ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

RCA
CPA

TOWN OF UPTON, MASSACHUSETTS

Basic Financial Statements
and
Additional Information

Year Ended June 30, 2024

TOWN OF UPTON, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Select Board
Town of Upton, Massachusetts

Opinions

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

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

Basis of Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2025 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
January 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of Upton, Massachusetts (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by nearly $67.1 million (total net position). This represents an increase of approximately $3.7 million. The Town reported an increase of nearly $3.3 million in its governmental activities and an approximate $0.4 million increase in its business-type activities in fiscal year 2024.

- The Town continues to report a deficit in its unrestricted net position in its governmental activities. This deficit totaled approximately $6.3 million at June 30, 2024. Included in this deficit is approximately $15.0 million in net other postemployment benefits and net pension liabilities. These liabilities are applied to the Town's unrestricted net position and represent actuarial estimates of future postemployment benefits payable by the Town for retiree medical insurance and pensions.

- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of over $21.8 million, which is an approximate $3.3 million increase from the prior year.

- Of the ending fund balance in the Town's governmental funds, nearly $8.8 million is available for spending at the government's discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.

- At the end of the current fiscal year, the unassigned fund balance for the general fund was more than 32% of the total fiscal year 2024 general fund expenditures and the total general fund balance was over 45% of total fiscal year 2024 general fund expenditures.

- The Town's total long-term debt decreased over $1.0 million in fiscal year 2024 to approximately $15.5 million at June 30, 2024.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education through a regional school district, health and human services, culture and recreation, fringe benefits and debt service. The business-type activities of the Town include its water and sewer operations.

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

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

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

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community preservation fund and ARPA grant fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes to the financial statements.

Proprietary Funds – Proprietary funds are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The Town utilizes the proprietary funds to report activities of its enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activities.

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

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

Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Assets:						
Current and other assets	$ 25,079,972	$ 24,317,115	$ 5,160,909	$ 4,730,979	$ 30,240,881	$ 29,048,094
Capital assets, net	61,104,466	61,484,822	11,882,284	12,146,543	72,986,750	73,631,365
Total Assets	86,184,438	85,801,937	17,043,193	16,877,522	103,227,631	102,679,459
Deferred Outflows of Resources	2,803,799	2,637,824	315,615	282,229	3,119,414	2,920,053
Liabilities:						
Long-term liabilities	27,360,416	28,072,828	4,254,613	4,509,796	31,615,029	32,582,624
Other liabilities	3,161,116	5,505,121	403,509	427,445	3,564,625	5,932,566
Total Liabilities	30,521,532	33,577,949	4,658,122	4,937,241	35,179,654	38,515,190
Deferred Inflows of Resources	3,764,178	3,458,042	317,414	262,084	4,081,592	3,720,126
Net Position:						
Net investment in capital assets	48,548,815	47,730,365	8,873,736	8,799,734	57,422,551	56,530,099
Restricted	12,462,596	10,253,052	-	-	12,462,596	10,253,052
Unrestricted	(6,308,884)	(6,579,647)	3,509,536	3,160,692	(2,799,348)	(3,418,955)
Total Net Position	$ 54,702,527	$ 51,403,770	$ 12,383,272	$ 11,960,426	$ 67,085,799	$ 63,364,196

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position increased over $3.7 million. This increase was driven by an approximate $3.3 million increase in net position in the Town's governmental activities coupled with an increase in net position in the Town's business-type activities of approximately $0.4 million.

The largest portion of the Town's net position (approximately $57.4 million) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (approximately $12.5 million) represents resources that are subject to restrictions on how they may be used.

The remaining net position is unrestricted and is presented as a deficit balance. The Town reports a deficit unrestricted net position of approximately $2.8 million. This deficit is primarily the result of an approximate $4.9 million net other postemployment benefit liability and $11.6 million net pension liability at June 30, 2024. The Town expects that its deficit in unrestricted net position will remain for the foreseeable future.

The condensed comparative statements of activities for the two most recent fiscal years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 1,934,317	$ 1,913,835	$ 2,034,385	$ 2,235,504	$ 3,968,702	$ 4,149,339
Operating grants and contributions	2,560,661	1,202,274	-	-	2,560,661	1,202,274
Capital grants and contributions	645,932	1,456,273	-	-	645,932	1,456,273
General revenues:						
Property taxes	25,512,198	24,666,144	-	-	25,512,198	24,666,144
Excise taxes	1,635,087	1,322,480	-	-	1,635,087	1,322,480
Intergovernmental	636,480	616,744	-	-	636,480	616,744
Other	1,191,763	962,634	-	80	1,191,763	962,714
Total Revenues	34,116,438	32,140,384	2,034,385	2,235,584	36,150,823	34,375,968
Expenses:						
General government	3,113,045	3,105,275	-	-	3,113,045	3,105,275
Public safety	5,755,104	5,857,715	-	-	5,755,104	5,857,715
Education	15,821,980	15,360,941	-	-	15,821,980	15,360,941
Public works	4,017,143	4,210,315	-	-	4,017,143	4,210,315
Health and human services	585,674	531,635	-	-	585,674	531,635
Culture and recreation	1,104,868	396,390	-	-	1,104,868	396,390
Interest expense	300,397	317,683	49,492	51,258	349,889	368,941
Utility services	-	-	1,681,517	1,641,140	1,681,517	1,641,140
Total Expenses	30,698,211	29,779,954	1,731,009	1,692,398	32,429,220	31,472,352
Change in Net Position Before Transfers	3,418,227	2,360,430	303,376	543,186	3,721,603	2,903,616
Transfers	(119,470)	(122,337)	119,470	122,337	-	-
Change in Net Position	3,298,757	2,238,093	422,846	665,523	3,721,603	2,903,616
Net Position:						
Beginning of year	51,403,770	49,165,677	11,960,426	11,294,903	63,364,196	60,460,580
End of year	$ 54,702,527	$ 51,403,770	$ 12,383,272	$ 11,960,426	$ 67,085,799	$ 63,364,196

Governmental Activities – Total revenues in fiscal year 2024 increased nearly $2.0 million, or 6.1%, from the prior year. This increase was due to (i) a nearly $0.8 million increase in property taxes, which was due to normal statutory increases, an increase in debt exclusions and new growth, (ii) and over $1.3 million increase in operating grants and contributions.

The Town's largest revenue source is property taxes, which represented approximately 74.8% and 76.7% of fiscal year 2024 and 2023 total revenues, respectively. No other revenue source exceeded 10% in fiscal year 2024 or 2023.

Total expenses increased approximately $0.9 million year-over-year ($0.7 million increase reported in the prior year).

The Town's largest expense category is education. Education expenses totaled approximately 52%, of both fiscal year 2024 and 2023. In terms of gross dollars, education expenses increased nearly $0.5 million in fiscal year 2024, which reflected the increase in the Town's assessment for its regional school district.

Public safety expenses represented approximately 19% and 20%, respectively, of total expenses in fiscal years 2024 and 2023. Public works expenses represented approximately 13% and 14%, respectively, of total annual expenses in fiscal year 2024 and 2023. General governmental expenses represented

approximately 10% of both fiscal year 2024 and 2023. No other expense categories were greater than 10% in fiscal years 2024 or 2023.

Business-Type Activities – Total revenues decreased approximately $201,000 year-over-year. User charges represent the majority of the reported revenues in both fiscal years 2024 and 2023.

Total expenses increased nearly $39,000 year-over-year, which was almost entirely related to increases in noncash personnel expenses related to the Town's pension and OPEB expenses.

Financial Analysis of the Government's Funds

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

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

As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of over $21.8 million, which is an approximate $3.3 million increase from the prior year. The Town reported increases in fund balances in each of its reported major governmental funds in fiscal year 2024. Of the ending fund balance, approximately $8.7 million is available for spending at the Town's discretion as unassigned fund balance. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the general fund was approximately $8.8 million, while total fund balance approached $12.4 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 nearly 32% of total general fund expenditures, while total fund balance represents over 45% of that same amount.

