000 for the year ended June 30, 2023 as a result of better than expected budgetary results.

The Chapter 90 highway fund had revenues of \$65,000 and expenditures of \$65,000 each, resulting in a zero fund balance at June 30, 2023.

The Community Preservation fund had an ending fund balance as of June 30, 2023 of \$1.6 million, which is an increase of \$382,000 from the prior year. The increase relates to the timing of when expenditures occur. The fund recognized expenditures of \$6,000 in 2023 related to various Town improvements.

The COVID-19 fund had revenues of \$762,000 and expenditures of \$762,000, resulting in an ending fund balance of zero at June 30, 2023. The fund is used to account for funds received from federal and state governments to assist with funding costs relating to the COVID-19 pandemic. The Town has reported \$411,000 of grant funding as unearned revenue which will be recognized as revenue when the qualifying expenditures are incurred.

Budgetary Highlights

The Town of Rehoboth adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Actual revenues were greater than budgeted amounts by \$1.2 million. Actual expenditures, including carryovers, were less than the budgeted amount by \$1.2 million. The Town has carried over \$3.2 million in appropriations to FY2024.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2023, amounted to \$19.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, office equipment, vehicles, waterways and dams, and infrastructure.

During 2023, the major capital asset additions related to the purchase of a \$600,000 saber pumper, among other building improvements, various machinery and equipment, police and other vehicles, and infrastructure acquisitions.

Debt Administration. In FY2023, the Town issued no new debt. The Town's total outstanding debt at June 30, 2023 was \$425,000.

Please refer to the notes to the basic financial statements for further discussion of the major capital asset and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Rehoboth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 148 Peck Street, Rehoboth, Massachusetts 02769.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 16,035,903
Receivables, net of allowance for uncollectibles:	
Real estate and personal property taxes.....	517,630
Tax liens.....	737,638
Community preservation fund surtax.....	60,195
Motor vehicle and other excise taxes.....	289,742
Departmental and other.....	84,078
Intergovernmental.....	650,159
Lease receivable.....	24,563
Tax foreclosures.....	197,885
Total current assets.....	<u>18,597,793</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Lease receivable.....	341,098
Capital assets, nondepreciable.....	2,998,577
Capital assets, net of accumulated depreciation.....	<u>16,687,138</u>
Total noncurrent assets.....	<u>20,026,813</u>
TOTAL ASSETS.....	<u>38,624,606</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions.....	3,567,399
Deferred outflows related to other postemployment benefits.....	<u>612,056</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>4,179,455</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	196,716
Accrued payroll.....	101,096
Accrued interest.....	9,571
Other liabilities.....	421,839
Unearned revenue.....	411,225
Compensated absences.....	67,934
Bonds payable.....	<u>425,388</u>
Total current liabilities.....	<u>1,633,769</u>
NONCURRENT:	
Compensated absences.....	67,000
Net pension liability.....	13,519,031
Net other postemployment benefits liability.....	<u>7,711,436</u>
Total noncurrent liabilities.....	<u>21,297,467</u>
TOTAL LIABILITIES.....	<u>22,931,236</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to lease receivables.....	365,661
Deferred inflows related to pensions.....	68,666
Deferred inflows related to other postemployment benefits.....	<u>2,971,955</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>3,406,282</u>
NET POSITION	
Net investment in capital assets.....	19,260,327
Restricted for:	
Permanent funds:	
Expendable.....	69,166
Nonexpendable.....	22,548
Gifts and grants.....	178,636
Community preservation.....	1,655,787
Unrestricted.....	<u>(4,719,921)</u>
TOTAL NET POSITION.....	\$ <u>16,466,543</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 5,045,230	\$ 774,664	\$ 2,016,190	\$ -	\$ (2,254,376)
Public safety.....	8,158,326	1,132,685	1,122,060	-	(5,903,581)
Education.....	21,249,008	-	-	-	(21,249,008)
Public works.....	2,062,195	154,309	113,152	611,127	(1,183,607)
Human services.....	945,150	-	195,424	-	(749,726)
Culture and recreation.....	342,900	-	52,713	-	(290,187)
Community preservation.....	6,274	-	-	102,748	96,474
Interest.....	20,170	-	-	-	(20,170)
Total Governmental Activities.....	\$ 37,829,253	\$ 2,061,658	\$ 3,499,539	\$ 713,875	\$ (31,554,181)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue from previous page.....	\$ <u>(31,554,181)</u>
<i>General revenues:</i>	
Real estate and personal property taxes, net of tax refunds payable.....	29,543,968
Tax liens.....	275,001
Motor vehicle and other excise taxes.....	2,713,474
Community preservation tax.....	244,860
Penalties and interest on taxes.....	141,517
Grants and contributions not restricted to specific programs.....	1,207,546
Unrestricted investment income.....	<u>163,838</u>
Total general revenues.....	<u>34,290,204</u>
Change in net position.....	2,736,023
<i>Net position:</i>	
Beginning of year.....	<u>13,730,520</u>
End of year.....	\$ <u><u>16,466,543</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