The Town's ARPA grant fund is used to account for the Town's receipt and use of funds from the American Rescue Plan Act of 2021, or ARPA. The Town expended $1.4 million in ARPA awarded fund in fiscal year 2024. Unexpended ARPA grant funds of nearly $0.9 million have been deferred and are reported as unearned revenues in these financial statements.

The remainder of the governmental funds are either (1) nonspendable as the corpus of an endowment in the amount of approximately $169,000; (2) restricted due to constraints placed externally by third-parties in the amount of approximately $6.0 million; or (3) reported as a deficit in the unassigned fund balance in the amount of approximately $(87,000), which are expected to be satisfied through future intergovernmental grant receipts.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, net position of the water and sewer enterprise funds totaled nearly $12.4 million in the aggregate.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget in fiscal year 2024 primarily consisted of the use of approximately $1.9 million in free cash authorized in the Town's May 2024 Annual Town Meeting for a variety of articles.

A budget to actual schedule for the general fund has been provided as required supplementary information.

Capital Asset and Debt Administration

Capital Assets – As of June 30, 2024, the Town's investment in capital assets for its governmental and business-type activities approximated $61.1 million and $11.9 million, respectively. Net capital assets decreased over $0.6 million in fiscal year 2024 as depreciation expense exceeded current year capital additions. Additional information on the Town capital assets can be found in the notes to the financial statements.

Long-Term Debt – The Town's total general obligation bonds payable debt decreased approximately $1.0 million in fiscal year 2024 to approximately $15.5 million at June 30, 2024. The Town did not issue any long-term debt instruments in fiscal year 2024.

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

The Town's bond rating of "AA+" was affirmed by Standard and Poor's Financial Services LLC in November 2021.

Additional information on the Town's debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget

- Net state aid for fiscal year 2025 is expected to increase to approximately $1,060,000.
- The Town enters fiscal year 2025 with nearly $4.2 million in certified free cash and approximately $3.6 million in general stabilization funds.
- Inflation appears to be stabilizing; however, many of the Town's recurring costs have increased significantly over the past several fiscal years. These higher costs are primarily concentrated in higher capital acquisition costs, higher borrowing costs, higher transportation and energy expenses.
- The Town's real estate tax base is made up predominantly of residential taxes, which in 2025 are approximately 95% of the entire property tax levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than 2 ½% of the previous year's tax levy. The Town typically taxes at or near its levy limit annually.

Each of these factors were considered in preparing the Town's budget for the 2025 fiscal year, which was adopted at Town Meeting in May 2024. The fiscal year 2025 tax rate, which reflects the adopted budget, was approved on December 9, 2024.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Manager, 1 Main Street, Upton, MA 01568.

TOWN OF UPTON, MASSACHUSETTS

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	$ 13,549,945	$ 4,528,247	$ 18,078,192
Investments	10,173,051	-	10,173,051
Receivables, net of allowances:			
Property taxes	752,118	-	752,118
Excise taxes	193,243	-	193,243
Departmental, user charges and other	137,522	632,662	770,184
Intergovernmental	274,093	-	274,093
Land	7,254,327	-	7,254,327
Construction in-progress	311,731	-	311,731
Depreciable capital assets, net	53,538,408	11,882,284	65,420,692
Total Assets	86,184,438	17,043,193	103,227,631
Deferred Outflows of Resources:			
Loss on refunding	114,197	41,949	156,146
Other postemployment benefits	946,409	77,822	1,024,231
Pensions	1,743,193	195,844	1,939,037
Total Deferred Outflows of Resources	2,803,799	315,615	3,119,414

(continued)

TOWN OF UPTON, MASSACHUSETTS

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Warrants and accounts payable	$ 562,230	$ 30,152	$ 592,382
Accrued payroll and withholdings	256,540	6,498	263,038
Accrued interest	141,089	22,673	163,762
Deposits and escrows	452,342	-	452,342
Unearned revenues	949,972	-	949,972
Other liabilities	23,318	-	23,318
Noncurrent liabilities:			
Due within one year	775,625	344,186	1,119,811
Due in more than one year	27,360,416	4,254,613	31,615,029
Total Liabilities	30,521,532	4,658,122	35,179,654
Deferred Inflows of Resources:			
Other postemployment benefits	3,502,143	287,975	3,790,118
Pensions	262,035	29,439	291,474
Total Deferred Inflows of Resources	3,764,178	317,414	4,081,592
Net Position:			
Net investment in capital assets	48,548,815	8,873,736	57,422,551
Restricted for:			
Nonexpendable permanent funds	168,763	-	168,763
Expendable permanent funds	4,074,876	-	4,074,876
Community preservation	3,386,805	-	3,386,805
Other purposes	4,832,152	-	4,832,152
Unrestricted	(6,308,884)	3,509,536	(2,799,348)
Total Net Position	$ 54,702,527	$ 12,383,272	$ 67,085,799

(concluded)

See accompanying notes to basic financial statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities:							
General government	$ 3,113,045	$ 239,894	$ 2,048,374	$ 125,117	$ (699,660)		$ (699,660)
Public safety	5,755,104	1,052,206	378,250	-	(4,324,648)		(4,324,648)
Education	15,821,980	-	39,979	-	(15,782,001)		(15,782,001)
Public works	4,017,143	318,802	14,875	503,318	(3,180,148)		(3,180,148)
Health and human services	585,674	74,568	70,084	17,497	(423,525)		(423,525)
Culture and recreation	1,104,868	248,847	9,099	-	(846,922)		(846,922)
Interest expense	300,397	-	-	-	(300,397)		(300,397)
Total Governmental Activities	30,698,211	1,934,317	2,560,661	645,932	(25,557,301)		(25,557,301)
Business-Type Activities:							
Water	999,323	962,561	-	-		$ (36,762)	(36,762)
Sewer	731,686	1,071,824	-	-		340,138	340,138
Total Business-Type Activities	1,731,009	2,034,385	-	-		303,376	303,376
Total Primary Government	$ 32,429,220	$ 3,968,702	$ 2,560,661	$ 645,932		303,376	(25,253,925)
General Revenues:							
Property taxes					25,512,198	-	25,512,198
Motor vehicle excise taxes					1,635,087	-	1,635,087
Grants and contributions not restricted to to specific programs					636,480	-	636,480
Penalties and interest on taxes					137,972	-	137,972
Unrestricted investment income					1,053,791	-	1,053,791
Transfers, net					(119,470)	119,470	-
Total General Revenues and Transfers					28,856,058	119,470	28,975,528
Change in Net Position					3,298,757	422,846	3,721,603
Net Position:							
Beginning of year					51,403,770	11,960,426	63,364,196
End of year					$ 54,702,527	$ 12,383,272	$ 67,085,799

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024

	General Fund	Community Preservation Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
Assets:					
Cash and cash equivalents	$ 9,397,175	$ 1,397,110	$ 952,845	$ 1,802,815	$ 13,549,945
Investments	3,967,453	2,064,693	-	4,140,905	10,173,051
Receivables, net of allowances:					
Property taxes	735,806	16,313	-	-	752,119
Excise taxes	193,243	-	-	-	193,243
Departmental, user charges and other	119,975	-	-	17,545	137,520
Intergovernmental	4,329	-	-	269,764	274,093
Total Assets	14,417,981	3,478,116	952,845	6,231,029	25,079,971
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 14,417,981	$ 3,478,116	$ 952,845	$ 6,231,029	$ 25,079,971
Liabilities:					
Warrants and accounts payable	$ 608,392	$ 74,998	$ 2,874	$ 132,506	$ 818,770
Deposits and escrows	452,342	-	-	-	452,342
Unearned revenues	-	-	949,971	-	949,971
Other liabilities	23,318	-	-	-	23,318
Total Liabilities	1,084,052	74,998	952,845	132,506	2,244,401
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	657,506	16,313	-	-	673,819
Unavailable revenues - other	313,219	-	-	-	313,219
Total Deferred Inflows of Resources	970,725	16,313	-	-	987,038
Fund Balances:					
Nonspendable	-	-	-	168,763	168,763
Restricted	1,876	3,386,805	-	6,017,030	9,405,711
Committed	3,502,168	-	-	-	3,502,168
Assigned	67,831	-	-	-	67,831
Unassigned	8,791,329	-	-	(87,270)	8,704,059
Total Fund Balances	12,363,204	3,386,805	-	6,098,523	21,848,532
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 14,417,981	$ 3,478,116	$ 952,845	$ 6,231,029	$ 25,079,971

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

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

Total Governmental Fund Balances		$ 21,848,532
Capital assets used in governmental activities in the statement of net position are not financial resources and, therefore, are not reported in the funds.		61,104,466
Certain receivables and revenues are deferred in the governmental funds as they are not current financial resources. These revenues are accrued under the economic resources basis of accounting.		987,038
Deferred outflows and inflows of resources to be recognized in future expense are not available resources and, therefore, are not reported in the funds:		
Deferred outflows of resources - loss on refunding	114,197	
Deferred outflows of resources - other postemployment benefits	946,409	
Deferred outflows of resources - pensions	1,743,193	
Deferred inflows of resources - other postemployment benefits	(3,502,143)	
Deferred inflows of resources - pensions	(262,035)	
Net effect of reporting deferred outflows and inflows of resources		(960,379)
Interest is accrued on outstanding long-term debt in the statement of net position but not in the funds until due.		(141,089)
Long-term liabilities not currently due and payable are reported in the statement of net position and not in the funds:		
Net other postemployment benefits liability	(4,530,974)	
Net pension liability	(10,465,131)	
General obligation bonds payable	(13,139,936)	
Net effect of reporting long-term liabilities		(28,136,041)
Net Position — Governmental Activities		$ 54,702,527

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

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

	General Fund	Community Preservation Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes, net of tax refunds	$ 25,109,833	$ 615,408	$ -	$ -	$ 25,725,241
Intergovernmental	1,044,645	227,637	1,443,996	1,073,523	3,789,801
Motor vehicle excise taxes	1,617,350	-	-	-	1,617,350
Licenses and permits	336,981	-	-	-	336,981
Penalties and interest on taxes	135,405	2,567	-	-	137,972
Fines and forfeitures	10,448	-	-	-	10,448
Departmental and other revenues	909,150	-	-	673,080	1,582,230
Contributions and donations	-	-	-	53,272	53,272
Investment income	478,477	143,085	-	432,229	1,053,791
Total Revenues	29,642,289	988,697	1,443,996	2,232,104	34,307,086
Expenditures:					
Current:					
General government	1,891,565	145,565	436,584	197,623	2,671,337
Public safety	3,595,309	-	161,671	619,020	4,376,000
Education	15,821,980	-	-	-	15,821,980
Public works	2,285,981	-	845,741	369,483	3,501,205
Health and human services	371,591	-	-	85,531	457,122
Culture and recreation	411,287	120,599	-	401,460	933,346
Pension and fringe benefits	2,009,341	-	-	-	2,009,341
State and county charges	65,326	-	-	-	65,326
Debt service:					
Principal	460,500	232,500	-	-	693,000
Interest	314,995	37,530	-	-	352,525
Total Expenditures	27,227,875	536,194	1,443,996	1,673,117	30,881,182
Excess of Revenues over Expenditures	2,414,414	452,503	-	558,987	3,425,904
Other Financing Sources (Uses):					
Transfers in	6,600	-	-	5,000	11,600
Transfers out	(124,470)	-	-	(6,600)	(131,070)
Total Other Financing Sources (Uses)	(117,870)	-	-	(1,600)	(119,470)
Change in Fund Balances	2,296,544	452,503	-	557,387	3,306,434
Fund Balances:					
Beginning of the year	10,066,660	2,934,302	-	5,541,136	18,542,098
End of the year	$ 12,363,204	$ 3,386,805	$ -	$ 6,098,523	$ 21,848,532

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

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

Net Change in Fund Balances — Total Governmental Funds		$ 3,306,434
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives. Capital asset activity in the current fiscal year included:		
Capital asset additions	2,301,160	
Depreciation expense	(2,681,516)	
Net effect of reporting capital activity		(380,356)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(190,649)
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. Differences in the treatment of long-term debt transactions in the current fiscal year included:		
Repayments of long-term debt	693,000	
Amortization of bond premiums and other	41,664	
Net effect of reporting long-term debt activity		734,664
Some revenues/expenses reported in the statement of activities do not provide/require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds:		
Net other postemployment benefits liability	164,838	
Net pension liability	(346,638)	
Accrued interest	10,464	
Net effect of reporting long-term liabilities		(171,336)
Change in Net Position — Governmental Activities		$ 3,298,757

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Water	Sewer	Total
Assets:			
Current Assets:			
Cash and cash equivalents	$ 2,140,005	$ 2,388,242	$ 4,528,247
Receivables, net of allowances	312,344	320,318	632,662
Total Current Assets	2,452,349	2,708,560	5,160,909
Noncurrent Assets:			
Construction in-progress	61,263	36,800	98,063
Depreciable capital assets, net	8,081,949	3,702,272	11,784,221
Total Noncurrent Assets	8,143,212	3,739,072	11,882,284
Total Assets	10,595,561	6,447,632	17,043,193
Deferred Outflows of Resources:			
Loss on refunding	41,949	-	41,949
Other postemployment benefits	39,846	37,976	77,822
Pensions	100,831	95,013	195,844
Total Deferred Outflows of Resources	182,626	132,989	315,615

(continued)

TOWN OF UPTON, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Water	Sewer	Total
Liabilities:			
Current Liabilities:			
Warrants and accounts payable	$ 16,049	$ 14,103	$ 30,152
Accrued payroll and withholdings	3,249	3,249	6,498
Accrued interest	21,245	1,428	22,673
Current portion of long-term debt	329,106	15,080	344,186
Total Current Liabilities	369,649	33,860	403,509
Noncurrent liabilities:			
Net other postemployment benefits liability	190,764	181,811	372,575
Net pension liability	605,325	570,402	1,175,727
Long-term debt	2,659,051	47,260	2,706,311
Total Noncurrent Liabilities	3,455,140	799,473	4,254,613
Total Liabilities	3,824,789	833,333	4,658,122
Deferred Inflows of Resources:			
Other postemployment benefits	147,448	140,527	287,975
Pensions	15,157	14,282	29,439
Total Deferred Inflows of Resources	162,605	154,809	317,414
Net Position:			
Net investment in capital assets	5,197,004	3,672,732	8,869,736
Unrestricted	1,593,789	1,919,747	3,513,536
Total Net Position	$ 6,790,793	$ 5,592,479	$ 12,383,272

(concluded)

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

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

	Water	Sewer	Total
Operating Revenues:			
Charges for services	$ 927,781	$ 1,006,104	$ 1,933,885
Other operating revenues	34,780	65,720	100,500
Total Operating Revenues	962,561	1,071,824	2,034,385
Operating Expenses:			
Payroll and personnel costs	312,782	318,888	631,670
Operating costs	396,908	319,817	716,725
Depreciation	243,289	89,833	333,122
Total Operating Expenses	952,979	728,538	1,681,517
Operating Income	9,582	343,286	352,868
Nonoperating Expenses:			
Interest expense	(46,344)	(3,148)	(49,492)
Total Nonoperating Expenses	(46,344)	(3,148)	(49,492)
(Loss) Income Before Transfers	(36,762)	340,138	303,376
Transfers in	119,470	-	119,470
Change in Net Position	82,708	340,138	422,846
Net Position:			
Beginning of the year	6,708,085	5,252,341	11,960,426
End of the year	$ 6,790,793	$ 5,592,479	$ 12,383,272