	General	Chapter 90 Highway Fund	Community Preservation Fund	COVID-19 Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 10,374,063	\$ -	\$ 1,588,170	\$ 431,895	\$ 3,641,775	\$ 16,035,903
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	517,630	-	-	-	-	517,630
Tax liens.....	730,500	-	7,138	-	-	737,638
Community preservation fund surtax.....	-	-	60,195	-	-	60,195
Motor vehicle and other excise taxes.....	289,742	-	-	-	-	289,742
Departmental and other.....	84,078	-	-	-	-	84,078
Intergovernmental.....	-	639,846	-	-	10,313	650,159
Lease receivable.....	365,661	-	-	-	-	365,661
Tax foreclosures.....	197,601	-	284	-	-	197,885
Due from other funds.....	26,404	-	-	-	-	26,404
TOTAL ASSETS.....	\$ 12,585,679	\$ 639,846	\$ 1,655,787	\$ 431,895	\$ 3,652,088	\$ 18,965,295
LIABILITIES						
Warrants payable.....	\$ 148,154	\$ -	\$ -	\$ 18,150	\$ 30,412	\$ 196,716
Accrued payroll.....	81,924	-	-	2,520	16,652	101,096
Due to other funds.....	-	26,404	-	-	-	26,404
Other liabilities.....	71,283	-	-	-	350,556	421,839
Unearned revenue.....	-	-	-	411,225	-	411,225
TOTAL LIABILITIES.....	301,361	26,404	-	431,895	397,620	1,157,280
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to lease receivables.....	365,661	-	-	-	-	365,661
Unavailable revenue.....	1,660,256	613,442	67,616	-	-	2,341,314
TOTAL DEFERRED INFLOWS OF RESOURCES..	2,025,917	613,442	67,616	-	-	2,706,975
FUND BALANCES						
Nonspendable.....	-	-	-	-	22,548	22,548
Restricted.....	-	-	1,588,171	-	3,231,920	4,820,091
Committed.....	649,440	-	-	-	-	649,440
Assigned.....	2,526,207	-	-	-	-	2,526,207
Unassigned.....	7,082,754	-	-	-	-	7,082,754
TOTAL FUND BALANCES.....	10,258,401	-	1,588,171	-	3,254,468	15,101,040
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 12,585,679	\$ 639,846	\$ 1,655,787	\$ 431,895	\$ 3,652,088	\$ 18,965,295

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2023

Total governmental fund balances.....		\$ 15,101,040
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		19,685,715
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		2,341,314
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....		1,138,834
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(9,571)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(425,388)	
Net pension liability.....	(13,519,031)	
Net other postemployment benefits liability.....	(7,711,436)	
Compensated absences.....	(134,934)	
Net effect of reporting long-term liabilities.....		<u>(21,790,789)</u>
Net position of governmental activities.....		<u>\$ 16,466,543</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2023

	General	Chapter 90 Highway Fund	Community Preservation Fund	COVID-19 Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 29,485,011	\$ -	\$ -	\$ -	\$ -	\$ 29,485,011
Tax liens.....	266,545	-	2,242	-	-	268,787
Motor vehicle and other excise taxes.....	2,634,446	-	-	-	-	2,634,446
Charges for services.....	-	-	-	-	417,160	417,160
Penalties and interest on taxes.....	141,517	-	-	-	-	141,517
Licenses and permits.....	573,306	-	-	-	-	573,306
Fines and forfeitures.....	23,446	-	-	-	-	23,446
Intergovernmental.....	1,429,463	64,560	102,748	762,007	2,097,496	4,456,274
Departmental and other.....	1,165,261	-	-	-	360,218	1,525,479
Community preservation taxes.....	-	-	280,200	-	-	280,200
Investment income.....	156,829	-	2,703	-	4,306	163,838
TOTAL REVENUES.....	35,875,824	64,560	387,893	762,007	2,879,180	39,969,464
EXPENDITURES:						
Current:						
General government.....	4,238,929	-	-	562,685	812,179	5,613,793
Public safety.....	5,393,526	-	-	11,245	693,024	6,097,795
Education.....	21,059,468	-	-	-	-	21,059,468
Public works.....	961,795	64,560	-	-	99,354	1,125,709
Human services.....	419,046	-	-	188,077	110,287	717,410
Culture and recreation.....	292,671	-	-	-	50,229	342,900
Community preservation.....	-	-	6,274	-	-	6,274
Pension benefits.....	1,285,833	-	-	-	-	1,285,833
Employee benefits.....	1,405,390	-	-	-	-	1,405,390
State and county charges.....	421,483	-	-	-	-	421,483
Debt service:						
Principal.....	169,612	-	-	-	-	169,612
Interest.....	13,389	-	-	-	-	13,389
TOTAL EXPENDITURES.....	35,661,142	64,560	6,274	762,007	1,765,073	38,259,056
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	214,682	-	381,619	-	1,114,107	1,710,408
OTHER FINANCING SOURCES (USES):						
Transfers in.....	116,359	-	-	-	15,359	131,718
Transfers out.....	-	-	-	-	(131,718)	(131,718)
TOTAL OTHER FINANCING SOURCES (USES)...	116,359	-	-	-	(116,359)	-
NET CHANGE IN FUND BALANCES.....	331,041	-	381,619	-	997,748	1,710,408
FUND BALANCES AT BEGINNING OF YEAR.....	9,927,360	-	1,206,552	-	2,256,720	13,390,632
FUND BALANCES AT END OF YEAR.....	\$ 10,258,401	\$ -	\$ 1,588,171	\$ -	\$ 3,254,468	\$ 15,101,040