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

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

	Business-Type Activities		
	Water	Sewer	Total
Cash Flows from Operating Activities:			
Receipts from user charges and other	$ 949,334	$ 1,048,791	$ 1,998,125
Payments to employees	(259,865)	(271,591)	(531,456)
Payments to vendors	(394,228)	(338,259)	(732,487)
Net Cash Provided By Operating Activities	295,241	438,941	734,182
Cash Flows from Noncapital Financial Activities:			
Transfers in	119,470	-	119,470
Net Cash Provided By Noncapital Financing Activities	119,470	-	119,470
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(61,263)	(7,600)	(68,863)
Principal repayments on long-term debt	(332,365)	(14,880)	(347,245)
Interest payments	(40,385)	(3,489)	(43,874)
Net Cash Used In Capital and Related Financing Activities	(434,013)	(25,969)	(459,982)
Change in Cash and Cash Equivalents	(19,302)	412,972	393,670
Cash and Cash Equivalents:			
Beginning of the year	2,159,307	1,975,270	4,134,577
End of the year	$ 2,140,005	$ 2,388,242	$ 4,528,247

(continued)

TOWN OF UPTON, MASSACHUSETTS

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

	Business-Type Activities		
	Water	Sewer	Total
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	$ 9,582	$ 343,286	$ 352,868
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:			
Depreciation expense	243,289	89,833	333,122
Changes in assets, deferred outflows (inflows) of resources and liabilities:			
Receivables and other current assets	(13,227)	(23,033)	(36,260)
Warrants payable and other current liabilities	1,791	(19,331)	(17,540)
Accrued and deferred benefits payable	53,806	48,186	101,992
Net Cash Provided By Operating Activities	$ 295,241	$ 438,941	$ 734,182

(concluded)

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	OPEB Trust	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	$ 140,799	$ 31,990
Investments in mututal funds, at fair value	1,320,589	1,651,720
Total Assets	1,461,388	1,683,710
Liabilities:		
Warrants and accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Restricted for other postemployment benefits	1,461,388	-
Held in trust for private purposes	-	1,683,710
Total Net Position	$ 1,461,388	$ 1,683,710

See accompanying notes to basic financial statements.

TOWN OF UPTON, MASSACHUSETTS

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

	OPEB Trust	Private Purpose Trust Funds
Additions:		
Employer contributions	$ 340,454	$ -
Employee contributions	35,187	-
Total contributions	375,641	-
Investment income:		
Interest and dividends	23,075	60,720
Net change in fair value of investments	117,507	89,655
Less investment management fees	(6,318)	-
Total net investment income	134,264	150,375
Total Additions	509,905	150,375
Deductions:		
Benefits to retirees and survivors	240,454	-
Scholarships and public welfare	-	1,000
Total Deductions	240,454	1,000
Change in Net Position	269,451	149,375
Net Position:		
Beginning of the year	1,191,937	1,534,335
End of the year	$ 1,461,388	$ 1,683,710

See accompanying notes to basic financial statements.

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is located in Worcester county and was incorporated in 1785. The Town is approximately thirty-five miles southwest of Boston and fifteen miles southeast of Worcester. The Town utilizes an open town meeting format for its governance with an elected three-member Select Board, each serving staggered three-year terms. An appointed Town Manager oversees the Town's daily executive and administrative duties. The Town provides governmental services for the territory within its boundaries, including police and fire protection, public education from kindergarten to grade twelve through a regional school district, library, water and sewer services, street maintenance, parks and recreational facilities. The water and sewer services are reported as business enterprises in the basic financial statements.

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

The Mendon-Upton Regional School District is a joint venture between the Town and town of Mendon. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2024, the Town's assessment was $14,157,564. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the Mendon-Upton Regional School District's administrative office located at 1150 North Avenue, Mendon, Massachusetts 01756.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of all material interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are primarily supported by user fees and charges.

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

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

1) The total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and

2) The total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding element for all governmental and enterprise funds combined.

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenue items not properly included among program revenues are reported instead as general revenues. The effect of material interfund activity have been removed from the government-wide financial statements.

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

The Town applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In the first, monies must be expended for a specific purpose or project before any amounts will be paid; therefore, revenues are recognized as expenditures are incurred. In the second, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth of Massachusetts (the "Commonwealth").

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

The Town reports the following major governmental funds:

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

Community Preservation Fund – is used to account for specific activities related to the purchase of land parcels within the Town for community preservation purposes as well as historical preservation.

ARPA Grant Fund – is used to account for the Town's expenditure of grant awards from the American Rescue Plan Act of 2021, or ARPA.

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

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

Capital Projects funds are used to account for financial resources that are restricted to expenditures for general capital outlays.

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

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

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

The Town reports its water and sewer enterprises as major proprietary funds.

Fiduciary fund financial statements are reported using the economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity and cannot be used to support the governmental programs. The Town reports the following fiduciary fund:

Private Purpose Trust Funds – are used to account for all trust arrangements under which the principal income generated from donated investments benefits private individuals and/or organizations and not the Town. The Town's private purpose trust funds are primarily used for scholarship and welfare programs.

Other Postemployment Benefits Trust Fund – is used to account for funds accumulated by the Town to assist it in its future other postemployment benefits, or OPEB, obligations.

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

Deposits and Investments – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Town are reported at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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

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

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes up to the statutory percentage rate per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes as well as water and sewer usage fees are secured through a lien process generally in the second quarter of the following fiscal year and are generally considered 100% collectible. Accordingly, an allowance for uncollectible accounts for these receivables may not be reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible accounts.

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

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Infrastructure	25 to 75 years
Buildings and improvements	20 to 50 years
Equipment, furniture, fixtures and vehicles	3 to 20 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds is retained by the respective funds but may be voluntarily assigned to the general fund.

Compensated Absences – The Town permits employees to accumulate earned but unused vacation benefits. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured. The Town has calculated the compensated absence obligation and determined that it is not material to the financial statements.

Unearned Revenues – Amounts collected in advance from federal and state grants are reported as unearned revenues, if material.

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports items related to its net other postemployment benefits, pension liabilities and refunding activities as deferred outflows of resources in both its government-wide and business-type activities. These amounts are expected to be amortized into expense over the next seven years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports items related to its net other postemployment benefits and pension liabilities as deferred inflows of resources in both its government-wide and business-type activities, which it expects to amortize as a benefit into pension expense within the next seven years. In its governmental fund financial statements, the Town reports unavailable revenues as deferred inflows of resources within the governmental funds balance sheet. Unavailable revenues are derived from three sources – property taxes, motor vehicle excise taxes and departmental revenues. The Town expects to recognize these items into revenue in the period(s) that these amounts become available.

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

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

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

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

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

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the Town's governmental funds, primarily its general fund.

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

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

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

Expendable funds represent the spendable, yet restricted, amount of various trust funds that support governmental programs.

Community preservation funds represent financial resources accumulated for community and historical preservation projects.

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

E. Use of Estimates

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

F. Reclassification

The June 30, 2023 financial statements included as a major governmental fund the Community Center Construction fund. As the construction of the new community center was substantially completed in fiscal year 2023, this fund no longer qualified as a major governmental fund. The June 30, 2023 fund balance of $612,599 was reclassified into the beginning fund balance of the Town's nonmajor governmental fund in these basic annual financial statements.

II. Detailed Notes to All Funds

A. Deposits and Investments

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

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

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town relies on private and federal depository insurance to mitigate this risk. At June 30, 2024, bank balances totaling $7,929,123 were not covered by federal depository insurance or by other depositors' insurance programs and were therefore exposed to custodial credit risk.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. All of the Town's investments are registered in its name and cannot be pledged or assigned. As a result, the Town is not exposed to custodial credit risk on its investments.

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

Investments by Fair Value Level	June 30, 2024	Fair Value Measurements Using Level 1	Level 2	Level 3
Debt securities:				
U.S. Treasury notes	$ 557,883	$ 557,883	$ -	$ -
U.S. Government agency obligations	127,653	-	127,653	-
Corporate bonds	1,123,058	-	1,123,058	-
Total debt securities	1,808,594	557,883	1,250,711	-
Equity securities	466,802	466,802	-	-
Mutual funds	6,902,512	-	6,902,512	-
Total investments by fair value level	9,177,908	$ 1,024,685	$ 8,153,223	$ -
Investments measured at amortized cost:				
MMDT	3,967,452			
Total investments at fair value	$ 13,145,360			

The MMDT is valued at amortized cost, which approximates fair value.

Concentration of Credit Risk: Investments – The Town does not place a limit on the amount that may be invested in any one issuer. At June 30, 2024, the Town's investment in the MMDT represented approximately 30% of the Town's total investment balance. No other individual investment exceeded 5% of the Town's investment balance.

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the market value of an investment. The Town does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In practice, the Town mitigates interest rate risk by managing the duration of its investments.

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

	Fair	Time Until Maturity (in years)		
Investments	Value	Less than 1	1 to 5	6 to 10
Debt securities:				
U.S. Government obligations	$ 685,536	$ 262,342	$ 423,194	$ -
Corporate bonds	1,123,058	191,702	818,410	112,946
Total investments with maturities	1,808,594	$ 454,044	$ 1,241,604	$ 112,946
Other investments:				
Equity securities	466,802			
Mutual funds	6,902,512			
MMDT	3,967,452			
Total Investments	$ 13,145,360			

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

Moody's Rating	U.S. Government Obligations	Corporate Bonds	Total
Aaa	$ 685,536	$ 89,417	$ 774,953
A1	-	305,811	305,811
A2	-	312,421	312,421
A3	-	102,911	102,911
Baa1	-	101,844	101,844
Baa2	-	210,654	210,654
	$ 685,536	$ 1,123,058	$ 1,808,594

B. Receivables

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Property taxes	$ 345,217	$ (22,700)	$ 322,517
Tax liens	629,602	(200,000)	429,602
Excise taxes	222,843	(29,600)	193,243
Departmental	360,022	(222,500)	137,522
Intergovernmental	274,093	-	274,093
	$ 1,831,777	$ (474,800)	$ 1,356,977

Receivables in the Town's proprietary funds consisted entirely of user charges receivable. No allowances for uncollectible accounts were reported in the Town's proprietary funds at June 30, 2024.

Governmental funds report unavailable revenues as a deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current accounting period. The following table identifies the components of unavailable revenues at June 30, 2024 in the governmental funds:

	General Fund	Community Preservation Fund	Total
Property taxes	$ 27,904	$ 10,128	$ 38,032
Tax liens	629,602	6,185	635,787
Excise taxes	193,243	-	193,243
Ambulance	119,976	-	119,976
	$ 970,725	$ 16,313	$ 987,038

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 7,254,327	$ -	$ -	$ 7,254,327
Construction in-progress	111,799	199,932	-	311,731
Total capital assets not being depreciated	7,366,126	199,932	-	7,566,058
Capital assets being depreciated:				
Buildings and improvements	24,835,362	502,099	-	25,337,461
Infrastructure	61,329,953	1,019,726	-	62,349,679
Machinery and equipment	3,202,031	417,716	-	3,619,747
Vehicles	3,462,185	161,687	(92,467)	3,531,405
Total capital assets being depreciated	92,829,531	2,101,228	(92,467)	94,838,292
Less accumulated depreciation for:				
Buildings and improvements	(4,291,417)	(633,136)	-	(4,924,553)
Infrastructure	(29,944,240)	(1,619,476)	-	(31,563,716)
Machinery and equipment	(1,847,900)	(234,009)	-	(2,081,909)
Vehicles	(2,627,278)	(194,895)	92,467	(2,729,706)
Total accumulated depreciation	(38,710,835)	(2,681,516)	92,467	(41,299,884)
Total capital assets being depreciated, net	54,118,696	(580,288)	-	53,538,408
Governmental activities capital assets, net	$ 61,484,822	$ (380,356)	$ -	$ 61,104,466

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities - Combined:				
Capital assets not being depreciated:				
Construction in-progress	$ 29,200	$ 68,863	$ -	$ 98,063
Total capital assets not being depreciated	29,200	68,863	-	98,063
Capital assets being depreciated:				
Buildings and improvements	5,069,582	-	-	5,069,582
Infrastructure	12,706,499	-	-	12,706,499
Vehicles and equipment	241,265	-	-	241,265
Total capital assets being depreciated	18,017,346	-	-	18,017,346
Less accumulated depreciation for:				
Buildings and improvements	(1,883,673)	(64,547)	-	(1,948,220)
Infrastructure	(3,899,065)	(245,485)	-	(4,144,550)
Vehicles and equipment	(117,265)	(23,090)	-	(140,355)
Total accumulated depreciation	(5,900,003)	(333,122)	-	(6,233,125)
Total capital assets being depreciated, net	12,117,343	(333,122)	-	11,784,221
Business-type activities capital assets, net	$ 12,146,543	$ (264,259)	$ -	$ 11,882,284

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities – Water:				
Capital assets not being depreciated:				
Construction in-progress	$ -	$ 61,263	$ -	$ 61,263
Capital assets being depreciated:				
Buildings and improvements	702,021	-	-	702,021
Infrastructure	11,686,071	-	-	11,686,071
Vehicles and equipment	82,223	-	-	82,223
Total capital assets being depreciated	12,470,315	-	-	12,470,315
Less accumulated depreciation for:				
Buildings and improvements	(578,157)	(4,788)	-	(582,945)
Infrastructure	(3,517,372)	(231,897)	-	(3,749,269)
Vehicles and equipment	(49,548)	(6,604)	-	(56,152)
Total accumulated depreciation	(4,145,077)	(243,289)	-	(4,388,366)
Total capital assets being depreciated, net	8,325,238	(243,289)	-	8,081,949
Water capital assets, net	$ 8,325,238	$ (182,026)	$ -	$ 8,143,212

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities – Sewer:				
Capital assets not being depreciated:				
Construction in-progress	$ 29,200	$ 7,600	$ -	$ 36,800
Capital assets being depreciated:				
Buildings and improvements	4,367,561	-	-	4,367,561
Infrastructure	1,020,428	-	-	1,020,428
Vehicles and equipment	159,042	-	-	159,042
Total capital assets being depreciated	5,547,031	-	-	5,547,031
Less accumulated depreciation for:				
Buildings and improvements	(1,305,516)	(59,759)	-	(1,365,275)
Infrastructure	(381,693)	(13,588)	-	(395,281)
Vehicles and equipment	(67,717)	(16,486)	-	(84,203)
Total accumulated depreciation	(1,754,926)	(89,833)	-	(1,844,759)
Total capital assets being depreciated, net	3,792,105	(89,833)	-	3,702,272
Sewer capital assets, net	$ 3,821,305	$ (82,233)	$ -	$ 3,739,072

Depreciation expense in the governmental activities was charged to functions/programs in the Town's governmental activities as follows in fiscal year 2024:

General government	$ 224,929
Public safety	384,197
Public works	1,712,421
Health and human services	16,321
Culture and recreation	343,648
	$ 2,681,516

D. Interfund Transfers

In fiscal year 2024, the general fund transferred $5,000 to the conservation trust fund and $119,470 to the water fund to supplement their operations. Nonmajor governmental funds transferred $6,600 to the general fund.

E. Temporary Debt

The Town is authorized to borrow on a short-term or temporary basis to fund current operating costs (generally through revenue or tax anticipation notes) or capital projects (generally through grant anticipation notes or bond anticipation notes). Short-term or temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for short-term or temporary borrowings are generally accounted for in the general fund and enterprise funds, respectively.

There were no short-term or temporary borrowings in fiscal year 2024.