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....	\$	1,710,408
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		2,991,326
Depreciation expense.....		<u>(1,850,391)</u>
Net effect of reporting capital assets.....		1,140,935
<p>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. This amount represents the net change in unavailable revenue.....</p>		
		595,812
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Debt service principal payments.....		169,612
<p>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.</p>		
Net change in compensated absences accrual.....		33,460
Net change in accrued interest on long-term debt.....		(6,781)
Net change in deferred outflow/(inflow) of resources related to pensions.....		2,741,256
Net change in net pension liability.....		(3,877,907)
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....		256,588
Net change in net other postemployment benefits liability.....		<u>(27,360)</u>
Net effect of recording long-term liabilities.....		<u>(880,744)</u>
Change in net position of governmental activities.....	\$	<u><u>2,736,023</u></u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 1,951	\$ 6,279
Investments:		
Equity mutual funds.....	177,698	-
Fixed income mutual funds.....	85,750	-
TOTAL ASSETS.....	265,399	6,279
NET POSITION		
Restricted for other postemployment benefits.....	265,399	-
Held in trust for other purposes.....	-	6,279
TOTAL NET POSITION.....	265,399	6,279

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
<u>ADDITIONS:</u>		
Contributions:		
Employer contributions.....	\$ 50,000	\$ -
Employer contributions for other postemployment benefit payments...	257,822	-
Total contributions.....	<u>307,822</u>	<u>-</u>
Net investment income:		
Net investment income (loss).....	18,525	6
TOTAL ADDITIONS.....	<u>326,347</u>	<u>6</u>
<u>DEDUCTIONS:</u>		
Other postemployment benefit payments.....	257,822	-
NET INCREASE (DECREASE) IN NET POSITION.....	68,525	6
NET POSITION AT BEGINNING OF YEAR.....	196,874	6,273
NET POSITION AT END OF YEAR.....	<u>\$ 265,399</u>	<u>\$ 6,279</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Rehoboth, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that the Town has no component units that require inclusion in these basic financial statements.

Joint Venture

The Town is a member of the Dighton-Rehoboth Regional School District that provides for the education of the Town's students. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital cost of the District, which are paid in the form of assessments. The Town does not have an equity interest in the District and the 2023 assessment was \$19,696,933.

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

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities are primarily supported by taxes and intergovernmental revenues.

Fund Financial Statements

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

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 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.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

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

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *Chapter 90 highway fund* is a special revenue fund used to account for costs incurred with the construction and reconstruction of Town owned roadways. Costs charged to the fund are subject to reimbursement by the Commonwealth of Massachusetts.

The *Community Preservation fund* is used to account for funds held for uses restricted by law for community preservation purposes. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 3% surcharge on property taxes and to receive matching state grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

The *COVID-19 fund* is a special revenue fund that is used to account for the reimbursable expenditures related to the COVID-19 pandemic.

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:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principle, may be used for purposes that support the governmental programs.

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

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future OPEB liabilities.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

D. Cash and Cash Equivalents

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible

that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are billed quarterly during each year and are due by August 1st, November 1st, February 1st, and May 1st, respectively, and are subject to penalties and interest if they are not paid by the respective due dates. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed by the last day in September following the last billing cycle and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Departmental and Other

Departmental and other receivables are recorded as receivables in the year earned. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Right to Use Leases

Right to use leases are reported at the present value of noncancelable lease payments and is offset by deferred inflows of resources. Lease revenue is reported when earned.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets

Government-Wide Financial Statements

Capital assets, which include land, buildings, machinery and equipment, vehicles, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental activity column of the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at acquisition cost as of the date of donation.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets being depreciated are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings & Improvements....	40
Machinery and equipment....	5-10
Office equipment.....	3-10
Vehicles.....	5
Waterway and dams.....	50
Infrastructure.....	40

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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 assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows of resources related to pensions and OPEB in this category.

In addition to liabilities, the statement of net 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 assets that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to lease receivables, pensions and OPEB in this category.

Government Fund Financial Statements

In addition to liabilities, the government funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue and deferred inflows related to lease receivables as deferred inflows of resources in the governmental funds balance sheet.

J. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the availability criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the entity-wide (full accrual) financial statements.

K. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

L. 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.

Government-Wide Financial Statements

Transfers within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Permanent funds – expendable” represents amounts held in trust for which expenditures are restricted by various trust agreements.

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Gifts and grants” represent restrictions placed on assets from outside parties.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation.

Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

N. Pensions

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

O. Long-term Debt

Government-Wide Financial Statements

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

P. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

R. Use of Estimates*Government-Wide and Fund Financial Statements*

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 year. Actual results could vary from estimates that were used.

S. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH 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 the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Town Treasurer is the custodian of funds held in the Other Postemployment Benefit (OPEB) Trust Fund. As of June 30, 2023, \$265,399 from the OPEB Trust fund is included within the Town's balances in the following disclosures.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk.

At year-end, the carrying amount of deposits totaled \$15,899,901 and the bank balance totaled \$16,261,034. Of the bank balance, \$1,500,000 was covered by Federal Depository Insurance, \$4,646,510 was covered by the Depositors Insurance Fund, and \$10,114,524 was uncollateralized.

Investments

As of June 30, 2023, the Town of Rehoboth had investments totaling \$263,448, of which \$177,698 and \$85,750 were invested in equity and fixed income mutual funds, respectively. The Town also has \$142,281 invested with MMDT and \$1,951 invested in money market mutual funds, which are classified as cash equivalents.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer.

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The following table presents financial assets at June 30, 2023, for which the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Equity mutual funds.....	\$ 177,698	\$ 177,698	\$ -	\$ -
Fixed income mutual funds.....	85,750	85,750	-	-
Money market mutual funds.....	1,951	1,951	-	-
Total other investments.....	265,399	265,399	-	-
Total investments measured at fair value.....	265,399	\$ 265,399	\$ -	\$ -
Investments measured at amortized cost:				
MMDT.....	142,281			
Total investments.....	\$ 407,680			

Equity mutual funds, fixed income mutual funds, and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

The Town holds investments in the MMDT Cash Portfolio which are valued at amortized cost. The total value of the portfolio as of June 30, 2023, is \$142,281. Under the amortized cost valuation method, an investment is valued initially at its cost and thereafter adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost of the investment and the amount payable at its maturity. If amortized cost is determined not to be approximate fair value, the value of the portfolio securities will be determined under procedures established by MMDT’s advisor, Federal Investment Counseling.

NOTE 3 – RECEIVABLES

At June 30, 2023, receivables for the individual major governmental funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes... \$	570,678	\$ (53,048)	\$ 517,630
Tax liens.....	737,638	-	737,638
Community preservation fund surtax.....	60,195	-	60,195
Motor vehicle and other excise taxes.....	448,488	(158,746)	289,742
Departmental and other.....	84,078	-	84,078
Intergovernmental.....	650,159	-	650,159
Lease receivable.....	365,661	-	365,661
Total.....	\$ 2,916,897	\$ (211,794)	\$ 2,705,103

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables and other assets:</u>			
Real estate and personal property taxes.....	\$ 361,119	\$ -	\$ 361,119
Tax liens.....	730,500	7,138	737,638
Community preservation fund surtax.....	-	60,195	60,195
Motor vehicle and other excise taxes.....	289,742	-	289,742
Departmental and other.....	81,294	-	81,294
Intergovernmental - highway improvements....	-	613,441	613,441
Tax foreclosures.....	197,601	284	197,885
Total.....	<u>\$ 1,660,256</u>	<u>\$ 681,058</u>	<u>\$ 2,341,314</u>

NOTE 4 – RIGHT TO USE LEASE RECEIVABLE

Lease Receivable

The Town has a right to use lease agreement. The Town leases space on an antenna site. Under the right to use lease agreements, the Town is scheduled to receive lease payments through 2034. In 2023, the Town received \$34,176 of antenna lease revenues.

The future scheduled lease revenues as of June 30, 2023, are as follows:

<u>Years ending June 30:</u>	<u>Lease Revenues</u>	<u>Interest</u>	<u>Total Lease Payments</u>
2024.....	\$ 24,563	\$ 10,636	\$ 35,199
2025.....	26,376	9,877	36,253
2026.....	28,284	9,057	37,341
2027.....	30,284	8,183	38,467
2028.....	32,373	7,244	39,617
2029.....	34,558	6,243	40,801
2030.....	36,849	5,179	42,028
2031.....	39,252	4,039	43,291
2032.....	41,764	2,826	44,590
2033.....	44,389	1,536	45,925
2034.....	26,969	282	27,251
Total value of future cash flows.....	<u>\$ 365,661</u>	<u>\$ 65,102</u>	<u>\$ 430,763</u>