F. Long-Term Obligations

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

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

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 13,284,000	$ -	$ (693,000)	$ 12,591,000	$ 717,000
Unamortized bond premiums	612,174	-	(63,238)	548,936	58,625
Net OPEB liability	5,368,319	4,274,340	(5,111,685)	4,530,974	-
Net pension liability	9,564,573	3,334,502	(2,433,944)	10,465,131	-
Total Governmental Activities	$ 28,829,066	$ 7,608,842	$ (8,301,867)	$ 28,136,041	$ 775,625
Business-Type Activities:					
Water:					
General obligation bonds	$ 3,143,780	$ -	$ (302,120)	$ 2,841,660	$ 302,920
Unamortized bond premiums	176,742	-	(30,245)	146,497	26,186
Net OPEB liability	195,892	200,236	(205,364)	190,764	-
Net pension liability	553,234	192,876	(140,785)	605,325	-
Total Water	4,069,648	393,112	(678,514)	3,784,246	329,106
Sewer:					
General obligation bonds	77,220	-	(14,880)	62,340	15,080
Net OPEB liability	188,827	189,193	(196,209)	181,811	-
Net pension liability	521,317	181,748	(132,663)	570,402	-
Total Sewer	787,364	370,941	(343,752)	814,553	15,080
Total Business-Type Activities	$ 4,857,012	$ 764,053	$ (1,022,266)	$ 4,598,799	$ 344,186

General obligation bonds outstanding at June 30, 2024 consisted of the following:

Description	Interest Rates	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:					
General obligation bonds	2.00 - 4.00%	$ 10,364,000	$ -	$ (443,000)	$ 9,921,000
General obligation refunded bonds	1.00 - 5.00%	2,920,000	-	(250,000)	2,670,000
Total Governmental Activities		$ 13,284,000	$ -	$ (693,000)	$ 12,591,000
Business-Type Activities – Water					
General obligation bonds	2.00 - 5.00%	$ 876,760	$ -	$ (49,280)	$ 827,480
General obligation refunded bonds	1.00 - 5.00%	2,267,020	-	(252,840)	2,014,180
Total - Water		3,143,780	-	(302,120)	2,841,660
Business-Type Activities – Sewer					
General obligation refunded bonds	5.00%	77,220	-	(14,880)	62,340
Total - Sewer		77,220	-	(14,880)	62,340
Total Business-Type Activities		$ 3,221,000	$ -	$ (317,000)	$ 2,904,000

Debt service requirements on general obligation bonds at June 30, 2024 are as follows:

Year Ending June 30,	Governmental Activities General Obligation Bonds Balance	Governmental Activities General Obligation Bonds Interest	Business-Type Activities General Obligation Bonds Balance	Business-Type Activities General Obligation Bonds Interest
2025	$ 717,000	$ 326,025	$ 318,000	$ 64,631
2026	727,000	299,400	323,000	55,546
2027	732,000	273,225	323,000	46,795
2028	670,000	248,250	325,000	37,856
2029	695,000	223,903	240,000	30,809
2030 - 2034	3,530,000	788,472	1,015,000	79,349
2035 - 2039	2,150,000	468,125	225,000	25,031
2040 - 2044	2,110,000	252,363	135,000	4,190
2045 - 2047	1,260,000	42,525	-	-
	$ 12,591,000	$ 2,922,288	$ 2,904,000	$ 344,207

Year Ending June 30,	Water General Obligation Bonds Balance	Water General Obligation Bonds Interest	Sewer General Obligation Bonds Balance	Sewer General Obligation Bonds Interest
2025	$ 302,920	$ 61,891	$ 15,080	$ 2,740
2026	307,760	53,564	15,240	1,982
2027	307,600	45,579	15,400	1,216
2028	308,380	37,440	16,620	416
2029	240,000	30,809	-	-
2030 - 2034	1,015,000	79,349	-	-
2035 - 2039	225,000	25,031	-	-
2040 - 2042	135,000	4,190	-	-
	$ 2,841,660	$ 337,853	$ 62,340	$ 6,354

Authorized and Unissued Debt – At June 30, 2024, the Town had authorized and unissued debt totaling $878,702 for roadway projects and $1,330,000 for the Grove Street bridge project.

G. Fund Balances

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

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Nonexpendable trust funds	$ -	$ -	$ 168,763	$ 168,763
Restricted:				
General government	-	3,386,805	583,598	3,970,403
Health and human services	-	-	247,617	247,617
Culture and recreation	-	-	368,309	368,309
Debt service	1,876	-	-	1,876
Community center construction	-	-	490,380	490,380
Expendable trust funds	-	-	4,074,876	4,074,876
Other purposes	-	-	252,250	252,250
Committed:				
General government articles	327,523	-	-	327,523
Public safety articles	270,920	-	-	270,920
Public works articles	2,878,725	-	-	2,878,725
Other purposes	25,000	-	-	25,000
Assigned:				
General government	37,508	-	-	37,508
Public safety	4,945	-	-	4,945
Public works	10,006	-	-	10,006
Culture and recreation	15,372	-	-	15,372
Unassigned:				
General stabilization funds	3,587,459	-	-	3,587,459
Unrestricted	5,203,870	-	(87,270)	5,116,600
	$ 12,363,204	$ 3,386,805	$ 6,098,523	$ 21,848,532

The ARPA grant fund is not presented above as it did not maintain a fund balance at June 30, 2024.

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

Stabilization Funds – The Town maintains a general stabilization fund, which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The Town also maintains a capital stabilization fund, which may be used for capital purposes upon a two-thirds vote of the Town Meeting.

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

H. Excess of Expenditures Over Appropriations and Deficits

The Town did not incur any material fund or appropriation deficits during the fiscal year.

The Town reported deficits of $87,270 in its nonmajor governmental funds relative to a number of state and federal grants. The Town expects to cure these deficits through the receipt of future intergovernmental grant awards.

III. Other Information

A. Retirement System

Pension Plan Description – The Town is a member and contributes to the Worcester Regional Retirement System (the "Retirement System"), a cost-sharing multiple-employer defined benefit pension plan. The Retirement System was established under Chapter 32 of Massachusetts General Laws ("MGL"). The Retirement System is administered by the Worcester Regional Retirement Board (the "Retirement Board"). Stand-alone financial statements for the year ended December 31, 2023 were issued and are available by submitting a request to the Retirement System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

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

Active members	7,121
Inactive members entitled to, but not receiving benefits	2,714
Inactive members (or beneficiaries) currently receiving benefits	4,112
	13,947

Benefit Terms – Membership in the Retirement System is mandatory for all full-time employees and nonseasonal, part-time employees who, in general, regularly work more than twenty hours per week. Members of the Retirement System do not participate in the federal Social Security retirement system.

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

The most common benefits paid by the Retirement System include normal retirement, disability retirement and survivor benefits.

- Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of creditable service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

- Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of creditable service, average compensation and veteran status.

- Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the Retirement System.

The Retirement System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws. There were no significant changes to the Retirement System's benefit terms in fiscal year 2024.

Contributions Requirements – Under current MGL, the Retirement System is required to be fully funded by June 30, 2040. Participating employers to the Retirement System are assessed their proportionate share of the total annual pension appropriation. The Town contributed $994,472 to the Retirement System in fiscal year 2024, which equaled the actuarially-determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll were approximately 21% in fiscal year 2024.

Net Pension Liability – At June 30, 2024, the Town reported a liability of $11,640,858 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These figures were updated by the independent actuary and rolled forward to the measurement date of December 31, 2023. There were no material changes to the Retirement System's benefit terms since the actuarial valuation. There were no material changes in key actuarial assumptions in the current year.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the Retirement System relative to the projected contributions of all employers. The Town's proportion was approximately 1.11% and 1.03% at December 31, 2023 and 2022, respectively.