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,998,577	\$ -	\$ -	\$ 2,998,577
Construction in progress.....	<u>42,337</u>	<u>-</u>	<u>(42,337)</u>	<u>-</u>
Total capital assets not being depreciated....	<u>3,040,914</u>	<u>-</u>	<u>(42,337)</u>	<u>2,998,577</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	17,864,185	707,287	-	18,571,472
Machinery and equipment.....	4,975,563	1,018,815	(245,000)	5,749,378
Office equipment.....	370,069	4,399	-	374,468
Vehicles.....	2,984,601	848,481	-	3,833,082
Waterway and dams.....	452,559	-	-	452,559
Infrastructure.....	<u>27,011,372</u>	<u>454,681</u>	<u>-</u>	<u>27,466,053</u>
Total capital assets being depreciated.....	<u>53,658,349</u>	<u>3,033,663</u>	<u>(245,000)</u>	<u>56,447,012</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(11,802,373)	(439,652)	245,000	(11,997,025)
Machinery and equipment.....	(3,361,471)	(478,428)	-	(3,839,899)
Office equipment.....	(151,483)	(53,651)	-	(205,134)
Vehicles.....	(1,890,014)	(327,528)	-	(2,217,542)
Waterway and dams.....	(141,606)	(9,145)	-	(150,751)
Infrastructure.....	<u>(20,807,536)</u>	<u>(541,987)</u>	<u>-</u>	<u>(21,349,523)</u>
Total accumulated depreciation.....	<u>(38,154,483)</u>	<u>(1,850,391)</u>	<u>245,000</u>	<u>(39,759,874)</u>
Total capital assets being depreciated, net.....	<u>15,503,866</u>	<u>1,183,272</u>	<u>-</u>	<u>16,687,138</u>
Total governmental activities capital assets, net.....	<u>\$ 18,544,780</u>	<u>\$ 1,183,272</u>	<u>\$ (42,337)</u>	<u>\$ 19,685,715</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government.....	\$ 298,132
Public safety.....	675,293
Education.....	189,540
Public works.....	674,350
Human services.....	<u>13,076</u>
Total depreciation expense - governmental activities...	<u>\$ 1,850,391</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2023, consist of \$26,404 due to the general fund from the Chapter 90 Highway fund for cash flow purposes.

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

Transfers Out:	Transfers In:		Total
	General fund	Nonmajor governmental funds	
Nonmajor governmental funds.....	\$ 116,359	\$ 15,359	\$ 131,718 (1)

(1) Represents a budgeted transfer for excess receipts from the solar revenue fund to the general fund, and a transfer between nonmajor governmental funds.

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general and enterprise funds, respectively.

The Town had no short-term debt activity during the year and has no outstanding balance at June 30, 2023.

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2023, are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
Anawan Street	2024	\$ 595,000	2.25	\$ 425,388

Debt service requirements for principal and interest for direct borrowings are payable in future years are as follows:

Year	Direct Borrowings Payable:		
	Principal	Interest	Total
2024.....	\$ 425,388	\$ 9,571	\$ 434,959

Authorized and Unissued Debt

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. As of June 30, 2023, the Town has no authorized and unissued debt.

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term direct borrowings payable. \$	595,000	\$ -	\$ (169,612)	\$ -	\$ -	\$ 425,388	\$ 425,388
Compensated absences.....	168,394	-	-	62,934	(96,394)	134,934	67,934
Net pension liability.....	9,641,124	-	-	5,163,741	(1,285,834)	13,519,031	-
Other postemployment benefits.....	7,684,076	-	-	78,594	(51,234)	7,711,436	-
Total governmental activity long-term liabilities.....	\$ 18,088,594	\$ -	\$ (169,612)	\$ 5,305,269	\$ (1,433,462)	\$ 21,790,789	\$ 493,322

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.

- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. At year end the balance of the general stabilization, the capital stabilization, cannabis stabilization, and the education capital stabilization funds are \$1,448,375, \$1,021,880, \$238,178 and \$25,531, respectively. The Town’s stabilization funds are reported as unassigned fund balance within the general fund. The Town has classified its fund balances with the following hierarchy.

	General	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Cemetery principal.....	\$ -	\$ -	22,548	\$ 22,548
Restricted for:				
Community preservation fund.....	-	1,588,171	-	1,588,171
Other special revenue.....	-	-	2,926,936	2,926,936
Affordable housing trust.....	-	-	65,147	65,147
Capital projects.....	-	-	170,671	170,671
Cemetery perpetual care.....	-	-	1,722	1,722
Baker Horton.....	-	-	67,444	67,444
Committed to:				
Articles and continuing appropriations:				
General government.....	241,630	-	-	241,630
Public safety.....	75,060	-	-	75,060
Education.....	332,750	-	-	332,750
Assigned for carryover encumbrances and subsequent year expenditures to:				
General government.....	1,972,076	-	-	1,972,076
Public safety.....	388,958	-	-	388,958
Public works.....	165,173	-	-	165,173
Unassigned.....	7,082,754	-	-	7,082,754
Total Fund Balances.....	\$ 10,258,401	\$ 1,588,171	\$ 3,254,468	\$ 15,101,040

NOTE 10 – RISK FINANCING*Insurances*

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 Town participates in a premium-based health care plan for its active and retired employees and a premium-based workers compensation plan for all active employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

NOTE 11 – PENSION PLAN*Plan Description*

The Town is a member of the Bristol County Retirement System (BCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 39 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System issues a publicly available audited financial report. That report may be obtained by contacting the System located at 645 County Street, Taunton, Massachusetts 02780 or by visiting www.bristolcountyretirement.org or www.mass.gov/perac.

Benefits Provided

The System provides retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended June 30, 2023, which was \$1,286,944 or 26.67% of covered payroll, actuarially determined as an

amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2023, the Town reported a liability of \$13,519,031 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2022, the Town's proportion was 2.62%, which increased from the proportion measured at December 31, 2021, of 2.59%.

Pension Expense

For the year ended June 30, 2023, the Town recognized pension expense of \$2,422,484.

The balances of deferred outflows and inflows at June 30, 2023, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 499,545	\$ -	\$ 499,545
Difference between projected and actual earnings, net.....	1,783,270	-	1,783,270
Changes in assumptions.....	860,655	-	860,655
Changes in proportion and proportionate share of contributions....	423,929	(68,666)	355,263
Total deferred outflows/(inflows) of resources.....	\$ 3,567,399	\$ (68,666)	\$ 3,498,733

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024.....	\$ 1,191,991
2025.....	782,992
2026.....	642,864
2027.....	880,161
2028.....	725
Total.....	\$ 3,498,733

Actuarial Assumptions

The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual Entry Age Normal
Investment rate of return/discount rate.....	7.35%, net of expenses

Projected salary increases.....	3.0%
Cost of living adjustments.....	3.0% on the first \$18,000 of benefits
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.

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.

Investment Policy

The pension plan does not have a formal investment policy. The Retirement Board is in the process of formalizing an investment policy.

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.

Best estimates of geometric real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equities.....	22.00%	5.00%
International equities.....	11.00%	5.20%
Emerging markets equities.....	11.00%	5.90%
Global REITs.....	2.00%	4.40%
Core fixed income.....	5.00%	1.50%
High yield fixed income.....	3.00%	3.10%
Emerging markets fixed income....	4.00%	2.90%
Global fixed income.....	3.00%	1.40%
Private equity.....	12.00%	7.20%
Real estate.....	11.00%	2.70%
Hedge funds.....	4.00%	2.90%
Infrastructure.....	6.00%	4.80%
Timber.....	3.00%	2.80%
Farmland.....	3.00%	5.30%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -10.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.35% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35%) or 1-percentage-point higher (8.35%) than the current rate:

	1% Decrease (6.35%)	Current Discount (7.35%)	1% Increase (8.35%)
The Town's proportionate share of the net pension liability.....	\$ 17,452,040	\$ 13,519,031	\$ 10,198,743

Changes of Assumptions

None.

Changes of Plan Provisions

None.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Rehoboth administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their premium costs. During 2023, the Town contributed \$307,822 towards these current benefits, including the pre-funding contribution discussed below.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the postemployment benefit trust fund and to enable the Town to raise taxes necessary to pre-fund its OPEB

liabilities. During 2023, the Town pre-funded future OPEB liabilities in the amount of \$50,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. At June 30, 2023, the net position of the OPEB trust fund totaled \$265,399.

Employees Covered by Benefit Terms

The following table represents the Plan's membership at June 30, 2023:

Active members.....	65
Inactive members currently receiving benefits.....	<u>48</u>
Total.....	<u><u>113</u></u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2023:

Total OPEB liability.....	\$ 7,976,835
Less: OPEB plan's fiduciary net position.....	<u>(265,399)</u>
Net OPEB liability.....	<u><u>\$ 7,711,436</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	3.33%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2023, to be in accordance with GASB #74 and GASB #75:

Valuation date.....	July 1, 2021
Actuarial cost method.....	The Entry Age Actuarial Cost Method
Asset valuation method.....	Fair Value of Assets were used.
Discount rate.....	3.90%
Payroll growth rate.....	2.50% annually
Projected salary increases.....	3.50% annually
Healthcare cost trend rate.....	7.00% decreasing to 5.00%

Mortality rates.....	RPH-2014 Total Dataset mortality table with mortality improvements projected by Scale MP-2021 on a generational basis.
Participation rate.....	It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.
Percentage married.....	It was assumed that 65% of the male and 40% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.
Administration expenses.....	Included in premiums used.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments was 7.50%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

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 of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	38.47%	3.90%
Domestic bond.....	27.37%	1.39%
International equity.....	19.79%	5.75%
Alternative.....	7.29%	3.14%
International bond.....	6.35%	1.21%
Cash and equivalents.....	0.73%	0.00%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.90% as of June 30, 2023 and 3.71% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected be insufficient to make all projected benefit payments to current plan members. Therefore,

a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, which was based on the Bond Buyer’s 20 Bond Index as of June 30, 2023, was applied to all periods thereafter.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.90%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.90%) or 1-percentage-point higher (4.90%) than the current rate.

	1% Decrease 2.90%	Current Discount Rate 3.90%	1% Increase 4.90%
Net OPEB liability.....	\$ 9,200,159	\$ 7,711,436	\$ 6,562,446

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (6.00% decreasing to 4.00%)	Current Trend (7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
Net OPEB liability.....	\$ 6,415,052	\$ 7,711,436	\$ 9,439,053

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 7,880,950	\$ 196,874	\$ 7,684,076
Changes for the year:			
Service cost.....	307,862	-	307,862
Interest.....	299,066	-	299,066
Contributions - employer.....	-	50,000	(50,000)
Changes in assumptions and other inputs.....	(253,221)	-	(253,221)
Benefit payments.....	(257,822)	(257,822)	-
Net investment income (loss).....	-	18,525	(18,525)
Employer contributions for OPEB payments.....	-	257,822	(257,822)
Net change.....	<u>95,885</u>	<u>68,525</u>	<u>27,360</u>
Balances at June 30, 2023.....	<u>\$ 7,976,835</u>	<u>\$ 265,399</u>	<u>\$ 7,711,436</u>