Fiduciary Net Position – The elements of the Retirement System's basic financial statements (that is, all information about the Retirement System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the Retirement System's full financial statements as of and for the year ended December 31, 2023, which can be obtained by contacting the Retirement Board.

The Retirement System's fiduciary net position was determined using the accrual basis of accounting. The Retirement System's accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by the Massachusetts Public Employee Retirement Administration Commission, or PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Town recognized $1,380,054 in pension expense in the statement of activities in fiscal year 2024.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 93,106	$ 244,396
Changes of assumptions	701,611	-
Net difference between projected and actual earnings on pension plan investments	464,244	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	680,076	47,078
	$ 1,939,037	$ 291,474

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

Year Ended June 30,	
2025	$ 388,859
2026	410,020
2027	612,353
2028	121,738
2029	114,593
	$ 1,647,563

Actuarial Valuation – The measurement of the Retirement System's total pension liability is developed by an independent actuary. The significant actuarial assumptions used in the current actuarial valuation included:

Inflation	2.4% per year
Salary increases	Group 1: 4.25% - 6.00%, based on service Group 4: 4.75% - 7.00%, based on service
Investment rate of return	7.125%, net of pension plan investment expense, including inflation (previously 7.25%)
Mortality rates	Based on the RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021
Disabled life mortality	Based on RP-2014 Blue Collar Mortality Table set forward on year with full generational mortality improvement using Scale MP-2021

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global equity	36%	4.58%
Core fixed income	15%	2.40%
Value-added fixed income	9%	5.30%
Private equity	16%	7.70%
Real estate	10%	4.10%
Timberland	4%	4.60%
Portfolio completion	10%	3.90%

Discount Rate – The discount rate used to measure the total pension liability was 7.125%, which was a decrease from the prior year (7.25%). The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made in accordance with MGL. Based on those assumptions, the Retirement System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.125% as well as the Town's proportionate share of the net pension liability using a discount rate that is 1% lower or higher than the current rate:

Current Rate	Net Pension Liability At 1% Decrease	Current Rate	1% Increase
7.125%	$ 14,320,216	$ 11,640,858	$ 9,378,226

B. Other Postemployment Benefits

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

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

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2024:

Inactive employees or beneficiaries receiving benefits	23
Active employees	63
	86

Contributions – The contribution requirements of OPEB Plan members and the Town are established and may be amended by the Town. Retirees contribute 50% of the calculated contribution through pension benefit deductions and the remainder of the cost is funded by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis plus additional contributions in varying amounts annually. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2024, the Town's average contribution rate was 10% of covered payroll.

Employees hired after July 1, 2018 in police, fire and public works departments are required to contribute 2% of their annual compensation into the OPEB Plan. In fiscal year 2024, employee contributions totaled $35,187.

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

Total OPEB liability	$ 6,364,937
Less Plan fiduciary net position	1,461,388
Net OPEB liability	$ 4,903,549
Plan fiduciary net position as a percentage of the total OPEB liability	23.0%

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

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value of assets as of reporting date
Investment rate of return	6.5%, net of investment expenses, including inflation (previously 6.0%)
Single equivalent discount rate	4.34%, net of investment expenses (previously 3.85%)
Healthcare cost trend rates	8.0% for 2023, decreasing 0.5% per year to an ultimate trend rate of 4.0% in 2075
Pre-retirement mortality	RP-2014 Blue Collar Mortality Table projected with generational improvement using Scale MP-2021
Post-retirement mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected with generational improvement using Scale MP-2021
Disables mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year with full generational improvement using Scale MP-2021

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	34%	4.24%
International equity	22%	5.34%
Domestic bond	20%	1.84%
International bond	4%	1.68%
Alternatives	20%	5.54%

Discount Rate – The discount rate used to measure the total OPEB liability was 4.34% (previously 3.85%). The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the OPEB Plan's funding policy. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to the first 22 periods of projected future benefit payments and the 3.93% municipal bond rate was applied to all periods thereafter to determine the total OPEB liability.

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	*(b)*	*(a) - (b)*
Balances at June 30, 2023	$ 6,944,975	$ 1,191,937	$ 5,753,038
Changes for the year:			
Service cost	452,371	-	452,371
Interest	260,299	-	260,299
Experience differences	(1,004,067)	-	(1,004,067)
Changes in assumptions	(48,187)	-	(48,187)
Employer contributions	-	340,454	(340,454)
Employee contributions	-	35,187	(35,187)
Net investment income	-	134,264	(134,264)
Benefit payments	(240,454)	(240,454)	-
Net changes	(580,038)	269,451	(849,489)
Balances at June 30, 2024	$ 6,364,937	$ 1,461,388	$ 4,903,549

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

Current	Net OPEB Liability At		
Discount Rate	1% Decrease	Current Rate	1% Increase
4.34%	$ 5,898,591	$ 4,903,549	$ 4,106,790

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

Current Trend Rate	Net OPEB Liability At 1% Decrease	Current Rate	1% Increase
8.0% decreasing to 4.0%	$ 3,933,832	$ 4,903,549	$ 6,170,313

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the Town recognized OPEB expense of $238,664. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2024 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,993,753
Changes of assumptions	1,024,231	1,747,892
Net difference between projected and actual earnings on OPEB Plan investments	-	48,473
	$ 1,024,231	$ 3,790,118

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

Year Ended June 30,	
2025	$ (390,462)
2026	(330,505)
2027	(412,526)
2028	(402,833)
2029	(396,101)
Thereafter	(833,460)
	$ (2,765,887)

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

Investment Policy – The OPEB Plan has a formal investment policy that it adopted in 2012. The OPEB Plan invests its funds in permissible investments as stipulated by the Commonwealth.

Investment Rate of Return – For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Risk Financing

The Town is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; natural disasters; and various employee benefits including health, worker's compensation, and unemployment compensation. The Town carries commercial insurance to better mitigate these risks. The amount of claim settlements has not exceeded insurance coverage in any of the past three years.

D. Commitments and Contingencies

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

Appellate Tax Board – The Town has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts ("ATB"). The Town cannot estimate at this time the amount of previously assessed property taxes (and interest) that may be refunded to these taxpayers, if any. Furthermore, the Town cannot determine the likelihood of the taxpayers' success at the ATB. Therefore, no loss provision has been made in the Town's basic financial statements.

Grant Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, would not have a material effect on its financial condition.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town does not believe it has failed to comply with any of these agreements.

Allowance for Uncollectible Accounts – Management's estimate of allowances for uncollectible accounts involves judgment. Management evaluates the collectability of receivables by analyzing historical revenues, historical loss levels as well as the collectability of individual accounts. Should management's estimates prove to be incorrect, the Town may be required to recognize additional bad debt charges, which may have a material effect on the Town's financial position and results of operations.

IV. Implementation of New GASB Pronouncements

A. Current Year Implementations

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for decision making or assessing accountability. The provisions of this Statement are effective in fiscal year 2024. The Town is currently evaluating whether adoption will have a material impact on the financial statements.