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$78,594. At June 30, 2023, the Town reported deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (1,354,249)	\$ (1,354,249)
Changes in assumptions.....	608,181	(1,617,706)	(1,009,525)
Differences between expected and actual earnings, net.....	<u>3,875</u>	<u>-</u>	<u>3,875</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 612,056</u>	<u>\$ (2,971,955)</u>	<u>\$ (2,359,899)</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

Year ended June 30:

2024.....	\$ (521,152)
2025.....	(579,700)
2026.....	(595,809)
2027.....	(582,731)
2028.....	<u>(80,507)</u>
Total.....	<u>\$ (2,359,899)</u>

Changes of Assumptions

The discount rate changed from 3.71% to 3.90%.

Changes in Plan Provisions

None.

NOTE 13 – COMMITMENTS

The general fund has various commitments outstanding for goods and services related to encumbrances and article carryforwards totaling \$3.2 million.

NOTE 14 – CONTINGENCIES*Litigation*

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

Federal Grants

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2023, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2023, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the basic financial statements.

- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 29,240,925	\$ 29,590,809	\$ 29,476,819	\$ -	\$ (113,990)
Tax liens.....	-	-	266,545	-	266,545
Motor vehicle and other excise taxes.....	2,293,600	2,293,600	2,634,446	-	340,846
Penalties and interest on taxes.....	163,000	163,000	141,517	-	(21,483)
Licenses and permits.....	510,000	510,000	573,306	-	63,306
Fines and forfeitures.....	19,000	19,000	23,446	-	4,446
Intergovernmental - other.....	1,411,009	1,411,009	1,429,463	-	18,454
Departmental and other.....	451,000	451,000	996,322	-	545,322
Investment income.....	11,000	11,000	119,419	-	108,419
TOTAL REVENUES.....	34,099,534	34,449,418	35,661,283	-	1,211,865
EXPENDITURES:					
Current:					
General government.....	6,548,726	6,816,858	4,238,929	2,213,706	364,223
Public safety.....	5,191,337	5,883,346	5,393,526	464,018	25,802
Education.....	21,837,215	22,062,215	21,059,468	332,750	669,997
Public works.....	1,195,553	1,229,855	961,795	165,173	102,887
Health and human services.....	486,260	420,927	419,046	-	1,881
Culture and recreation.....	293,500	293,500	292,671	-	829
Pension benefits.....	1,285,833	1,285,833	1,285,833	-	-
Employee benefits.....	1,527,000	1,405,390	1,405,390	-	-
State and county charges.....	425,361	425,361	421,483	-	3,878
Debt service:					
Principal.....	169,612	169,612	169,612	-	-
Interest.....	13,389	13,389	13,389	-	-
TOTAL EXPENDITURES.....	38,973,786	40,006,286	35,661,142	3,175,647	1,169,497
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(4,874,252)	(5,556,868)	141	(3,175,647)	2,381,362
OTHER FINANCING SOURCES (USES):					
Transfers in.....	183,000	183,000	183,000	-	-
NET CHANGE IN FUND BALANCE.....	(4,691,252)	(5,373,868)	183,141	(3,175,647)	2,381,362
BUDGETARY FUND BALANCE, Beginning of year.....	7,184,786	7,184,786	7,184,786	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 2,493,534	\$ 1,810,918	\$ 7,367,927	\$ (3,175,647)	\$ 2,381,362

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
BRISTOL COUNTY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	2.62%	\$ 13,519,031	\$ 4,777,386	282.98%	61.80%
December 31, 2021.....	2.59%	9,641,124	4,617,909	208.78%	71.60%
December 31, 2020.....	2.50%	10,885,293	4,421,481	246.19%	65.00%
December 31, 2019.....	2.62%	11,901,283	4,268,080	278.84%	61.20%
December 31, 2018.....	2.20%	8,153,247	3,847,240	211.92%	63.50%
December 31, 2017.....	2.19%	6,847,264	3,665,867	186.78%	68.60%
December 31, 2016.....	1.88%	7,326,000	3,090,344	237.06%	64.17%
December 31, 2015.....	2.19%	7,382,676	3,012,202	245.09%	62.95%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
BRISTOL COUNTY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2023.....	\$ 1,285,833	\$ (1,286,944)	\$ (1,111)	\$ 4,825,160	26.67%
June 30, 2022.....	1,214,982	(1,214,982)	-	4,664,088	26.05%
June 30, 2021.....	1,086,036	(1,086,919)	(883)	4,465,696	24.34%
June 30, 2020.....	1,021,495	(1,021,495)	-	4,310,761	23.70%
June 30, 2019.....	861,026	(861,026)	-	3,885,712	-22.16%
June 30, 2018.....	826,206	(826,206)	-	3,702,526	-22.31%
June 30, 2017.....	682,958	(682,958)	-	3,121,247	-21.88%
June 30, 2016.....	707,424	(707,424)	-	3,042,324	-23.25%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Town's Total Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net OPEB liability as a percentage of covered-employee payroll.

The Schedule of the Town's contributions presents multi-year trend information on the Town's actual contributions to the OPEB plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's OPEB assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total OPEB Liability						
Service Cost.....	\$ 354,876	\$ 363,748	\$ 326,065	\$ 483,769	\$ 426,899	\$ 307,862
Interest.....	285,774	298,553	300,270	246,774	241,086	299,066
Differences between expected and actual experience.....	-	-	(921,507)	-	(1,654,598)	-
Changes of assumptions.....	-	(501,449)	2,297,581	(572,662)	(1,612,489)	(253,221)
Benefit payments.....	(239,018)	(256,453)	(239,181)	(275,677)	(221,726)	(257,822)
Net change in total OPEB liability.....	401,632	(95,601)	1,763,228	(117,796)	(2,820,828)	95,885
Total OPEB liability - beginning.....	8,750,315	9,151,947	9,056,346	10,819,574	10,701,778	7,880,950
Total OPEB liability - ending (a).....	<u>\$ 9,151,947</u>	<u>\$ 9,056,346</u>	<u>\$ 10,819,574</u>	<u>\$ 10,701,778</u>	<u>\$ 7,880,950</u>	<u>\$ 7,976,835</u>
Plan fiduciary net position						
Employer contributions.....	-	50,000	50,000	50,000	50,000	50,000
Employer contributions for OPEB payments.....	239,018	256,453	239,181	275,677	221,726	257,822
Net investment income (loss).....	-	629	1,859	29,280	(34,894)	18,525
Benefit payments.....	(239,018)	(256,453)	(239,181)	(275,677)	(221,726)	(257,822)
Net change in plan fiduciary net position.....	-	50,629	51,859	79,280	15,106	68,525
Plan fiduciary net position - beginning of year.....	-	-	50,629	102,488	181,768	196,874
Plan fiduciary net position - end of year (b).....	<u>\$ -</u>	<u>\$ 50,629</u>	<u>\$ 102,488</u>	<u>\$ 181,768</u>	<u>\$ 196,874</u>	<u>\$ 265,399</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 9,151,947</u>	<u>\$ 9,005,717</u>	<u>\$ 10,717,086</u>	<u>\$ 10,520,010</u>	<u>\$ 7,684,076</u>	<u>\$ 7,711,436</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.00%	0.56%	0.95%	1.70%	2.50%	3.33%
Covered employee payroll.....	Not available	Not available	Not available	Not available	\$ 4,181,332	\$ 4,285,865
Total OPEB liability as a percentage of covered employee payroll.....	Not available	Not available	Not available	Not available	183.77%	179.93%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2023.....	\$ 257,822	\$ (307,822)	\$ (50,000)	\$ 4,285,865	7.18%
June 30, 2022.....	221,726	(271,726)	(50,000)	4,181,332	6.50%
June 30, 2021.....	275,677	(325,677)	(50,000)	Not available	Not available
June 30, 2020.....	239,181	(289,181)	(50,000)	Not available	Not available
June 30, 2019.....	256,453	(306,453)	(50,000)	Not available	Not available
June 30, 2018.....	239,018	(239,018)	-	Not available	Not available

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2023.....	7.50%
June 30, 2022.....	-15.17%
June 30, 2021.....	22.47%
June 30, 2020.....	2.16%
June 30, 2019.....	2.39%
June 30, 2018.....	N/A

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations among departments require the approval of Town Meeting. Transfers within departments, between certain categories of expenditures, can be made with finance committee approval.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses, and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Board of Selectmen and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2023 approved budget authorized approximately \$39.0 million in appropriations and other amounts to be raised. During 2023, the original budget was increased by \$1.0 million in supplemental appropriations, mainly for general government and public safety expenditures.

The Town Accountant has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2023, is presented below:

Net change in fund balance - budgetary basis.....	\$ 183,141
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP	139,708
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	8,192
Net change in fund balance - GAAP basis.....	\$ 331,041

NOTE B – PENSION PLAN***Pension Plan Schedules***A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of the Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Changes of Assumptions

None.

D. Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("the Other Postemployment Benefit Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members.

A. The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on the changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are listed on the following page:

Valuation date.....	July 1, 2021
Actuarial cost method.....	The Entry Age Actuarial Cost Method
Asset valuation method.....	Fair Value of Assets were used.
Discount rate.....	3.90%
Payroll growth rate.....	2.50% annually
Projected salary increases.....	3.50% annually
Healthcare cost trend rate.....	7.00% decreasing to 5.00%
Mortality rates.....	RPH-2014 Total Dataset mortality table with mortality improvements projected by Scale MP-2021 on a generational basis.
Participation rate.....	It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.
Percentage married.....	It was assumed that 65% of the male and 40% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.
Administration expenses.....	Included in premiums used.

C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

D. Changes of Assumptions

The discount rate changed from 3.71% to 3.90%.

E. Changes in Plan Provisions

None.

***Report on Internal Control over Financial
Reporting and on Compliance***

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

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Rehoboth, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Rehoboth, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Rehoboth, Massachusetts' basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



December 21 , 2023