B. Future Year Implementations

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

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

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

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statements is to provide users of government financial statements with essential information about certain types of capital assets. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2025 (fiscal year 2026). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

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TOWN OF UPTON MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
TOWN PENSION PLAN

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

(dollar amounts are in thousands)

Year Ended June 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	1.112%	$ 11,641	$ 4,826	241.2%	50.4%
2023	1.035%	10,639	3,632	292.9%	48.2%
2022	1.025%	8,628	4,109	210.0%	56.2%
2021	1.032%	9,201	3,957	232.5%	50.3%
2020	1.032%	9,190	3,654	251.5%	47.4%
2019	1.013%	9,188	3,910	235.0%	43.1%
2018	1.011%	8,241	3,364	245.0%	46.4%
2017	0.926%	7,759	3,590	216.1%	42.0%
2016	0.923%	6,548	3,378	193.8%	44.5%
2015	1.108%	6,593	3,248	203.0%	47.9%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE PENSION PLAN

(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 994	$ 994	$ -	$ 4,826	20.6%
2023	841	841	-	3,632	23.2%
2022	758	758	-	4,109	18.4%
2021	697	697	-	3,957	17.6%
2020	629	629	-	3,654	17.2%
2019	564	564	-	3,910	14.4%
2018	511	511	-	3,364	15.2%
2017	450	450	-	3,590	12.5%
2016	415	415	-	3,378	12.3%
2015	438	438	-	3,248	13.5%

See accompanying independent auditors' report.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(dollar amounts are in thousands)

	Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	$ 452	$ 451	$ 613	$ 586	$ 440	$ 391	$ 406
Interest	260	228	206	189	273	258	232
Changes in benefit terms	-	-	-	-	(65)	-	-
Differences in experience	(1,004)	-	(406)	-	(1,789)	-	-
Changes in assumptions	(48)	(148)	(2,260)	91	1,902	387	(311)
Benefit payments	(240)	(193)	(150)	(110)	(88)	(107)	(78)
Net Change in Total OPEB Liability	(580)	338	(1,997)	756	673	929	249
Total OPEB Liability:							
Beginning of year	6,945	6,607	8,604	7,848	7,175	6,246	5,997
End of year (a)	$ 6,365	$ 6,945	$ 6,607	$ 8,604	$ 7,848	$ 7,175	$ 6,246
Plan Fiduciary Net Position:							
Contributions	$ 375	$ 425	$ 271	$ 223	$ 187	$ 207	$ 178
Net investment income (loss)	134	21	(171)	190	20	28	20
Benefit payments	(240)	(193)	(150)	(109)	(87)	(107)	(78)
Net Change in Plan Fiduciary Net Position	269	253	(50)	304	120	128	120
Plan Fiduciary Net Position:							
Beginning of year	1,192	939	989	685	565	437	317
End of year (b)	$ 1,461	$ 1,192	$ 939	$ 989	$ 685	$ 565	$ 437
Net OPEB Liability — End of Year (a) - (b)	$ 4,904	$ 5,753	$ 5,668	$ 7,615	$ 7,163	$ 6,610	$ 5,809
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	23.0%	17.2%	14.2%	11.5%	8.7%	7.9%	7.0%
Covered payroll	$ 5,400	$ 4,898	$ 3,762	$ 4,750	$ 4,317	$ 4,556	$ 3,463
Net OPEB Liability as a Percentage of Covered Payroll	90.8%	117.5%	150.7%	160.3%	165.9%	145.1%	167.7%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

TOWN OF UPTON MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN

SCHEDULE OF CONTRIBUTIONS
(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially-Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2024	$ 796	$ 340	$ 456	$ 5,400	6.3%
2023	786	393	393	$ 4,898	8.0%
2022	978	250	728	3,762	6.6%
2021	931	210	721	4,750	4.4%
2020	820	187	633	4,317	4.3%
2019	738	207	531	4,556	4.5%
2018	736	178	558	3,463	5.1%

Notes to Schedule:

Valuation date	July 1, 2021
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value of the assets as of the reporting date
Investment rate of return	6.5%, net of investment expenses, including inflation (previously 6.0%)
Single equivalent discount rate	4.34%, net of investment expenses, including inflation (previously 3.85%)
Healthcare cost trend rates	8.0% for 2023, decreasing 0.6% per year to 6.0%, then grading down to an ultimate trend rate of 4.0% in 2075

SCHEDULE OF INVESTMENT RETURNS

Year Ended June 30,	Annual Money-Weighted Rate of Return *
2024	11.23%
2023	11.88%
2022	-15.98%
2021	24.75%
2020	3.56%
2019	5.42%
2018	5.22%

* Net of investment expenses.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

TOWN OF UPTON, MASSACHUSETTS

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

	Budgeted Amounts		Actual		Actual	Positive
	Original Budget	Final Budget	Budgetary Amounts	Articles and Encumbrances	Budgetary Adjusted	(Negative) Variance
Revenues:						
Property taxes, net of tax refunds	$ 24,905,326	$ 24,905,326	$ 25,404,919		$ 25,404,919	$ 499,593
Intergovernmental	974,587	974,587	1,044,645		1,044,645	70,058
Motor vehicle and other excise taxes	1,035,116	1,035,116	1,617,350		1,617,350	582,234
Licenses and permits	195,000	195,000	336,981		336,981	141,981
Penalties and interest on taxes	85,000	85,000	135,405		135,405	50,405
Fines and forfeitures	12,800	12,800	10,448		10,448	(2,352)
Departmental and other revenues	643,134	643,134	909,150		909,150	266,016
Investment income	25,000	25,000	429,036		429,036	404,036
Total Revenues	27,875,963	27,875,963	29,887,934		29,887,934	2,011,971
Expenditures:						
General government	2,354,528	2,396,606	1,891,565	$ 365,031	2,256,596	140,010
Public safety	3,843,996	4,008,996	3,595,309	275,865	3,871,174	137,822
Education	15,849,085	15,849,085	15,821,980	-	15,821,980	27,105
Public works	4,416,268	5,591,268	2,443,590	2,888,731	5,332,321	258,947
Health and human services	426,440	426,440	371,591	-	371,591	54,849
Culture and recreation	424,269	474,269	411,287	40,372	451,659	22,610
Pension and fringe benefits	2,494,400	2,494,400	2,009,341	-	2,009,341	485,059
State and county charges	65,326	65,326	65,326	-	65,326	-
Debt service	797,295	797,295	775,495	-	775,495	21,800
Total Expenditures	30,671,607	32,103,685	27,385,484	$ 3,569,999	30,955,483	1,148,202
Other Financing Sources (Uses):						
Transfers in	-	-	6,600		6,600	(6,600)
Transfers out	(24,470)	(584,470)	(584,470)		(584,470)	-
Total Other Financing Sources (Uses)	(24,470)	(584,470)	(577,870)		(577,870)	(6,600)
(Deficiency) Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(2,820,114)	(4,812,192)	$ 1,924,580		$ (1,645,419)	$ 3,153,573
Other Budgetary Items:						
Prior year articles and encumbrances	2,466,295	2,466,295				
Free cash	364,435	2,356,513				
Other items	(10,616)	(10,616)				
Total Other Budgetary Items	2,820,114	4,812,192				
Net Budget	$ -	$ -				

See notes to required supplementary information.

See accompanying independent auditors' report.

TOWN OF UPTON, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024

An annual budget is legally adopted for the general fund. Financial orders are initiated by the Town Manager, recommended by the Town Finance Committee and approved by Town Meeting at the Town's annual meeting, which is generally held in each spring. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance. Unspent funds from continuing appropriations such as capital articles are carried forward into the subsequent fiscal year and are available for spending.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The Town Accountant is responsible to ensure that budgetary control is maintained in the manner in which the appropriations were voted by Town Meeting. Budgetary control is exercised through the Town's accounting system.

The Town's general fund is prepared on a basis of accounting other than GAAP. The "actual" results column of the Schedule of Revenues, Expenditures and Changes in Fund Equity – Budgetary Basis is presented on a budgetary basis to provide meaningful comparison with the budget. A reconciliation of reported balances is provided below:

	Accounting Differences	Fund Perspective Differences	Total
Revenue — budgetary basis			$ 29,887,934
Revenue recognition adjustments	$ (295,086)	$ -	(295,086)
Stabilization revenue	-	49,441	49,441
Revenue — GAAP basis	$ (295,086)	$ 49,441	$ 29,642,289
Expenditures — budgetary basis			$ 27,385,484
Expense recognition adjustments	$ (157,609)	$ -	(157,609)
Expenditures — GAAP basis	$ (157,609)	$ -	$ 27,227,875
Other Financing Sources (Uses) — budgetary basis			$ (577,870)
Transfer treatment	$ -	$ 460,000	460,000
Other Financing Sources (Uses) — GAAP basis	$ -	$ 460,000	$ (117,870)